

# **Institutional perspectives of local development in Germany and England**

– a comparative study about  
regeneration in old industrial towns  
experiencing decline

## **Dissertation**

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von  
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für  
Hartmut Lang  
18.09.2007



## Preface and acknowledgements

The initial idea for this research came in 2003 when I started to study concepts of urban regeneration in the UK. While working on the issue of 'shrinking' cities ('schrumpfende Städte') and 'Stadtumbau', I was impressed by debates around ideas of 'regeneration'. This was in contrast to Germany where everybody was talking about 'decline'. Now five years down the line I have familiarised with both debates. I have learned a lot about the difficulties of bi-national research and the problems of working with theoretical concepts with this bi-national background. I knew it was going to be difficult, but it was more so than expected, especially given the great deal of time it took. Comparative research is difficult per se and conducting it across two countries using a foreign language was found to be very challenging indeed. It is not only two countries with different national and regional contexts. There are different scientific backgrounds, different debates and discourses, different values as well as different interpretations of the role of the state and theoretical concepts which underpin the whole work.

All this would never have been possible without the support, time and help of my family, friends, colleagues and phd fellows in Germany and in the UK. In particular, I want to thank

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This work mirrors the progress I have made during the past four years and in part, it still shows signs of a process. During the course of this work I had to form my own understanding of the opportunities of social research and I had to revise my original ideas of the possible outputs of this work. Only due to the help, support and company of all the people and organisations mentioned above, I have been able to finalise this project. I still would do it again, and I am happy that I made it the way I did. I hope this thesis is an interesting source for you as the reader.

Berlin, May 2008.

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<sup>1</sup> In this context I have to stress that I adopted a position as project manager at ZAB in December 2006 which stands in no relation to my research. Moreover, the case study on Schwedt (in the state of Brandenburg) had been finalised already before I joined ZAB.

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## Abbreviations

app.	appendix
BBR	Bundesamt für Bauwesen und Raumordnung (Federal Office for Building and Regional Planning)
BC	borough council
bln.	billion
BV	Blyth Valley
BVBC	Blyth Valley Borough Council
BVCVS	Blyth Valley Council for Voluntary Services
BVEL	Blyth Valley Enterprise Ltd.
ca.	circa
CAF	Community Action Furness (local initiative in Barrow)
CEC	Community Enterprise Centre (local initiative in Blyth)
CEO	chief executive officer
cf.	compare
CJD	Christliches Jugenddorfwerk (German charity youth organisation)
CVS	Council for Voluntary Services
dir./ as. dir.	director/ assistant director
DTI	Department for Trade and Industry, UK
e.g.	for example (lat.: <i>exempli gratia</i> )
e.V.	eingetragener Verein (registered association)
i.e.	that is (lat.: <i>id est</i> )
E2	Encouraging Entrepreneurship (local initiative in Barrow)
ERDF	European Regional Development Fund
ESF	European Social Fund
et al.	and others (lat.: <i>at aliae/ alii/ alia</i> )
etc.	and so forth (lat.: <i>et cetera</i> )
EU	European Union
EUR	Euro (currency)
exec.	executive
f	and the following one (page/ paragraph)
ff	following (pages/ paragraphs)
fig.	figure
GDP	gross domestic product
GDR	German Democratic Republic
GO	Government Office
IDB	Institut für Datenverarbeitung und Betriebswirtschaft GmbH (Institute of Business Management; involved in running Centerpoint in Wolgast)
IHK	Industrie- und Handelskammer (Chamber of Commerce and Industry)
ILB	Investitions- und Landesbank Brandenburg (Brandenburg State Investment Bank)

IRS	Institut für Regionalentwicklung und Strukturplanung (Institute for Regional Development and Structural Planning)
LASA	Landesagentur für Struktur und Arbeit Brandenburg (Regional Agency for Structure and Employment)
LILA	Lokale Initiativen für lokale Aktivitäten (local initiative in Schwedt)
LSP	local strategic partnership
MASGF	Ministerium für Arbeit, Soziales, Gesundheit und Frauen (Brandenburg ministry for employment)
Min.	ministry
MIR	Ministerium für Infrastruktur und Raumordnung Brandenburg (ministry for infrastructure and spatial development)
mln.	million
n.d.	no date given
NaREC	New and Renewable Energy Centre Blyth
NERIP	North East Regional Information Partnership
NGO	non-governmental organisation
no.	number
NSP	Northumberland Strategic Partnership (sub-regional strategic partnership)
NWDA	Northwest Regional Development Agency
ODPM	Office of the Deputy Prime Minister
OECD	Organisation for Economic Co-operation and Development
ONE	One NorthEast (Regional Development Agency in the Northeast of England)
RDA	regional development agency
SENNTRI	South East Northumberland - North Tyneside Regeneration Initiative
SMEs	small and medium enterprises
SRB	Single Regeneration Budget
UA	unitary authority
UDC	urban development corporation
UK	United Kingdom
URC	urban regeneration company
VAT	value added tax
WLR	West Lakes Renaissance (urban regeneration company for West Cumbria)
ZAB	ZukunftsAgentur Brandenburg GmbH (Brandenburg's regional development agency)



## Introduction

## **Institutional perspectives of local development**

### Introduction

This research is about local actors' response to problems of uneven development and unemployment. Policies to combat these problems are usually connected to socio-economic regeneration in England and economic and employment promotion (Wirtschafts- und Beschäftigungsförderung) in Germany. The main result of this project is a description of those factors which support the emergence of local socio-economic initiatives aimed at job creation. To achieve this result, I have examined eight social and formal economy initiatives and analysed the ways in which their emergence has been influenced by institutional factors. The role of local actors and forms of governance as well as wider regional and national policy frameworks has been taken into account.

I have defined socio-economic initiatives as non-routine local projects or schemes with the objective of direct job creation. Such initiatives often focus on specific local assets for the formal or the social economy. Examples of socio-economic initiatives range from the support of branch-based growth schemes to business start-up support measures and community enterprises. Socio-economic initiatives are thus grounded on ideas of local economic development, and the creation of local jobs for local people. Such initiatives are seen as particularly relevant for this research if they are aimed at long-term sustainability. Hence, job schemes and qualification initiatives have not been part of this project.

The understanding of governance adopted here focuses on the processes of decision taking. Thus, this understanding of governance is broadly construed to include the ways in which actors in addition to traditional government manage urban development. The applied understanding of governance lays a focus on 'strategic' forms of decision taking about both long term objectives and short term action linked to socio-economic regeneration. This understanding – which will be referred to as strategic governance – implies forms of coordination and partnership between public and private actors and the formation of a kind of purposeful collaboration.

Four old industrial towns in North England and East Germany have been selected for case studies due to their particular socio-economic background. These towns, with between 10.000 and 70.000 inhabitants, are located outside of the main agglomerations and bear central functions for their hinterland. The approach has been comparative, with a focus on examining common themes rather than gaining in-depth knowledge of a single case. Until now, most urban governance studies have analysed the impacts of particular forms of governance such as regeneration partnerships. This project looks at particular initiatives and poses the question to what extent their emergence can be understood as a result of particular forms of governance, local institutional factors or regional and



national contexts. I do not intend to research the concrete impacts of initiatives, however. The following sections examine the rationale and main questions of this research as well as the geographical focus of the study. Finally, the theoretical approach, which is based on some major new institutionalist arguments, is outlined.

### Research questions and research perspectives

The motivation for this research can be seen in the question to what extent local actors can contribute to resolving the problems of local unemployment and – more generally – uneven spatial development. Particularly since the late 1990s, there has been a rich debate about urban decline in East Germany based on post-socialist transformation and deindustrialisation (see below and e.g. BBR/BMVBS 2006 and Brandstetter et al. 2005).<sup>2</sup> My personal contact with the topic started with an investigation of urban development and shrinking cities ('schrumpfende Städte') in East Germany (Lang, Tenz 2003). For me, this research on the impacts of general economic and demographic processes of decline was discouraging as this analysis did not necessarily prompt responses to socio-economic challenges. Hence, the inspiration to identify socio-economic initiatives on a local level and look for the 'drivers' of these initiatives was born.

The central research question is: **Which key mechanisms lead to and support the emergence of local socio-economic initiatives?**

I have utilised three different research perspectives inspired by recent theoretical literature to investigate this question. First, I have applied a new institutionalist approach suggesting a special focus on informal institutions such as norms and conventions linked to the decision taking process. Secondly, I regard the task of responding to socio-economic challenges as being related to questions of governance and local decision taking. Hence, I have applied an analytical governance perspective which recognises the involvement of public and private actors in local forms of response to socio-economic problems. Thirdly, I also acknowledge the role of the nation state as providing the context for local action. In the following paragraphs these perspectives are introduced in more detail.

I depict local regeneration as a political process which is influenced by formal (such as laws and written rules or statutes) and informal institutions (such as tacit understandings, norms or routines). New institutionalism differentiates between institutions and organisations and places emphasis on the role of informal institutional aspects. A new institutional research perspective helps to understand relationships and processes in urban development policy (Lowndes 2001) and opens up particular viewpoints on the formation of policy response to socio-economic problems in the form of local initiatives.

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<sup>2</sup> There are also parallels between the German East-West debate and the debate about the British North-South divide in the 1980s and early 1990s (Hudson, Williams 1995).

The management of urban development is said to be increasingly complex in a rapidly changing world which makes local authorities seek new partners (Kearns, Paddison 2000). In many European countries, the urban political scene is increasingly open to the involvement of non-state actors (Denters, Rose 2005a). These evolving new constellations of actors are usually discussed using the term urban governance – in contrast to the term government. So far, the absence of a larger number of comparative studies is seen as the main obstacle to theoretical development in this field (Pierre 2005; cf. also Kantor, Savitch 2005). Most of the current approaches in urban governance research cannot explain the relationships of governance structures and policy outcomes (cf. Gissendanner 2003: 664). Local socio-economic initiatives might be seen as one possible form of policy outcome – whether this is implicitly or explicitly the case.

Local proceedings and relationships have always to be seen in the context of the relevant national frameworks (Sellers 2002b: 613). The nation state mediates processes associated with the global economy and intervenes in local development in many respects (see e.g. Hudson 2005a; Brenner 2004; Elander 2002; Newman, Verpraet 1999; Sellers 2002a). The nation state (and the Länder in Germany) has legislative capability, regulates the financial system and frames horizontal and vertical cooperation. In many ways, the nation state opens up or constrains room for manoeuvre at the local level. Hence, mechanisms for local initiatives cannot be researched without looking at the national level.

Based on these three research perspectives, I append the following sub-question to the central research question: To what extent can the emergence of local socio-economic regeneration initiatives be explained with

- institutional contexts in terms of shared norms and attitudes,
- the existence of specific forms of governance and partnership as well as
- regional or national frameworks?

There is also a normative motive behind these analytical questions. The research is conducted in towns experiencing long-term decline. In analysing how local initiatives evolve as a response to decline, this research should also develop practical advice for local, regional and national level practitioners and form a practical understanding of the multi-faceted ways local initiatives emerge.

#### Local response in old industrial areas in North England and East Germany

North England and East Germany have been chosen as the focus of this study. Both macro regions are shaped by their industrial past and lag behind the rest of their respective countries in terms of GDP growth, employment, social well-being and population growth.<sup>3</sup> According to a quantitative study based on a set of

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<sup>3</sup> See appendix 1. For an introduction to the regions see e.g. Hudson, Williams 1995; Gardiner, Matthews 2000 for North England and BBR/ BMVBS 2006; Lang, Tenz 2003 for East Germany.

demographic and economic indicators, 53.5% of municipalities in East Germany have been categorised as 'shrinking', whereas only 2.6% of municipalities in West Germany fell into this category (Gatzweiler et al. 2003: 565). The three northern regions of England (Northeast, Northwest, Yorkshire and The Humber) are also over proportionately affected by processes of decline and multiple deprivation. Around one-fifth of all wards fall into the 10% most deprived wards in England and Wales as measured by the government's Index of Multiple Deprivation (ONS 2006: 21). In particular, old industrial areas in these macro regions are threatened by radical processes of socio-economic transformation and decline leading to disproportionately high unemployment, poverty and inequality. In the context of the UK, policies designed to combat decline are referred to as (socio-economic) regeneration, whereas in Germany such policies are termed economic and employment promotion (Wirtschafts- und Beschäftigungsförderung).<sup>4</sup>

Although the reasons for decline reflect specific industrial and political legacies, the symptoms are comparable in both regions. As part of the same single European market, processes linked to globalisation and structural economic change are the same in both regions. Hence, there are similar processes of decline but locally specific forms of response, framed by particular forms of governance, specific institutional settings and different structural contexts of national regulation. Despite such differing contexts, similarities can be expected with regard to social processes, e.g. within actor relations and cooperation structures.

Developing local responses to persisting socio-economic problems by providing local job opportunities is an important aspect of the quality of life in a region. Such responses are probably different in remote towns outside of agglomerations, which cannot profit from the development advantages of metropolitan regions (Dicken 2003: 240; Cheshire 1998: 106). Thus, the study focuses on towns outside of the direct influence of main agglomerations. Policy options are also different in such towns in the selected regions because current processes of globalisation favour just a few metropolitan regions to the disadvantage of many other regions (Krätke 1990: 7; Amin, Thrift 1995: 105; Scott, Storper 2003). Towns and small cities are seen as particularly interesting in terms of social capital formation and personal networking in an environment in which there is a manageable number of actors. Furthermore, small towns outside of the main agglomerations are important for both a balanced settlement structure and for regional development.

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<sup>4</sup> Economic decline in North England appeared already in the 1950s and 1960s, much earlier than in East Germany, and so did the first efforts of regeneration (Parkinson 1998: 402). There is broad knowledge of socio-economic regeneration in terms of theoretical debates and empirical evidence. In contrast, the debates and practice of socio-economic regeneration in East Germany are still in their initial phase (Brandstetter et al. 2005).

It is often said that the broad involvement of individuals, communities and organisations in the process of urban development helps to develop local responses to urban problems (Davies 2004; Healey 2004; Liebmann, Robischon 2003). This research analyses the factors leading to and supporting socio-economic initiatives initiated and run by local actors. Forms of governance are believed to play a role for the emergence of local initiatives. Local institutional factors as well as regional and national contexts are also seen as important.<sup>5</sup>

### Main methods and structure of the thesis

The research follows a two by two case study approach. The sampling of cases has been selective in terms of geography, population, economic development, socio-economic challenges, and the existence of socio-economic initiatives. A qualitative case study approach seems to be most promising when it comes to researching the institutional context of local regeneration initiatives.

The theoretical exploration of issues related to local development and the conceptual framework utilised (part 1 and 2) are based primarily on literature surveys and textual analysis, complemented by internet enquiries. The literature is reviewed selectively in order to focus on institutional questions in the context of socio-economic challenges and local response as well as to reflect the interdisciplinary research design. It is not intended to cover the whole wealth of literature related to the theoretical debates touched on in this research, rather the literature is used selectively to explore the main research ideas. Different views and pathways of debate are acknowledged and referenced to allow consideration of the diversity of viewpoints. The research initially builds upon debates about urban decline, urban regeneration and urban governance that originate primarily in the British context.<sup>6</sup> I did not intend to include an overview of similar debates in German literature, although I do acknowledge differences in these literatures.<sup>7</sup>

For the empirical parts of the project, both qualitative and quantitative methods have been used. The analysis of policy contexts (part 4) is based mainly on literature surveys and secondary analysis (policy documents, research reports and further literature), and complemented by informal interviews. To depict the specific national contexts and frameworks, both English and German sources are used. The selection of towns and initiatives is based on quantitative research methods and informal interviews as well as secondary analysis. The description

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<sup>5</sup> European frameworks are seen as important, but are given minor emphasis in this project because they apply to both states.

<sup>6</sup> As this research is developed within an English context, the literature referred to is mainly drawn from this background. This also helps to keep the complexity of different scientific discourses and languages manageable.

<sup>7</sup> In Germany, issues of decline are discussed using the term "schrumpfende Stadt" (e.g. Häußermann, Siebel 1988; Lang, Tenz 2003). The debate about regeneration is in its initial phase (Brandstetter et al. 2005). The German governance literature is mainly linked to political science (e.g. Mayntz 2004).

and analysis of urban profiles and local initiatives (part 5) is based on secondary analysis of written sources as well as formal and informal interviews. Written sources include: formal (policy) documents, minutes of e.g. partnership, executive/ board meetings, or council meetings as far as available, brochures and press releases as far as available and recent secondary literature. The main empirical part identifying key mechanisms leading to and supporting the emergence of local initiatives (part 6) is based primarily on formal and informal interviews with key decision takers and the managers of the selected initiatives. Following the principle of triangulation, each step in the research process included a number of methods including secondary analysis of literature, policy documents, minutes, promotional material and internet sources, formal and informal interviews, quantitative analysis, reputational analysis, focus groups and direct feedback. The interpretation of 24 semi-structured qualitative face-to-face interviews with 20 key decision takers and 9 executives of local initiatives is based on the principles of grounded theory.

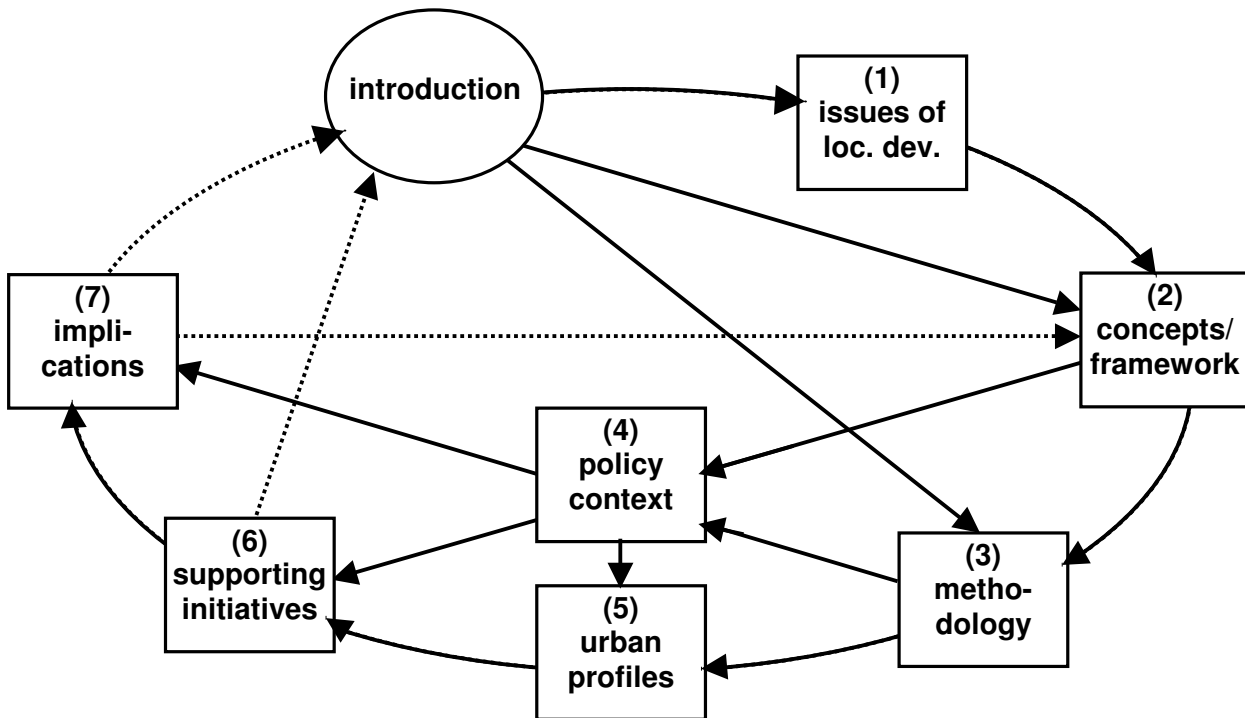
The thesis is structured in seven parts (see fig. 1): In the first part (re-thinking issues of local development) I refer to general challenges to the local level, current processes affecting urban development and the overall policy context such as globalisation, urban decline, changes in urban governance and the response to decline in terms of socio-economic regeneration. The description focuses on recent developments since the mid 1990s. Part two (conceptual framework) contains the positions on social theory and the relation of structure and agency that inform this research. This part also outlines main concepts guiding the research. Part two ends with the development of a theoretical inventory for the analysis. In the methodology part I explain in detail the comparative research framework, the study design and the methods used, including their limitations. One chapter documents the selection processes for towns and initiatives. Another section is about institutional analysis.

Part four (policy context of local regeneration) describes the institutional and organisational contexts for local, regional and national socio-economic development in the UK and Germany. The focus is on regeneration policies, administrative systems and aspects of urban governance and partnership. Part five (profiles of towns and initiatives) presents four urban profiles of the towns selected for the research. There are descriptions about geography and population, historical backgrounds and development paths, recent challenges and socio-economic development trends, the functional position and local governance arrangements. I describe all selected initiatives illustrating their history, objectives and tasks, organisation and their contribution towards socio-economic regeneration.

Part six (supporting the emergence of local initiatives) is the main empirical part of the study. Here, I present main empirical results about the emergence of socio-economic initiatives concerning the initial research perspectives forms of

governance, institutional contexts and the role of regional or national frameworks. In the final part (conclusions and implications) I summarise the key findings of the whole work. One of the final chapters reflects theories and concepts used as well as the methodological approach. There are also policy implications for local, regional and national actors involved in urban regeneration. Finally, there are conclusions of the whole work collecting open questions and discussing the achieved results.

**Fig. 1 Structure of the thesis**



The structure and design of this research is reflective of my desire to contribute to the overall debate about local governance and urban regeneration by examining local socio-economic initiatives as a particular form of policy response to local problems and by identifying crucial factors for their emergence. The field of socio-economic regeneration has been chosen as one important segment within the broader field of urban development.

Current research about local regeneration contains many normative claims about the positive impacts of new forms of governance such as strategic partnerships. One aim of this project is to contest these claims by looking at local regeneration initiatives. I hope that this research can provide useful insights into the secrets of local response to socio-economic challenges – both from a practical and theoretical perspective.

**Part 1:**  
**Re-thinking issues of local development**

## **1. Re-thinking issues of local development**

In the following part I present the relevant overall context of urban development. As a starting point for this research I have focussed areas outside of the main agglomerations which are characterised by socio-economic challenges usually subsumed under the term urban decline. Processes of urban decline are often seen as a result of globalisation, in particular when it comes to old industrial areas. North England and East Germany have been characterised to a large extent by so-called old industries. Four towns in such disadvantaged areas have been selected for case studies in this research project (see part 5).

Chapter 1.1 depicts the links between globalisation and urban development. In particular I examine the role of the local in relation to the nation state and global trends. The chapter identifies actual processes linked to globalisation, economic transformation and urban decline in a general way. Special attention is given to processes of uneven spatial development and the causes of decline. In England, concepts of regeneration have been adopted as a response to processes of decline. Chapter 1.2 introduces these concepts and highlights socio-economic aspects of regeneration. A lot of scholars have identified key changes in urban governance in the last two decades. I trace these changes and relate them to discussions about responses to urban decline and regeneration policies. Chapter 1.3 highlights how the trends and concepts discussed in the preceding chapters intertwine.

### ***1.1. Globalisation, transformation and urban development***

There is little empirical evidence about the exact way globalisation affects or has changed the role of the local. But still, local actors bemoan their incapacity to find local answers to processes influenced by the global economy. And there are attempts on national level to mediate these processes. Thus, the relation between the local, the national and the global level provides an important background for this study, which examines local socio-economic regeneration initiatives.

In the first section I have gathered empirical evidence about processes of globalisation and internationalisation in relation to urban development. The following paragraphs investigate the potential role of the local in this context and how this role is shaped by the nation state. Globalisation is said to deepen spatial disparities and lead to economic concentration in some metropolitan agglomerations to the disadvantage of other regions. Section 1.1.2 describes processes of transformation and decline and their underlying causes.



### 1.1.1. Localities in a globalising world

#### Globalisation and urban development

Different claims and different narratives about the nature of globalisation and its impact on space shape the current urban development debate – most intensively after Sassen's book about the global city (Sassen 1991).<sup>8</sup> At the beginning of this chapter it is important to point out that there is not a clear division of global and non-global cities. There might be some metropolises in which certain functions associated with globalisation are concentrated. However, in the Western world there is no town or city which is not affected by processes of globalisation. It is more likely that there are wider processes constituting all localities, while "intersecting in unique ways in each individual place" (McCann 2004: 2319). This becomes obvious if the local is conceptualised not as a static entity, but as a fluid and complex construction of social interaction and perception or as the intersection of political, cultural and economic social networks.

In the context of a globalising world, the potential for local action is often seen as limited, as urban development appears to be externally driven. The urban economy is permanently affected by ongoing structural change. Changing markets and competitors, new social and technological demands, new products and rationalisation through research and development together force local employers to adjust. In Europe there is an ongoing trend towards tertiarisation including enduring job-losses in industrial production and manufacturing as well as in agriculture, forestry and fishing. Production moves to countries with lower labour costs and less restrictive environmental and labour-related legislation. In this way, processes of globalisation speed up the structural change in Europe leading to growing instability in industrial sectors (Conti 1997: 19) and thereby influence urban development. In this context, cities compete to enhance their locational advantage, and thereby encourage investment from multinational companies.

There is empirical evidence about a number of processes and tendencies subsumed under the term globalisation such as the importance of worldwide economic or industrial networks and multinational economic activities, global financial markets, globalised property markets, global culture and product or building standards etc. (Krätke 1995; Amin, Thrift 1994; Dicken 2003). But it remains an open question as to how the global-local dialectic is shaped and as to how important the role of the local is (Pendras 2002). At present, descriptions of places, people and communities as powerless victims of the global economy are based on normative ideas rather than empirical findings. Besides this position there are others allowing the place and the local to play a more important role,

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<sup>8</sup> The debate about globalisation is reviewed selectively in respect of the role localities are seen to have.

underpinned by extensive research about the importance of locality (e.g. Sellers 2002a). Thus, the strength of local potentials might be underestimated (cf. Conti 1997, Sellers 2002a: 292f).

There is a large body of research concentrating on processes of regionalisation affecting cities and shaping their profile politically, culturally and also economically. Spatial development and the formation of urban systems is said to work in the tense atmosphere of globalisation and regionalisation (Krätke 1995).<sup>9</sup> One basic argument for such tendencies is the unrepeatable character of localities with a distinct set of social and economic relations. Local activities are embedded in such relations and thus have a clear connection to the place (Conti 1997: 20ff, Krätke 1995, Grabher 1993). However, at the same time, dominant global structures devalue or even destroy "the substratum and identity of places" (Conti 1997: 38). This is the case in different fields of society. The multinational company for example cannot maintain a sustained connection to the places where it operates – except maybe its place of origin. Cultural production is another field where common global goods can dominate local culture (e.g. in terms of the world-wide film-industry, or global cafe, pub and food chains). But in the end, the local will maintain an unmistakable identity as an important variable in international competition. It will have a specific history, particular inhabitants and social structures, unique social networks, unambiguous physical features and natural surroundings as well as special forms of knowledge and institutional environments. All these particularities can also be seen as locational factors and might play an important role in economic development. It seems important to acknowledge that globalisation does not mean equity of localities but a continuing importance of socio-spatial diversity and difference (cf. Amin, Thrift 1994: 6f).

The nation state mediates processes associated with the global economy. The (global) context is relevant for but does not determine the development of a particular local institutional environment including a specific setting of local governance. There is rather a complex interplay between external impetus and the power of local particularity and energy to shape the future. External pressures can only become concrete in relation to specific local conditions and local culture. And given opportunities through external influences can only become translated to local benefit by means of an instrumentalisation of local resources in the form of actors, processes or particular capacities (cf. Healey 2004: 100).

#### The role of the nation state

The opening of national markets for foreign direct investment in Western countries and the deregulation of financial markets have created new arenas of economic activity where governments participate only minimally (Sassen 1991: 190). Additionally, the European Union has developed spatially targeted policies

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<sup>9</sup> The competing synthesis of both was named "Glocalisation" (Swyngedouw 1992).

and instruments for regional development and supports in particular the 'lagging' regions through specialised programmes (e.g. Andersen 2001). Thus, for many regions, the European level has gained importance when it comes to funding e.g. regeneration programmes. Urban (or regional) political economists also argue that the nation state still has an important role to play and intervenes in economic and spatial development in many respects (e.g. Hudson 2005a; Brenner 2004; Elander 2002; Newman, Verpraet 1999; Sellers 2002a; 2002b). Financial arguments are not the sole reasons for the importance of nation states when it comes to local development or regeneration. The nation state (and also the Länder in Germany) has legislative competence; it regulates horizontal and vertical cooperation among municipalities, districts, and regions as well as with the nation state itself (cf. Sellers 2002b: 621ff). The national level becomes important when general support is necessary e.g. for large regeneration projects. The state regulates the financial system (e.g. income redistribution) and opens up or constrains the room for manoeuvre at the local or regional level, e.g. in terms of the allocation of planning authority or economic development promotion (see part 4 for Germany and England). The national government is also important in regulating inter-municipal or inter-regional conflicts, general planning processes and regeneration initiatives. Furthermore, the state intervenes to ensure a decent quality of life across sub-regions through the provision of basic services and the enforcement of standards (for example health, schools, roads). Borja and Castells (1997: 122f) suggest five main fields of action demonstrating the importance of the nation state:

- reinforcing the system of large cities as nodes in the urban network (providing internal and external accessibility),
- boosting the competitiveness of cities as source of wealth (support infrastructures for production, commerce and trade),
- linking integrated city development plans with (sectoral) investment programmes of the federal government,
- guaranteeing the service provision of infrastructures which, by their cost or nature, exceed the political and financial resources of local governments (such as transport, water, environmental operations) and
- providing the legal and financial framework in order to promote citizens' equality.

On the basis of comparative governance research, Sellers argues that local proceedings and relations have always to be seen in the context of the relevant national frameworks. Some observations might prove "conditional or even infrequent under the conditions of a different national political economy" (Sellers 2002b: 613). What seems to be either very normal or very unusual in one country might turn out to be very exceptional or very common in another country. The

national level is thus an important part in a multi-level system when it comes to understanding the role of the local. National frameworks can determine different forms of normality and irregularity at the local level. They can also evoke distinct normative perceptions of certain proceedings or arrangements. Both processes, the determination of normality and irregularity and the evocation of normative perceptions, can change over time. Consequently, local action or local response to socio-economic challenges might be better interpreted in relation to the national political economy.

Global processes affect the local level in each part of the modern world. But by means of policies, procedures, fiscal resources, institutional frameworks, and organisational identities, the nation state might leave the local level more or less room for manoeuvre. Thus, the relation between local and global is mediated by very different national systems with different implications for local strategies. National interventions might either support or constrain the capacities for agency at the local level and they might make some paths of development more likely while tending to exclude others. The choices in local governance are thus always linked not only to the local context of governance and wider global contexts but to the governmental, economic, political, and socio-cultural context of nation-states (Sellers 2002b: 636).

### **1.1.2. Globalisation, transformation and decline**

#### Globalisation and deepening spatial disparities

Globalisation is a very old process, but in recent decades and in particular after the fall of the iron curtain, economic activities have become more and more global (Amin, Thrift 1994: 2ff; Cheshire 1998: 110f). There is a recognised shift from an economic base with the majority of employees working in the industrial sector to an economy based on the service sector, with a growth of service occupations and resulting different requirements to the labour market (e.g. Schelte 1999: 16f). This process takes place to the disadvantage of some, mostly old-industrialised regions that encounter difficulties of adapting to such changing contexts. In these regions, economic transformation has led to economic slowdown and job losses. This was especially the case when their economic profile was linked to labour-intensive manufacturing or 'old' industries of the industrial revolution, such as textiles, steel, mining or shipbuilding (e.g. Stöhr 1990, Cheshire, Hay 1989; Häußermann, Siebel 1987).

In Western Europe, there is a strong connection between scholarship on urban decline and about economic restructuring in old-industrialised regions. After sometimes radical processes of economic transformation, high-skilled and service jobs have increasingly come to dominate local labour markets whereas classical production-line manufacturing jobs play a steadily decreasing role. Despite a growth in service sector industries, in many of these city-regions an increase in service-sector employment has not adequately compensated for the

decrease in other sectors, above all manufacturing (Cheshire, Hay 1989: 6; Lang, Tenz 2003: 28).

In the globalised economy, only a few global cities and metropolitan regions are said to be the "control points of the global economic system" (Dicken 2003: 240). Within the international system 'networked' cities and agglomerations (especially capital cities), are said to be the number one location for headquarters of multinational companies and big national enterprises or subcontractors, in particular in the financial sector. Thus, current processes of internationalisation and global inter- and intra-firm relations tend to concentrate much of the world's most important trading activities in a relatively limited number of sub-national regions or agglomerations (Scott, Storper 2003; Beaverstock, Smith, Taylor 1999).

In terms of the management of uneven development, Painter and Goodwin point out that local governance can only be effective if it is part of a multi-scale system of regulation. As the causes for uneven development at least partly lie outside the local sphere of influence, local governance can at best "influence only the local half of the (unequal) relationship between global flows and local conditions" (Painter, Goodwin 2000: 43). Local governance might bear some possibilities to mitigate the social consequences of uneven development. In general, however, the contribution of local governance is seen as vital, although limited in its stabilising capacity in a multi-scale mode of regulation.

Current tendencies of globalisation are likely to promote concentrated economic and demographic development in some metropolitan regions, which thereby dominate national urban systems. There seems to be a selective concentration of growth potentials in a smaller number of regions (Krätke 1990: 7). Amin and Thrift suggest that capital cities and core metropolitan regions can derive competitive advantage from the presence of many organisations in economic, political and cultural life (Amin, Thrift 1995: 105). Private investment concentrates in regions with extensive infrastructure networks, a high density of human capital and economic networks, clients and contractors, knowledge organisations and professional services – in the metropolitan regions. Indeed, the contemporary tendency towards large globally networked city-regions combined with the turn towards neo-liberal policy measures in many European nations parallels widening gaps between sub-national regions, measured for example in income inequalities (Scott, Storper 2003: 585).

Some towns, cities and regions have difficulties finding their role in the changing economy and may experience an imbalance of demographic and economic development, sometimes leading to economic slowdown and to an increase in social problems and social disparities associated with urban decline (EC 1986). Some regions in Western Europe have become more peripheral in terms of social and economic development and have lost their advantage while others

have closed the gap with the economically leading European regions (Cheshire, Hay 1989). Certain regions lose well-educated people because of job shortages or unattractive living and working-conditions, while other regions become magnets for national and international immigration, offering better job opportunities. It is evident that some cities and regions can be characterised demographically in terms of stagnation or decline while others experience new phases of growth. Evidence suggests that regions with a concentration of research and development activities and organisations can benefit in terms of economic development (Cheshire 1998: 106, 123).

All these observations suggest that there is an increased divergence in the European urban system. Deepening regional disparities are seen as a major feature of current globalisation (Krätke 1990). At the same time the capacity of the relevant system of regional or urban governance to improve the situation and reduce the related problems or to attract new functions when old functions are lost is difficult to develop (Cheshire, Hay 1989: 5ff).

#### Processes of transformation and decline

Every town and city is affected by trends of transformation and by processes of structural change. Some urban or sub-regional systems can adapt without problems to these developments whilst in others, structural change initiates more or less deep crises due to its variegated impact on all aspects of urban development. Some areas might be characterised by extreme difficulties of adaptation and might experience dramatic impacts such as the loss of huge parts of their population (Cheshire, Hay 1989: 10).

There is no complete theory of urban decline and there are many differing definitions. The term 'decline' in the context of urban development is used to describe undesirable changes, such as job losses accompanied by growing unemployment, social exclusion, physical decay and worsening living conditions (cf. Medhurst, Lewis 1969: 2). From the 1960s, many European towns and cities were facing long-term decline that was „characterised particularly by population and employment loss with a net out-migration of population, firms and activities. Linked to these two major factors has been physical and social decline“ (Noon et al. 2000: 63). Urban decline is also a social process, intensely related to normative perceptions and considerations of desirable and undesirable urban conditions within the general attitude towards cities. It also depends on the intensity of processes and their impacts if these are considered to be problematic. Beauregard notes that "just because a city has fewer residents and fewer jobs does not mean that it is experiencing decline; the issue is the composition of those changes, their pace and the resultant distribution of costs and benefits" (Beauregard 1993: 36f). If losses in employment and population are of an enduring nature over a period of a couple of years and take place in a pace that makes adaptation difficult, it is very likely that these problems and their impacts are associated with urban decline. Thus, a simplified definition of urban

decline is to perceive it as a reduction of local and regional employment in parallel with a loss of population (cf. Cheshire, Hay 1989: 31f).

### Causes of decline

There is no single cause for all urban problems. Forces of a different nature influence urban decline and urban (economic) development. Most studies of urban change, decay or decline concentrate on the consequences of urban transformation rather than their underlying causes. "The end result is that most theories of urban change provide only a partial insight into what is a complex process" (Roberts 2000: 21). There is a large body of research that stresses negative demographic trends and economic factors such as the relocation of wage intensive production activities to low wage countries as reasons for decline (Robson 1988: 58ff; Cheshire, Hay 1989: 36ff; Roberts 2000: 23ff, EC 1986: 11).

The structure and the characteristics of the local economy are seen as important issues as to how these factors influence urban development. If the local economy is dominated by big industrial firms, economic development depends upon how advanced production is. If products are new, innovation plays a vital role and if jobs are mainly in the skilled or high-skilled level, risks for the local economy are relatively low. More labour-intensive and heavy industries bear the biggest risk of economic decline in European urban areas. Thus, in particular, the older industrial areas are affected by decline as a result of de-industrialisation (Cheshire, Hay 1997: 3f). In this way, the development of a town or a region can be well connected to the development of a certain industry or industrial cluster. From an institutional perspective, mono-structured regions often show well established social and economic inter-personal and inter-organisational networks which make it difficult to develop alternatives while actors of the particular field dominate local organisational structures and proceedings (cf. Grabher 1993).

## **1.2. Regeneration and urban governance**

In the UK, local policies and strategies designed to deal with urban decline, decay or transformation, are captured under the term urban regeneration. Urban regeneration must be seen as a normative policy notion that has evolved to a central paradigm for dealing with urban problems in the UK in the past few years. Section 1.2.1 sets out the central elements of urban regeneration and conceptualises socio-economic regeneration as an integrated part of urban regeneration. Urban and socio-economic regeneration can be seen as the prevailing concepts when it comes to dealing with urban problems. Main issues of socio-economic regeneration can be seen in measures of local economic development, support of the social economy and entrepreneurial activities (1.2.2). 'New' forms of urban governance are often discussed when it comes to regeneration. This research shall contribute to the question if urban governance can meet expectations to governance as seeking "new ways to be creative, to build strengths and to access and utilise resources" (Kearns, Paddison 2000:

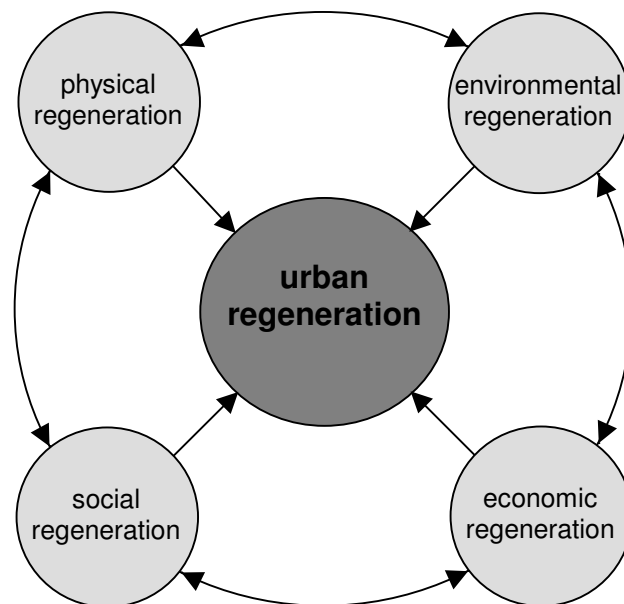
849). Section 1.2.3 summarizes findings regarding changes in the steering of urban development in the last decades and examines some models of local governance resulting from empirical studies.

### 1.2.1. Urban and socio-economic regeneration

#### Urban regeneration

Urban regeneration implies an integrated perspective on problems, potentials, strategies and initiatives within the physical, environmental, social and economic sphere (see fig. 2). Urban regeneration can be seen as a “comprehensive and integrated vision and action which leads to the resolution of urban problems and which seeks to bring about a lasting improvement in the economic, physical, social and environmental condition of an area that has been subject to change” (Roberts 2000: 17). Urban regeneration thereby moves beyond urban renewal (a process of essentially physical change), urban development (general mission) and urban revitalisation (no precise method of approach). Urban regeneration implies that all approaches “should be constructed with a longer-term, more strategic purpose in mind” (Roberts 2000: 18). The need for a general strategic agenda and cross-sector integration are seen as central features of urban regeneration.

**Fig. 2 The Concept of Urban Regeneration**



According to the biological meaning of regeneration, Couch and Fraser set out that urban “regeneration is concerned with the re-growth of economic activity where it has been lost; the restoration of social function where there has been dysfunction, or social inclusion where there has been exclusion; and the restoration of environmental quality or ecological balance where it has been lost” (Couch, Fraser 2003: 2). Urban regeneration is about implementing policies in existing urban areas rather than encouraging new urbanisation. It aims to build



upon the triangle of sustainability, with its commitment to considering economic, social and environmental problems in its approach.

### Socio-economic regeneration

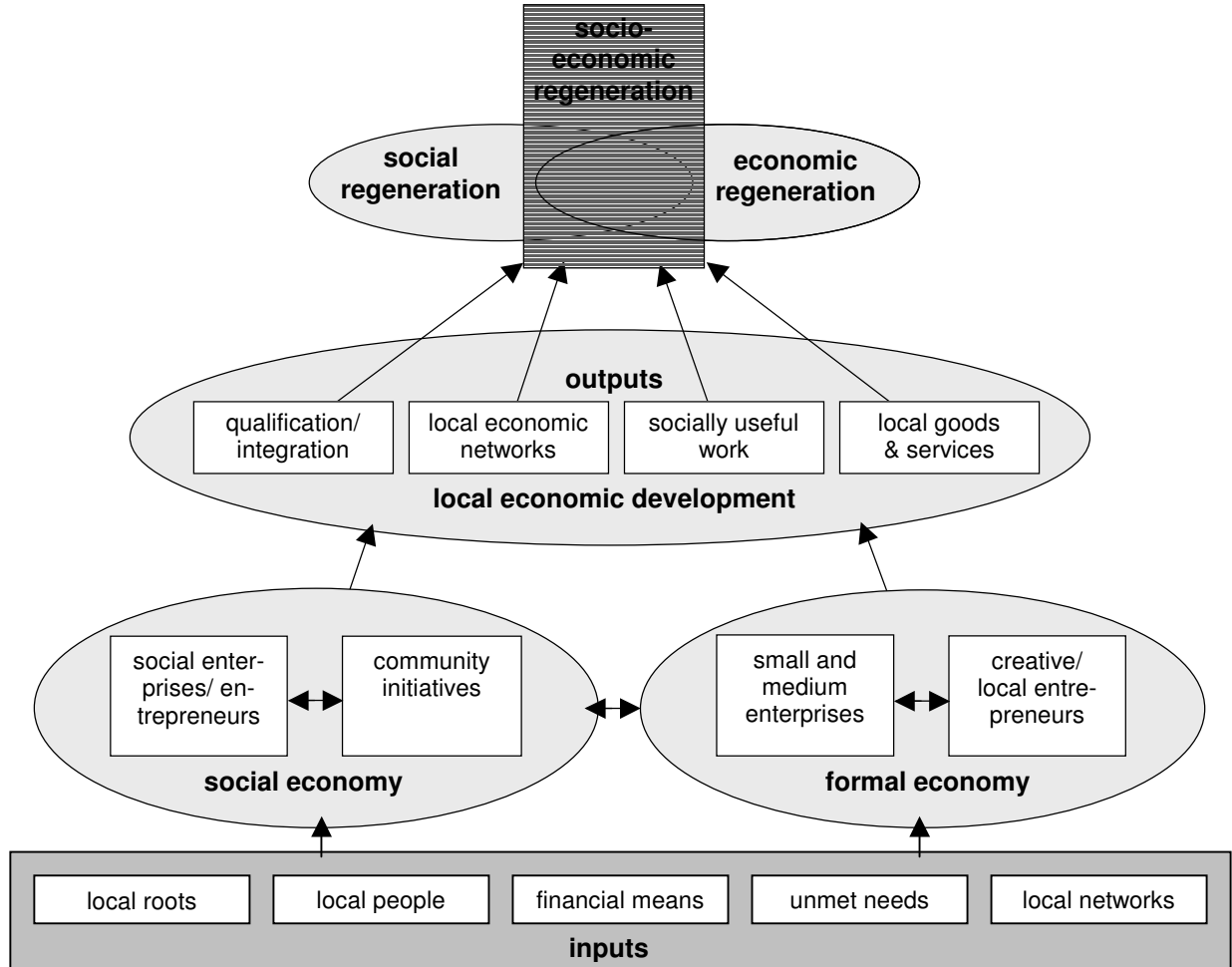
Economic development cannot be considered solely in quantitative terms, measured by GDP or profits. The economy is a social construct (cf. e.g. Hudson 2001: 28ff; Swedberg, Granovetter 1992), shaped and created by human beings, influencing the development of towns, cities and regions. For the most part, the behaviour of individuals in the firm or in economic development as well as in urban planning is firmly embedded in interpersonal relations and social interaction (Granovetter 1985). Social structures have a clear impact on economic outcomes e.g. in terms of cooperation, the functioning of labour markets and innovation (cf. Granovetter 2005). Thus, economic development should also be measured according to social indicators such as numbers of employees and unemployed. An understanding of development (and the resulting policies) appears to be misleading, when the basic assumption is that economic growth inevitably leads to greater equality, participation and services for a growing part of the population by providing higher levels of production and income (cf. Hodgson et al. 1994: 139ff).

European comparative research revealed that purely growth oriented development strategies have not only failed to induce social and environmental benefits, but in some cases economic growth strategies have even deepened social and environmental problems (EC 1992: 24). With its integrated mission, regeneration can be seen as a multi-dimensional and multi-faceted process, aimed at improving the quality of the urban fabric and the natural environment as well as reconstructing the local economy. Issues such as social inclusion should be seen as central to the regeneration agenda (cf. Bennett, Beynon, Hudson 2000: 45). Urban regeneration should also emphasise the reduction of social exclusion and the economic reintegration of disadvantaged urban areas (McGregor, McConnachie 1995). In the day-to-day practices of municipalities however, social and economic regeneration are often handled separately. Investment in people, through increased support for and provision of appropriate training and support for the realisation of entrepreneurial ideas, is regarded as under-represented in local economic regeneration practices (Noon et al. 2000: 62).

Economic transformation, from an industrial to a post-industrial society, often leads to the marginalisation, if not the complete exclusion, of parts of the population. Thus, regeneration measures are more likely to be successful if they incorporate social aims (cf. McGregor and McConnachie 1995). Socio-economic regeneration endeavours to maintain locally rooted economic structures, to foster social stability (in terms of social and economic integration of local communities) and to reduce social and economic disparities. Socio-economic regeneration has a strong normative (or strategic) dimension and an analytical dimension in terms

of concrete socio-economic initiatives. Such initiatives incorporate social aims including integration, qualification and the provision of local jobs. Thus, the concept is highly relevant to the debate about local economic development (see fig. 3).

**Fig. 3 The concept of socio-economic regeneration**



### 1.2.2. Issues of socio-economic regeneration

#### Local economic development and the social economy

Economic decisions are more and more likely to be made in locations unconnected to their place of influence (Krätke 1995: 209). If there are large enterprises – global players – or manufacturing firms competing in the global market, the particular place of production is constantly faced with the risk that these enterprises will re-locate (cf. e.g. McCann 2004). Production locations can transfer or collapse for various reasons, amongst them changing cost-factors or international competition. This destabilisation of localities leads to demands for altered political strategies. Whereas it might be still important to support big firms and assist them in getting rooted in a particular locality, there are more and more policies focussing on local rather than national or global solutions when it comes to dealing with socio-economic challenges. Locally rooted enterprises and the jobs they provide tend to be more sustainable than large international companies.

There is empirical evidence that suggests locality matters for the small firm more than it does for large enterprises (Conti 1997: 23ff). The social environment of the entrepreneur with face-to-face contacts, the role of family and friends, trust and personal relationship among business people is the most crucial aspect of small firm development (Özcan 1995: 21). In this context, the local economy displays a different type of social embedding than the global economy. There are many attempts to make local values the centre of socio-economic regeneration (e.g. SEC 2003; Gore, Powell, Wells 2003; ECOTEC 2001; Thake, Zadek 1997; TU Berlin 1994). These attempts are largely categorised using the term 'local economic development', although there are many different understandings of how the local economy may be developed (Bingham, Mier 1993; Malizia, Feser 1999).

The social economy can be seen as a part of social innovation (Moulaert, Nussbaumer 2005) opening up alternative models of socio-economic development. Particularly when the formal economy has failed, the social economy provides a model for facilitating social and economic inclusion. The social economy consists of social enterprises, community businesses or – more generally – initiatives with primarily social aims. Comprised primarily of initiatives which cannot be classified as belonging solely to either the private (first) or public (second) sector, the social economy (or third sector) ought to operate independently from local authorities and is not purely profit-oriented. Social enterprises usually integrate two main objectives (DTI 2002: 14):

- (1) they are market-oriented and productive by directly providing goods or services to a market and thereby making profit;
- (2) their objectives are primarily social, aimed at job creation and qualification or at the continued provision of local services.

"Social enterprises aim to sustain their business and make profits – it is what they do with these profits that is different" (SEC 2003: 7): they reinvest their surpluses to achieve social aims. Many social enterprises are characterised by community ownership. Examples vary considerably, yet their primary activities are generally to be found in the fields of social services, environment, culture and sport.

A community enterprise or community business is a special form of a social enterprise. Community enterprises are defined as having social aims, being financially viable and being owned and run by local people. "They tackle local social and environmental issues and provide work, training opportunities and local services" (DETR 1998). The key elements of community businesses are community ownership and trading. The latter means that the business is self-supporting on the basis of its economic activity. A community can be defined as a certain area (e.g. a rural village) or as communities of interest (e.g. farmers in a certain district) (Gore, Powell, Wells 2003: 3). However the conception of

community is not generally inclusive. It carries both, inclusionary and exclusionary notions (cf. Bennett, Beynon, Hudson 2000: 22f).

The social economy is regarded as "a significant source of work, welfare, and participatory democracy" (Amin, Cameron, Hudson 2002: 14). An extensive study of social enterprises in Germany in 2002 concluded that the system of social enterprises is not only important in relation to employment and social policy, but also in terms of economic relevance (Birkhölzer, Kramer 2002: 68). The 'Ciriec-Study' identified 8.800.000 full-time-equivalent jobs in European social enterprises, 7,9% of all paid civil jobs in the EU.<sup>10</sup> The study also looked at the organisations that provide jobs in the social economy. 71% of all jobs were provided by associations, 25,7% by co-operatives and 3,1% by mutual companies (Ecotec 2001: 8).

Most of the literature on the social economy is very positive. Often the social economy is normatively described as it ought to be rather than as it is. In contrast to some of the ideas described above, critical scholarship also reflects some degree of scepticism. Backed up by empirical evidence, the limits of the social economy have also been outlined: The majority of social enterprises depend on funding streams (external grants, state benefits) or the willingness of individuals to contribute their time as volunteers. Furthermore, research shows there is often limited success in terms of fighting social exclusion and creating jobs. Social economy initiatives are often least in evidence where they would be needed most. In addition, unstable and under-paid employment opportunities and low-quality entrepreneurship lead to high failure rates and limited community involvement in social enterprises. Taking this criticism into account, the social economy can "never become a growth machine or an engine of job generation [...] but it can stand as a small symbol for another kind of economy" (Amin, Cameron, Hudson 2002: 116, 125).

#### The role of entrepreneurs

In economic theory, there is often no clear role for entrepreneurs. An entrepreneur can be seen as "someone who sees an unexploited opportunity for profit in the form of a new product or even a new way to produce an existing one" (Malizia, Feser 1999: 195). In most theoretical explanations, it is market and equilibrium processes rather than entrepreneurial activity which influence business development. In contrast, entrepreneurial activity in the small enterprise sector is seen as being the most effective field when it comes to creating jobs. There is evidence that job creation is greatest in small businesses, especially in micro enterprises with less than five employees (Armstrong, Taylor 2000: 267f). A recent study in Germany revealed that enterprises with less than 500 employees,

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<sup>10</sup> At the highest extreme were Ireland and the Netherlands with nearly 16% of employment in the social economy. In the lowest end were Greece, Portugal and Luxembourg with less than 5%.

unlike larger enterprises, have not re-located jobs to countries with cheaper labour costs. The same study showed that these enterprises have been dependent on regional and national markets (KfW 2005: 140, 125f). Smaller enterprises are thus better integrated in the local economy, and have an important role to play when it comes to maintaining local jobs in the face of globalisation.

Following the predominant neo-liberal or neo-classical economic theory, increased and optimally used resources (such as capital, building land, knowledge, qualification) generate growth and new jobs. More input is seen as the precondition for more output, and if economic activity is to be optimised, resources have to be combined in the best possible way (input-logic) (Röpke 2004: 20). On the other hand, Schumpeter defines development as new combination of production factors available in the system (innovation-logic). The creative entrepreneur occupies a central position in this process. Entrepreneurs play an active role in finding new combinations and putting them into practice (Schumpeter 1934: 110f). This means that the innovativeness of individual entrepreneurs is the main precondition for development. The heterodox strand of evolutionary economics believes in "the fact that humans are able to create and alter their social and economic environment by coming up with new ideas, with novelty" (Witt 1991: 100). Thus, individual motivation as the driver and creativity as the capacity to come up with new ideas are seen as the reason for their endogenous causation within the economy.

### **1.2.3. Urban governance in the face of changing conditions**

#### Urban governance as a new phenomenon?

In the last couple of years, particularly in England, the nation state introduced new elements to the urban political scene that require, encourage or foster elements of partnership (see 4.2.2). In addition, traditional forms of local government, based on hierarchical and state centred decision making are allegedly increasingly being replaced by less hierarchical multi-actor approaches to urban governance. New forms of governance and partnership have been changing power relations and responsibilities for service provision. Policy making is said to increasingly include private and other actors traditionally not concerned with urban development. Although governance mechanisms have always existed in the sense of controlling and directing, scholars generally use the term 'urban governance' to discuss the changes within the urban political scene of steering a city towards a broader involvement of private actors. There is a baseline agreement about these directly observable changes (Denters, Rose 2005a). But there is an ongoing debate as to how to explain or understand these changes (Bevir, Rhodes 2003).

In recent decades, city governments are said to be less and less able to manage urban development. Governing cities has become more difficult and those

involved in urban government have been increasingly under pressure to adjust the urban political scene to more and more challenging development circumstances (Kearns, Paddison 2000: 845). Most scholars see governance as a direct response to economic and social change and their consequences for policy agendas and policy networks (Healey et al. 2002: 6; Denters, Rose 2005b). There are at least three main points which are brought forward in this context (cf. Kearns, Paddison 2000: 845ff; Healey et al. 2002: 6ff; Newman, Verpraet 1999):

- First, globalisation, structural economic and technological changes have led to a loss of urban governments' control over urban economies. At the same time interurban competition has become tighter (Krätke 1990: 8) and attempts by cities to develop distinctive cultures have emerged to improve competitiveness in global markets.
- Second, national governments have become less able to assist cities in addressing development problems. Neoliberal reforms have led to an erosion of the welfare state in many European nations despite rising social problems due to enforced processes of structural change.
- Finally, a growing complexity and diversity of social life has revealed socio-spatial polarisation and social exclusion, often in the form of marginalisation of excluded people in particular neighbourhoods.

Another widespread notion is about a shift in the practice and mechanisms of regulating urban development from the traditional understanding of authoritarian government towards governance as being process-based and cooperative. The reasons for these shifts might not only be seen in the rationality of local actors and organisations but also in the promotion by national policy – in particular in Great Britain (see 4.2) – or in the demand of other stakeholders such as private enterprises or NGOs to play a more active role in the planning process (Healey et al. 2002: 7ff). These changes are often seen as a direct reaction to altered socio-economic conditions (see above). Related problems, such as social exclusion or economic decline, are said to be unlikely to be adequately managed through state led planning, traditional welfare policies or pure market means. In many countries, activating the voluntary sector to replace or complement social services has become an issue. So too has more managerial and cost-effective practices of municipal service provision, leading to new forms of cooperation and privatisation (Denters, Rose 2005b; Elander 2002: 191).

#### Forms and models of governance

If governance is perceived as a general phenomenon, what are the differences between particular forms, discourses and practices of urban governance? There have been efforts to classify and categorise different models of governance (DiGaetano, Strom 2003; Pierre 1999; DiGaetano, Lawless 1999). These existing

typologies are based on a limited empirical basis and have to be seen and used with due caution. They might, however, illustrate some ways governance has changed over the last decades. Highlighting overarching objectives, main instruments employed to attain these objectives, key participants, institutional relationships and evaluation criteria, Pierre (1999) suggests a typology of governance based on objectives and governing structures (see fig. 4). Pierre understands governance as a process "blending and coordinating public and private interests" (Pierre 1999: 374) and roots his notions in literature about Western European governance. He reduces the varieties in urban governance to four general models: managerial, corporatist, pro-growth and welfare governance (Fig. 4). Such models of governance are ideal types, rarely, if ever, existing in reality and thus hypothetical. In practice, it would be likely that governance would incorporate aspects of more than one model. Even linked to the council, there might be different models of governance, existing side-by-side in a multi-organisational and fragmented structure (Pierre 1999: 377, 388). Pierre's typology illustrates how diverse the landscape of governance appears to be in Western Europe. Different forms of governance might lead to different relations between public and private actors, different instruments and different key participants. The typology also suggests that local governance arrangements cannot be 'good' or 'well-functioning'. Success can only be measured in relation to the concrete case and the concrete form of collaboration or partnership.

**Fig. 4 Models of urban governance (Pierre 1999)**

	<b>Managerial</b>	<b>Corporatist</b>	<b>Progrowth</b>	<b>Welfare</b>
Objectives	Enhancing efficiency of services	Distribution (public services and policies)	Economic growth	Redistribution and state funding
Instruments	Contracts	Negotiation	Partnerships	Networks
Key participants	Managers of public service organisations	Civic leaders, politicians	Economic elite, senior officials	government officials and bureaucrats
Nature of public-private exchange	Competitive	Concerted	Interactive	Restrictive
Local state – citizen relationship	Exclusive	Inclusive	Exclusive	Inclusive
Key evaluative criterion	Efficiency	Participation	Growth	Equity

Urban governance is said to be mainly shaped by informal arrangements and collective understandings (DiGaetano, Strom 2003: 365ff) or systems of values, norms, beliefs, and practices (Pierre 1999: 375). DiGaetano and Lawless (1999: 550) place emphasis on the motivation for different modes of governance as key to their typification. Their findings from a long term study about governing

structure and policy in Birmingham, Sheffield and Detroit point to at least four different agendas that shape settings and procedures of local decision taking:

- pro growth agendas (encourage public infrastructure development and private investment);
- social reform agendas (redistributing resources e.g. in terms of affordable housing, job training and community service);
- caretaker agendas (confined to routine service provision such as police, fire, health; little or no effort to achieve socio-economic change) and
- growth management (cf. DiGaetano 1997).

All these agendas generate particular forms of decision taking, cooperation and partnership.

### Partnerships

Partnerships are discussed as a particular approach in urban regeneration and as one possible response to changing conditions in urban development. In some countries such as the UK, there is a long tradition of the partnership approach, whereas in other countries such as Germany, the partnership approach is relatively new (Geddes 1998). Partnerships are usually viewed positively because of a number of potential effects such as the creation of synergies among partners. Regeneration partnerships which have been the main focus of research in the UK integrate different stakeholders in local decision taking (for example see Davies 2001). In Britain, new forms of partnership have been intensely promoted by the nation state and were in particular linked to urban regeneration (cf. Bailey 1995: 38ff).<sup>11</sup>

Partnerships in urban regeneration can be seen as the mobilisation of "a coalition of interests drawn from more than one sector in order to prepare and oversee an agreed strategy for the regeneration of a defined area" (Bailey 1995: 1). Dabinett applies this perspective and further depicts partnership as involving "relationships between two or more different sectors within a mixed economy, including public-public, public-voluntary, public-community and public-private" (Dabinett 2005). With such a broad definition, everything can be described as a partnership. Geddes, placing particular emphasis on those partnerships aiming at social inclusion and cohesion by developing and implementing local strategies, defines partnerships along three core characteristics (Geddes 1998: 15):

- a formal organisational structure for policy making and implementation,

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<sup>11</sup> Supranational organisations such as the OECD (2001) or the European Union also promote the partnership approach. In European programmes such as Leader, Urban, or Interreg there are often mandatory partnerships (Geddes 1998: 29-39; Elander, Blanc 2001: 105f).



- the mobilisation of a coalition of interest and the commitment of a range of different actors and
- a common agenda and multi-dimensional action programme.

More generally, a partnership in the context of urban regeneration can be defined as a formally organised coalition of interests comprising actors of different sectors aiming at joint policy-making and implementation with a common agenda and action programme. Such an understanding does not depict informal relations as partnership.

Results of a comparative in-depth study of about 30 local partnerships in ten West European countries (Geddes 1998) demonstrate that in some cases local partnerships can contribute to tackling unemployment and social exclusion. Local partnerships can lead to better policy coordination and facilitate a multi-dimensional approach, using the knowledge, skills and resources of different actors. Furthermore, they can facilitate the emergence of a stronger local policy community, help to develop a local or regional culture of collaboration and can empower key actors and mobilise policy innovations. The study indicates that where local partnerships work effectively – in terms of local policy processes, policy co-ordination, accessing new resources and stimulating innovative policy approaches – they "can have significant impacts on problems of unemployment and exclusion" (Geddes 1998: 136). Another result of the study is that local partnerships often do not work effectively. There are big differences in the success of local partnerships in terms of the development of effective structures and processes. Some partnerships raise questions of accountability and transparency. In addition, building and maintaining successful partnerships is said to depend on considerable investments of time and resources (Geddes 1998: 137).

### ***1.3. Decline, regeneration and governance***

All towns and cities constantly face a need to adapt to changing conditions. Localities are not static settings or scenes but dynamic socially constructed places (cf. Healey et al. 1995: 1ff). They are comprised of social interactions and perceptions as well as the interaction with internal and external impetuses. The processes associated with urban growth and urban decline, however, pose particular challenges to urban planning and urban development. Dealing with growth might be easier for the relevant disciplines, because there is a longer tradition in handling growth (Grossmann 2007). Urban regeneration is said to be an integrative and multi-disciplinary response to decline. Traditionally, the concept of regeneration has often emphasized physical renewal. However, regeneration can also be understood to include social and economic aspects. It is unclear, however, what role such policies can play and how their relation to urban governance is shaped.

Parallel to the relatively new challenges of socio-economic transformation and decline, the ways towns and cities are governed have changed as well. It is said that there is now a focus on governance with more actors involved instead of hierarchical government. Though it is very unclear how such new modes of governance can help to cope with decline and the extent to which they can be 'better' in terms of social inclusion and fighting unemployment. By means of urban governance, local actors try to steer and manage urban development. Each particular local governance arrangement and the related local socio-economic context is exposed to continuing external forces influencing and interrelating with local processes.

So far, there is not much evidence about ways in which specific forms of urban governance can support the emergence of local socio-economic initiatives. The following part sets out the theory needed to analyse key mechanisms leading to and supporting the emergence of socio-economic initiatives. This approach shall be suited to identify such mechanisms in the field of governance but must also include other lines of interpretation in the institutional sphere and regarding the regional and national policy context.

## **Part 2: Conceptual framework**

## 2. Conceptual framework

Acknowledging the interdisciplinarity of the subject<sup>12</sup> calls for an epistemology which respects different theoretical perspectives related to the themes of this research. This epistemology has to open up interpretative spaces for social phenomena comprising local action (e.g. related to socio-economic initiatives) and particular organisational as well as institutional (formal and informal) structures. Epistemological orientation has a significant bearing on the research methodology and the chosen methods. Hence, in this part I present my ontological and epistemological position and argue for a critical realist approach, which is motivated by my understanding of the relation between structure and agency (2.1). Some major new institutionalist thoughts provide a theoretical starting point that is in line with these basic notions of epistemology and theory. The new institutional perspective is flexible enough to integrate other perspectives such as the governance perspective as well as an account of the role of the nation state (see 1.1.1). In particular, the concept of urban governance is held to be useful as analytical framework, and provides a further perspective for examining key mechanisms leading to local socio-economic initiatives (2.2).

Using a new institutionalist approach as the main theoretical perspective does not imply that it is held to be the only valid way to conduct this research. However, institutional analysis opens up promising views towards the issues raised. Applying a new institutional view allows questions about the relationship between structures and social phenomena to be posed, which would not be raised using other theories. The final chapter of this part summarises five main axioms which are crucial for this project and joins the different theoretical perspectives towards a theoretical inventory to be followed in this research project (2.3).

### ***2.1. Basic notions of epistemology and theory***

There is no one-size-fits-all theory for the research of social phenomena in urban development. While it is not possible to use different understandings of the nature of being and how we get to know about it in parallel (2.1.1), it is legitimate to use a variety of theories and methods to understand social phenomena (methodological pluralism). The way theories and concepts are used will always be influenced by the basic ontological and epistemological positions. Studying

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<sup>12</sup> Dealing with urban development and regeneration is interdisciplinary in nature. In particular, the theme of this research crosscuts the borders of urban planning, political science, economic geography and social sciences. Problems of urban development, their causes and implications are treated in different scientific discourses. This makes it difficult to develop a comprehensive picture of the main issues in current scientific debates regarding the central themes of this research (see part 1) and to develop an appropriate epistemology.

social phenomena also refers to some basic conceptions of structure and agency (2.1.2) evolving from general positions towards social theory.

### **2.1.1. Positions towards social theory**

#### Ontology and epistemology

Social theory might be seen as “a series of overlapping, contending and contradictory discourses that seek, in various ways and for various purposes, to reflect explicitly and more or less systematically on the constitution of social life, to make social practices intelligible and to intervene in their conduct and consequences” (Gregory 1994: 79). Each researcher’s orientation to their subject is clearly shaped by their basic understanding about the nature of the world (ontology) and by the ways we can learn about the world (epistemology). Ontology is a theory of being, while an epistemology is a theory of knowledge. Research is not possible without such basic philosophical orientations, although most often epistemological and ontological orientation of the researcher is implicit rather than explicit. These orientations are, however, crucial when it comes to defining methodologies and determining the methods to be used (see part 3).

This research is based on a critical realist position, acknowledging that a real world exists and that there are general phenomena apart from single things. Following this position, this real world is independent of our knowledge and thus can only be partly understood. Acknowledging the existence of a real world also implies that there are ‘real’ relationships between social phenomena, which are in theory objective. A number of these relationships, however, are held to be not directly observable. In contrast to some interpretist (or hermeneutic) positions, for the critical realist there is scope for relationships between phenomena that hold across time and space. This allows for comparative research.

#### The critical in the realist position

In recent decades the boundaries between different epistemological positions have become increasingly blurred. Thus, there is no easy distinction between different positions. The most comprehensive distinction is seen in a separation of positivist, interpretist and realist traditions (cf. e.g. Marsh, Furlong 2002). Unlike positivists, the realist does not privilege direct observation. A realist position entails the existence of structural relationships between social phenomena which cannot be directly observed but which are crucial for the interpretation of behaviour. There is an ongoing debate within the philosophy of science about whether non-observable structures exist and cause behaviour. However, theorising such structural relationships offers opportunities for better understanding of social action (cf. Smith in Hollis, Smith 1990: 207).

Modern or critical realism is influenced among others by interpretist critique. In critical realism, there is a wider acknowledgement of the social construction of reality. Theoretical constructions of ‘reality’ cannot be perceived as a pure truth,

because also this reality is socially constructed (as well as the discourses which make us ask particular questions). A critical realist understanding often contains a dichotomy between appearance and reality. This implies that what appears to be a particular way or what actors say is in a particular way, is not necessarily so in reality. However, critical realists acknowledge that it is often impossible to get to know about this reality (see above). Nevertheless, believing in the existence of a real world has very clear methodological implications (Marsh, Furlong 2002: 31). A critical realist position poses that structures exist independently of our interpretation of them. At the same time, however, outcomes are shaped by the social construction of these structures. And our interpretation of them as reflexive beings affects outcomes. Thus, structures can not be seen as determining but as facilitating or constraining and agents can also change structure.

### **2.1.2. Structure and agency**

#### Between structuralist and rational choice approaches

Before examining the role of institutions – which can be considered as constituting the structure of social life – the following paragraphs discuss the relation between structure and agency. The position developed here rejects the drawing of a dichotomy between the structuralist approach (perceiving structures as forces determining actions) and the rational choice based agency approach (believing in interacting individuals with purely rational decisions). A critical realist position tends to conceptualise the relation of structure and agency as existing between these two extreme positions. However, there is a broad range of positions between the two poles. Some scholars give more weight to agency, others to structural constraints. In the following section, I draw on Bourdieu and Giddens to reflect my own position.

What motivates human action? Do individuals act in response to external causes? Does social structure (or culture) determine individual action? Or do actors act on the basis of their own free will and purely by rational choice? These questions are relevant for Bourdieu, who questions the relation between structure and agency: "How can behaviour be regulated without being the product of obedience to rules?" (Bourdieu 1990a: 65). There are regularities in social interaction on the one side and there are free and purposefully acting individuals on the other side. Bourdieu depicts agency and structure in a dialectic relationship. In his view, action is not a direct, unmediated result of external factors, conceptualised as micro-structures of interaction or macro-structures of cultural, social or economic nature. At the same time, he argues against a perception of action as the result of internal factors, such as conscious intentions and calculation. His structural theory of practice connects action to structure, culture and power. Practice thereby is taken as the product of a socially constituted practical sense (Bourdieu 1977, Bourdieu 1990 [1980]).

On the one hand, structure can be seen as not deterministic. On the other hand, actors can not act solely based on their free will and rational choice. Agency takes place within a structural framework (Swartz 1997: 96ff). Bourdieu argues that considering time as a further characteristic element of action allows one to add a general strategic element to action. Even in very normative situations (e.g. rituals) there is always the opportunity for actors to play on time instead of following rules immediately (Bourdieu 1977: 9, 15, 106). Bourdieu's understanding of strategy is not based on rational choice or conscious calculation but more as a dispositional response to the opportunities and constraints offered by various situations (Swartz 1997: 100). The understanding of action is linked to an understanding of structure which Bourdieu calls habitus. This is "a system of lasting, transposable dispositions which, integrating past experiences, functions at every moment as a matrix of perceptions, appreciations, and actions and makes possible the achievement of infinitely diversified tasks, thanks to analogical transfers of schemes permitting the solution of similarly shaped problems" (Bourdieu 1971: 83). Here, structure 'functions' as the cultural unconscious, as a habit forming force, a set of basic, deeply interiorized master-patterns.

#### Towards the agency-side of structural relationships

If Bourdieu focuses more on structure while giving less emphasis to the opportunities of agency within structural frameworks, Giddens' understanding illuminates agency as being designed to have an intended outcome or as being oriented towards an expected response. Giddens' understanding of agency implies that 'a person could have acted otherwise' and that the world does not present a predetermined future.

Structure is hidden or works below the level of surface appearances (Giddens 1979: 59ff). Structure as a system of rules and resources implies the existence of "knowledge – as memory traces – of 'how things are to be done' (said, written), on the part of social actors" (Giddens 1979: 64). Structure reproduces itself but must not be seen as having a 'closed' or unchangeable character in general. Systems of rules are "subject to chronic ambiguities of 'interpretation', so that their application or use is contested, a matter of struggle; and constantly in process, subject to continual transformation in the course of the production and reproduction of social life" (Giddens 1993: 130). Structure can only remain relevant when it is constantly reproduced through action. Acts at the same time are also acts of production "and as such may initiate change by altering that structure at the same time as it reproduces it" (Giddens 1993: 134).

Structures can change because of the reflexive properties of human life, "the reflexive monitoring of behaviour" (Giddens 1993: 120), which is expected by members of society. Individuals have skills and knowledge and are unconsciously experienced at using institutions as resources for sustaining security and stability in their everyday life. The reflexivity of these mediations

suggests that social interaction based on institutions is open or receptive for continual revision on the basis of new knowledge and information (Giddens 1991: 20). The difficulty, however, is that in reality, structure becomes relevant in interaction "not because agents consciously intend to reproduce specific properties of social structure but because, tacitly, they share robust mutual knowledges that enable them to achieve orderliness in their everyday encounter" (O'Brian 1999: 19).

Structure and agency are mutually interdependent and can be seen as two sides of the same social process. "Social structure is both constituted by human agency and yet is at the same time the very medium of this constitution" (Giddens 1993: 128f). The relation between structure and agency can no longer be seen as a dichotomy if one separates out what agents intend to achieve in their actions (e.g. attract new companies, improve living quality, create space for new activities) from the unintended consequences of these actions (e.g. reproduce planning principles, realise their normative planning philosophy, follow particular paths of development, reinforce economic dependencies). Such unintended consequences arise because agents tacitly share knowledge e.g. of how to exchange, how to communicate, how to manage urban development, how to develop ideas and visions, how to form strategies and so on.

#### The relation between structure and agency

In the debate about the relation between structure and agency one crucial question is: how do structures evolve and how do they change? The causes of agency and the institutionalisation of behaviour are key factors to be investigated when it comes to discussing this question. Structure cannot be interpreted as one single entity with particular institutional implications. In a post-traditional world individuals form their self-identity on the basis of multiple sources (Giddens 1991). If structure is seen as appearing in multiple and (by means of institutional reproduction) changing forms, then agency still has a big role to play when it comes to choosing from different structures to follow.

Structures are not directly observable but define the character of society in the form of basic relationships (e.g. citizen – state; resident – local council; capital – labour). Structure can be seen as a system of institutions which function at every moment as a matrix along which the achievement of tasks is enabled or constrained. Structure 'functions' as a set of basic, deeply interiorised master-patterns. There are three main features that characterise the relation between agency and structure:

- First, structures must not be seen as deterministic and agency must not be seen as the pure result of actors' rational choice based on their free desire.



- Second, structure can be both, constraining and enabling and agency can reproduce and generate structure. There is always a potential to shape structure and to introduce new elements. Thus, there is always a potential for change – due also to the potentially reflexive character of self-identity.
- Third, in social interaction, it is very seldom the case that there is only one possible course of action. There is always a potential to choose between different options, though sometimes the available options differ only in terms of time.

Studying processes of urban governance in the context of socio-economic regeneration needs to acknowledge the significance of agency and structure. Urban development politics and regeneration are social processes and thus shaped by structural master patterns which constrain and facilitate action. Socio-economic regeneration activities follow particular paradigms, norms and rules shaping policy response.

## ***2.2. Urban governance and new institutionalism***

There is not one common definition or theory of urban governance, but there is a rich debate which addresses empirical, normative and conceptual aspects of urban governance. The following section explores conceptual contents of the urban governance debate and separates normative and empirical dimensions. As a result of this discussion, I suggest using the core features of the governance concept as analytical starting point for this research (2.2.1). These core features, however, are not suited to forming the basis for the development of a theoretical framework for comparative research. But they point towards a useful perspective for accessing the empirical material. Section 2.2.2 explores new institutionalism as a concept which acknowledges the basic relation between agency and structure outlined above. The final paragraphs depict the understanding of institutions and illustrate the main principles for institutional analysis.

### **2.2.1. Urban governance as a concept**

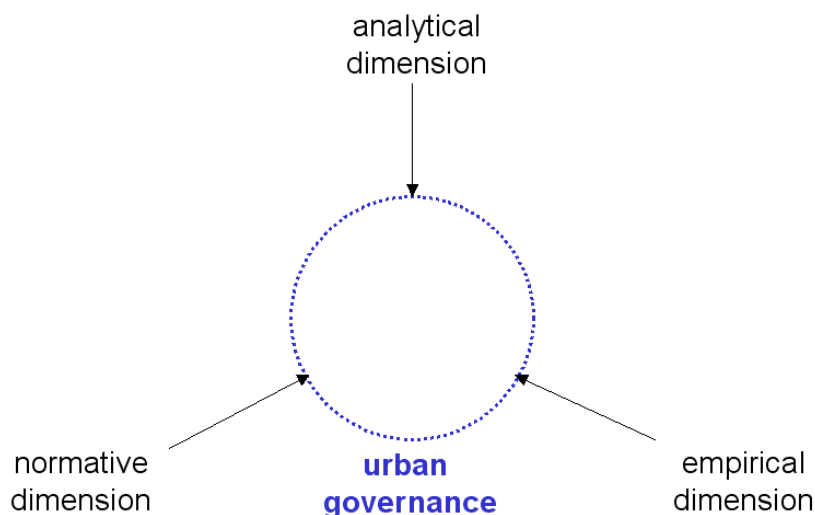
#### Dimensions of urban governance

The debate about urban governance addresses empirical aspects about the way how local policy making and the relation between public and non-public actors has changed over the last decades (see 1.2.3) and normative aspects about 'successful', 'good' or 'innovative' forms of governance when it comes to responding to socio-economic challenges (see 1.2.1). A third dimension of the debate provides the analytical framework for conducting research on local policies and decision taking (see fig. 5).

The empirical dimension is linked to the basic idea that governance "refers to the development of governing styles in which boundaries between and within public and private sectors have become blurred" (Stoker 1998: 17). There is a

widespread notion about a shift from government to governance. Empirical evidence shows that new partnership arrangements and types of collaboration between the public sector, the business world and the civil society which supplement traditional forms of purely public sector forms of government are emerging (see 1.2.3). Although linkages and close connections between these groups have always existed (cf. Healey et al. 2002: 11) and the phrase thus rather misses the point (cf. Lowndes 2001: 1961), the debate about urban governance has given emphasis and more interest to such arrangements.

**Fig. 5 Dimensions of urban governance**



Normative ideas in the governance debate value these changing forms of decision making and depict 'new' forms of governance as an advanced and 'better' form of policy making. In this context, the understanding of governance is underpinned with normative notions about how governance *should* be. Urban governance is seen as

- "an attempt to manage and regulate difference and to be creative in urban arenas which are themselves experiencing considerable change" (Kearns, Paddison 2000: 847);
- potentially innovative, inclusive and ideally containing a 'governance capacity' to "release rather than suppress creative energies, encourage innovative practices, move beyond narrow conceptions of 'development' and enable multiple voices to find expression" (Healey 2004: 88);
- heterarchy including "negotiated inter-organisational co-ordination, and decentred, context-mediated inter-systemic steering" (Jessop 1998: 29) and referring to "self-organizing, interorganizational networks" (Rhodes 1997: 53).

### Re-thinking urban governance

The debate about urban governance is framed by a strong British perspective. Empirical research has focused heavily on British and North American examples (cf. Gissendanner 2004: 46). The notion that over the last decades “elected local governments have fragmented organisationally, public-private boundaries have become more blurred and new political actors have emerged” (Lowndes 2001: 1954) is especially true for the UK context. But there is no common state of governance research in Europe, nor a common theory of urban governance. The rise and popularity of the governance debate in England must be seen in the context of the fragmentation of local governance in England and the government's attempts to 'join up' local decision taking by installing local partnerships (see 4.1.3 and 4.2.2). Without the strong government support in Britain, Davies suggests that most partnerships would not survive (Davies 2004: 581, 583). In particular out of a German perspective the partnership approach seems to be overemphasised in the governance discourse.<sup>13</sup>

If governance is grounded in the empirical notion of a widening sphere of decision making, it cannot be limited to a heterarchical understanding nor as being automatically self-reflexive, self-organising, innovative or creative. Many scholars believe that opening up towards and cooperating with other actors in urban development outside of local councils leads to a better and more successful way of developing responses to socio-economic challenges. There is a large body of literature chronicling the changing conditions of local decision taking. Studies searching for the 'better' in urban governance, however, have mainly produced results highlighting problems and 'failures' instead of good practice and 'success', in particular when looking at local partnerships.

However, the basic notion that a coordinated approach towards employment creation and regeneration also leads to better outcomes, seems justified. The integration of different actors and their combined efforts might lead to a more powerful way of responding to socio-economic problems. Local initiatives with broad support from all directions are probably more successful than those working in isolation. In addition, partnerships are usually regarded positively because of a number of potential positive effects such as the creation of synergies or the distribution of risks among partners, the potential for some partners to influence the world view and way of action of other partners or the potential to gain additional sources of financing (Elander 2002: 198; cf. Bailey 1995: 32ff). Cooperation in new forms of urban governance ideally leads to a win-win situation for all partners involved. Each partner invests time in cooperation

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<sup>13</sup> The main reason for partnership arrangements is often said to be instrumental – that is to access funding (e.g. Bennett, Beynon, Hudson 2000: 8). A further study concludes that "partnership is frequently only skin-deep, especially where it reflects an element of compulsion rather than a willing commitment" (Geddes 1998: 67).

and agrees to a certain loss of autonomy to contribute to an improved overall functioning of the system (cf. Jessop 1998: 35f). However, partnerships also bear the risk of producing negative synergy, thus hindering effective governance. In these cases, collaboration can be disabling and hamper the production of optimum outputs. If partnerships produce inertia and conflict, resources required to sustain them may outweigh potential benefits (Davies 2004: 579f). This is said to be the case in many regeneration partnerships in the UK. An empirical study of regeneration partnerships in the UK states that many partnerships are succeeding in terms of meeting their aims and objectives. But, "for every successful partnership there are others which have achieved little or nothing" (Carley 2000: 276). It is a crucial question why the reality seems to be so different to theoretical considerations.

Many descriptions of governance are more idealistic than they are empirically grounded. In various contexts, urban governance has been used as a normative model to promote the inclusion of civic actors as resource mobilisation strategy or to de-emphasize the influence of local governments (Pierre 2005: 453). The policy-network based conception of urban governance as heterarchy as used among others by Jessop and Rhodes appears to be too limited because it cannot account for most forms of governance as it is practiced in reality (cf. Lowndes 2001: 1962). The dominant patterns in partnership relations in British governance are said to be hierarchical, not coordinating and competitive (Davies 2004: 582). This is in particular true for regeneration partnerships: "With a few exceptions, partnerships are bureaucratic, hierarchical and non-productive" (Davies 2001: 14). It is just a logical consequence that most of the literature discussing 'new' forms of governance also includes the notion of 'governance failure' (e.g. Jessop 1998: 43; Healey et al. 2002: 20; Coaffee, Healey 2003: 1981). This discussion, however, rather supplies arguments for an increasing role of local government. The governance debate, however, turns attention away from local government despite these rising demands.<sup>14</sup> Communal reforms in Germany for example (Gabriel, Eisenmann 2005) indicate increasing power of local governments. Maybe within the more complex world of governance, the role of local governments has been changing towards enabling, coordinating, subcontracting, controlling and legitimating? Maybe cooperation and innovation within local government (cf. Lang 2005: 78f) is more important than outside of local government? There is surprisingly little research about these questions.

Urban governance cannot be understood as referring to one simple overall and integrative whole as dominant coordination mechanism (what regime theory suggests as urban regime). Systems or arrangements of local governance are

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<sup>14</sup> E.g. in terms of local democracy, the role of government has become increasingly significant (Elander, Blanc 2001). In most forms of urban governance, local government is still the only body with legal authority.

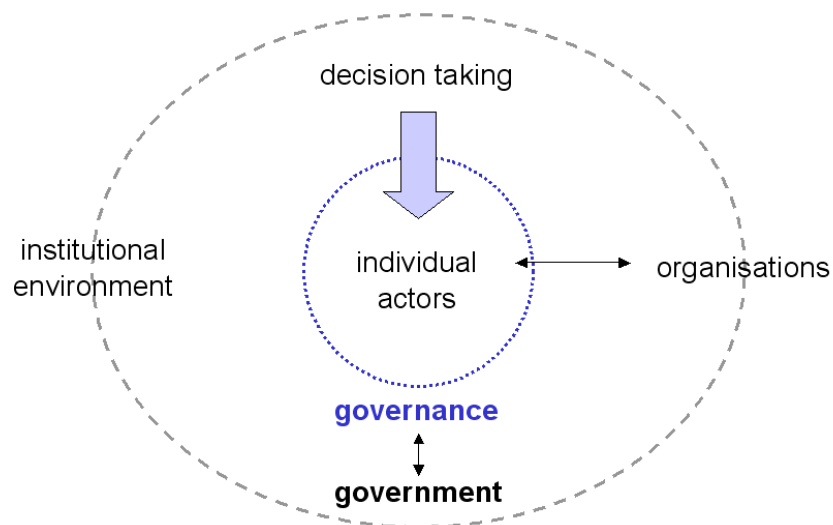
fragmented according to different themes (e.g. culture and economic development), individual and collective interests as well as organisational and formal settings. Even single themes such as socio-economic regeneration (which is the central policy field for this research) are unlikely to be affiliated with one single coordination mechanism. In this way, it is very unlikely that government loses its role in new forms of governance; it is just the relation between different actors which has changed (cf. Pierre 2005: 453). The reasons for these changing relations cannot automatically be seen in the demands of interest groups wanting to play a bigger role in urban development; neither are changing forms of governance a purely local response to socio-economic challenges. New forms of local governance also reflect the given structure of national contexts and higher level policy interventions. Despite common national frameworks, local arrangements, particular principles or micro-processes of decision taking differ significantly between places due to local and time specific institutional environments. Research about processes of local governance has to be open enough to allow interpretative space for all these dimensions.

#### Governance as analytical concept

The understanding of governance as it is referred to in this research attempts to move beyond the conflation of analytical claims and normative assumptions in the literature and builds upon empirical findings about a widened field of public and private actors involved in urban development. It denies innovation, creativity and experimentation as being an integral part of governance. Urban governance is seen as a way of managing urban development including other actors besides traditional government. This is linked to an understanding of decision taking as being multi-actor, multi-sector and not purely based on the authority vested in the State. Such an understanding implies a view of organisations as much as processes, formal rules as much as informal practices and the power of individual actors as much as the relevance of overall structures and specific local cultures. The understanding of urban governance as an analytical concept helps to define the objects and processes worth of study (cf. Pierre 2005: 452). Compared to studies of local government, this understanding emphasises

- processes of decision taking rather than outcomes,
- other actors besides local governments,
- informal institutional environments rather than formal rules.

In this sense, urban governance serves as analytical model in this research that embraces individual actors, organisations, processes and institutions (see fig. 6).

**Fig. 6 Governance as analytical concept**

In recent years, governance studies have been based to a large extent on regime theory.<sup>15</sup> Regime theory, however, is criticised as biased as well as misleading in comparative urban governance research, and overly reliant on the specific situation of the American city (cf. Pierre 2005; DiGaetano, Strom 2003: 361f; Gissendanner 2003: 664). In recent years, many scholars have recommended institutionalism or a "complex institutional milieu" (DiGaetano, Strom 2003: 362f) as analytical focal point for studying comparative urban governance. New institutionalism opens up perspectives on formal and informal institutions and their interrelation within local decision making. It is thus a concept which allows an account of local phenomena in terms of structural forces and local agency. A new institutional research framework can provide interpretations of differences and similarities in governance arrangements in various places. It also opens up interesting perspectives on relevant processes when it comes to the identification of key mechanisms leading to and supporting the emergence of socio-economic initiatives.

### 2.2.2. Exploring new institutionalism

#### Changing conceptions of institutions and institutional thinking

The conception of institutions and institutional thinking has changed over the past decades, leading to a focus of institutional theory referred to as 'new institutionalism'. There is no general definition of new institutionalism, neither is it a full fledged theory (Lowndes 2002: 107). In different disciplinary traditions of social science scholars deal with new institutional theory, while placing a different

<sup>15</sup> In simple terms, regime theory is based on three elements (Stone 1989: 179): regimes, governing coalitions and the capacity to "make or carry out governing decisions". A governing coalition is seen as the involved set of actors; regimes as informal cross-sector arrangements, purposively created and maintained to facilitate action (Stone 1989: 4).

emphasis on structure and agency (Peters 1999: 19). Scholars also apply different spatial perspectives ranging from studying international relations (cf. Peters 1999: 126ff) or the national political economy (e.g. North 1990), to a more regional focus (e.g. Hudson 2005b) and debates connected to questions of local governance (e.g. Lowndes 2001).<sup>16</sup> Although touching the other debates in some aspects, the local perspective is held to be most relevant for this study. This perspective builds upon an understanding of the new institutionalism that is informed by political science. Particular emphasis is given to the strand of 'normative institutionalism' which builds mainly on the work of March and Olsen (1984) that places much weight on informal institutions (Lowndes 2002: 95ff; Peters 1999: 25ff). Hence, the approach taken in this research is mainly based on

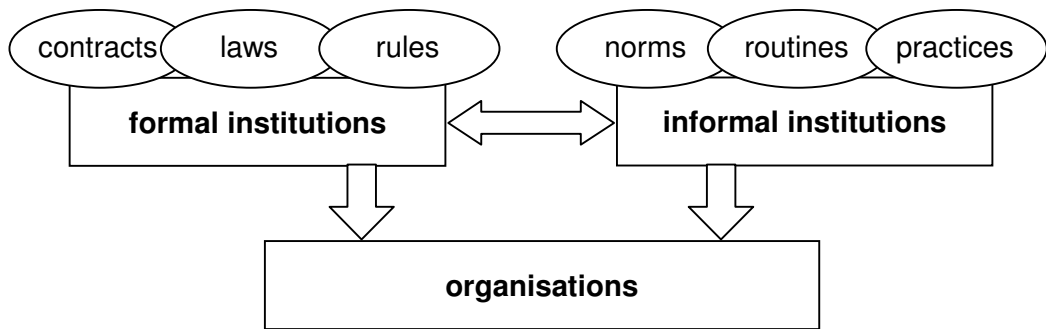
- a clear differentiation of organisations and institutions;
- a conceptualisation of institutions as both, formal rules, laws and statutes as well as informal norms, routines and practices;
- a non-deterministic understanding of institutions;
- a dynamic rather than static perception of institutions;
- a focus upon social and cultural contexts in which decisions take place.

Traditionally, institutionalism was concerned with the organisation of government rather than with the institutions of governance. The new institutionalism distinguishes organisations and institutions. Institutions are seen as constituting structural forces guiding actors' behaviour – the 'rules of the game' – while organisations and individuals can be seen as the 'players' within the game. Both forms of institutions, either explicitly or tacitly agreed institutions, may be of relevance. New institutionalists focus on the relation between individual actors and organisations rather than on the particular formal setting. Organisations cannot have power independent of the power of the individuals who constitute organisational activity, but to some extent, members' action is only possible due to the organisational context (Hudson 2001: 12). Organisations thus remain an important focus for institutional analysis as collective actors (Lowndes 2001: 1958f).

Institutions can be either formal or informal (see fig. 7). Formal institutions are e.g. contracts and laws, policy documents, job descriptions or partnership statutes consciously designed and clearly specified, explicit and formally structured. Informal institutions are not formalised, but are rather unwritten and implicit, such as norms, routines or tacit understandings. Institutions structure and shape social processes, but not organisations (Coaffee, Healey 2003: 1982). Institutions only come into play in specific action contexts (Jessop 2001: 1226).

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<sup>16</sup> Also Healey (2004), Davies (2004) and Pierre (1999) have utilised new institutional ideas to do local governance research.

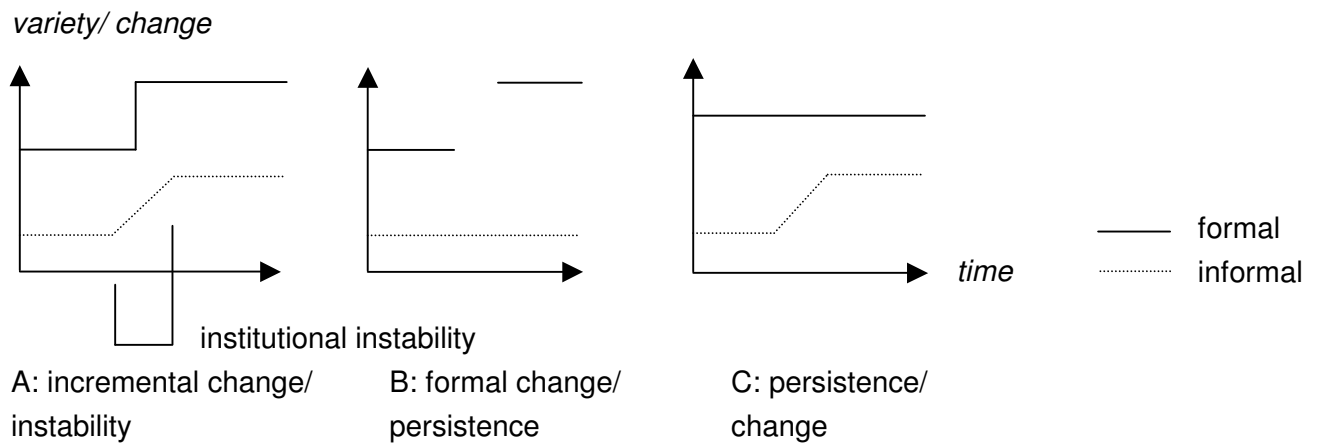
**Fig. 7 Formal and informal institutions and organisations**

An organisation is a "group with an identifiable membership that engages in concerted collective actions to achieve a common purpose" (Giddens et al. 2005: 140; similar: North 1990: 5). Examples are the firm, the town council, a business development agency or the association. Organisations are structured by explicit and implicit rules, regulations, procedures, habits, and power relations. Organisations can persist despite institutions having changed. But institutions can also persist despite organisations being changed. Organisations do not structure social interaction or social life directly. They structure social processes because they reflect institutions. The organisation per se cannot constrain or enable, but institutions can. Social processes take place within organisational frameworks but depend on institutions.

It is not organisations but institutions that regulate local action. To introduce new organisations, new formal institutions (e.g. rules, statutes, partnership agreements) have to be designed. Such new institutions usually determine the character, objective and scope of a new organisation. However, a change of organisations – with the adjacent change of (some) formal institutions – does not necessarily equate to a renewal of the (informal) institutions which constrain or structure people's behaviour (see fig. 8). This is in part due to the fact that new organisations are often equipped with the 'usual suspects' (Hudson 2005b: 593) whose actions are socially embedded and constrained by instituted forms of behaviour. In particular, informal institutions must be regarded as flexible and may even 'override' formal rules (Lowndes 2002: 98). Practices, norms and values usually change gradually because they reflect people's behaviour and it is very unlikely that all people involved change their instituted behaviour at once. Thus, before new institutions are established, there might be a time of institutional instability or uncertainty. However, practices, habits and tacit understandings can easily persist even after formal settings such as written policy documents and organisations have been dissolved or changed; vice versa practices may change within persistent formal structures. Thus, a change of formal structure (e.g. the introduction of local strategic partnerships) does not necessarily equate to new policy outcomes (cf. also Hudson 2005b; Coaffee, Healey 2003).



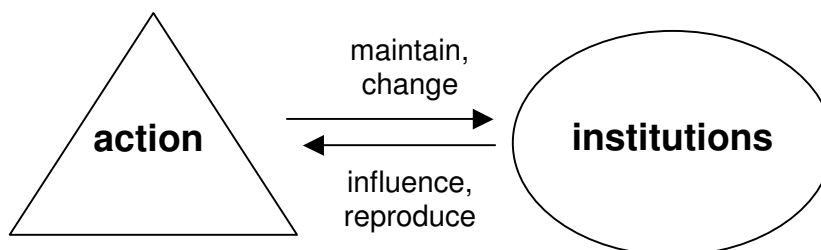
**Fig. 8 Varieties in institutional change**



Agency and instituted behaviour

New institutionalists regard institutions as dynamic rather than static. Institutions cannot be seen as unchangeable 'facts of life'. Institutions are structuring forces and need to be maintained over time to preserve relevance. Institutions can reproduce action as actors fall back on previous experiences and react similarly or identically in similar situations. In this way, routines can lead to similar action despite conditions having changed. In addition, norms as moral elements of structuration have to be seen both as constraining or obligating and enabling or awarding (Giddens 1993: 114). As with the dual relationship of structure and agency (see 2.1.2), action is needed to reproduce institutions and keep them relevant (fig. 9). At each point of reproduction, however, there is the potential for change. As a result of accident, evolution or intentional intervention, institutions can change over time. Contrasting or contradicting norms, routines or practices often exist in parallel and compete for dominance. "Where actors advance different or even conflicting polity ideas about the working properties of alternative sets of institutions, [...] these institutions are likely to be much more open to interpretation and hence contestation" (Lindner, Rittberger 2003: 450).

**Fig. 9 Action and institutions**



Institutions are embedded in place and time (Lowndes 2001: 1960). Structuring forces – and thus institutions – emerge in specific places at specific times. They operate at one or more spatial scales and are characterised by specific temporal horizons of action. Such spatio-temporal features should be seen as constitutive properties of institutions and not as accidental (Jessop 2001: 1227). If institutions

are also a product of time and space, comparative research can reveal the differences in terms of institutional environments. However, institutions do not shape space but action – thus they move with the agent and can be transferred to other contexts of action.

Institutions structure interests, strategies, forms of cooperation and repertoires of action of involved actors, e.g. in urban governance. Institutions embody values and power relationships. Institutions may discriminate or exclude certain identities, strategies, temporal and spatial horizons, and lead to the preference of certain actions over others (Jessop 2001: 1223; Lowndes 2001: 1960). Institutions shape or constrain political behaviour like any other form of behaviour. Local action is clearly influenced by such overarching systems, meta-forces, deeply interiorised master-patterns, taken-for-granted ways of thinking and behaving (Hudson 2001: 15) or 'instituted' forms of behaviour, including a wide spectrum "from the informality of habits, norms and routines (often unexamined and unthinkingly performed [...]) to the formality of behaviour within the state and its constituent apparatuses and organisations" (Hudson 2005b: 586).

The concept of path dependency adds a historical dimension to political processes. Choices made at a particular moment structure future choices and eliminate others. Local development policy "is often punctuated by critical moments or junctures" (Pierson 2000: 251). This can apply to major public investments, such as the promotion of certain types and visions of urban development prioritising some actions over others (cf. McCann 2004). The concept of path dependency is "grounded in the reproduction of instituted forms of behaviour" (Hudson 2005b: 583). Established norms, routines and practices structure future policy-choices, supporting some paths of development and making others less likely to occur (cf. Pierson 2000: 252). In the context of path dependency, there is a fear that the role of actors will be underestimated (Hudson 2004: 463; Jessop 2001: 1228) and that they will be seen as victims of the deterministic character of institutions.

#### Main principles for institutional analysis

Human behaviour cannot be seen as the outcome of pure rationality as in neoclassical theory – which has often been criticised for being 'under-socialised' (e.g. Granovetter 1985). But it is also not the pure result of consciously or unconsciously obeyed rules, habits, norms and routines. (Local) decision taking implies path-dependent as well as path-shaping aspects. As decision takers are embedded in differing social and cultural structures (including different sets of institutions or multiple institutional environments) they "may have to choose among competing institutional loyalties as they act" (Peters 1999: 26). Such selection processes depend on individual, collective or organisational learning capacities based on the ability to learn from applied strategies and tactics in other contexts and at other times. In this way, "there is always scope for actions to

overflow or circumvent structural constraints" (Jessop 2001: 1225). In a plural society, actors may incorporate competing paradigms, practices and norms rooted in different socio-cultural or time-spatial backgrounds. Institutions themselves might embody structural contradictions and create strategic dilemmas. In addition, the interpretation of institutions might change over time. Practices, norms or rules constraining action in a short-term-perspective may develop into opportunities over time.

### ***2.3. Guiding principles and theoretical inventory***

After having outlined the key theories and concepts relevant for the empirical study and the underlying positions towards social science, I am drawing conclusions to operationalise these debates and concepts. In this final chapter I present five main axioms summarising my theoretical position. I have also brought together the different theoretical perspectives in a theoretical inventory to be followed in this research project.

#### Guiding principles

In seeking to answer the introductory questions about key mechanisms leading to and supporting the emergence of local socio-economic regeneration initiatives, this research follows five basic axioms taken from the theoretical and empirical debates:

First, there are observable processes of economic internationalisation with transformatory effects on local economies and interrelated social implications. At the same time, however, the phenomenon of globalisation is discursively constructed which leads individual and collective actors to do things because of their discursive understanding of these processes and their impacts. Places cannot be perceived as being the 'victims' of processes which are completely out of their control. The relationship between local and global issues should also reflect the particularities of the local. The second axiom follows the first insofar as in particular the nation state has to be seen as a structuring force, mediating processes of globalisation and providing the general framework for the local level, in particular in the form of policy contexts. Thus, the national level should be seen as providing formal structures constraining local agency but leaving a distinct room for manoeuvre. It is not my intention to explain how and why these formal structures evolved. The focus is clearly on how individual actors deal with local problems given these structures. Focusing informal institutions guiding individual actors is seen as a promising way to identify and reflect differences between places within similar policy contexts.

Thirdly, in the philosophy of science debate about the relation between structure and agency, structure should be seen as non-deterministic, as enabling and constraining at the same time. Agency cannot be seen as the result of the pure un-mediated rational decision of one single actor and it is also not the result of

consciously or unconsciously obeyed rules. Agency, e.g. in form of local decision taking in specific governance arrangements, is always embedded in differing social and cultural structures, privileging some forms of agency over others. Thereby agency reproduces and is shaped by structures at the same time.

The fourth axiom is about the structuring forces of institutions. Place and time specific institutional environments function as a strong frame of reference being built up by earlier experiences and structure local decision making (and any other form of agency). Particular weight is given to informal institutions that influence policy outcomes by means of instituted forms of behaviour. In particular (collective or shared) norms, routines and practices constitute instituted behaviour which tends to make local policy path dependent. Formal and informal institutions are the structuring forces making organisations work.

The fifth axiom – implying a pluralist society – depicts institutions as part of a great variety of multiple structures, sometimes contradicting and competing for relevance. Instituted behaviour implies that in similar situations actors come to similar decisions due to a common frame of reference. By doing so, actors reproduce this frame of reference and keep it valid with the constituting set of institutions. At each point of reproduction, however, there is an opportunity for change. Through their own agency, local actors can consciously choose between different competing sets of institutions although particular decisions will be clearly prioritised. In modern societies, potential choices are multiplying and – compared to traditional societies – choosing minority positions might be easier. A purely rational choice based understanding of agency, however, cannot be maintained.

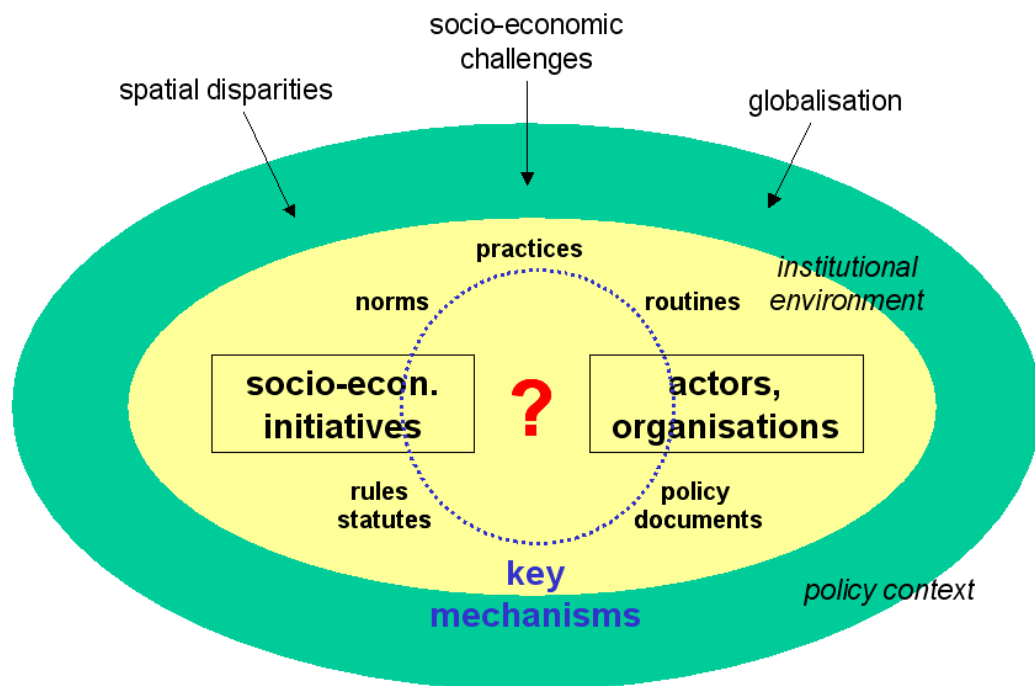
#### Theoretical inventory

Processes of globalisation have increasingly led to deepening spatial disparities and rising social and economic problems, in particular at the urban level. This research in four old-industrial towns deals with the (conscious and un-conscious) policy responses of actors at the local level in terms of socio-economic regeneration initiatives. At the same time, there has been a recognised opening-up of the urban political scene towards actors outside of traditional local government which is referred to as governance (see 1.2.3). The concept of urban governance has been utilised as analytical focus for understanding decision taking processes. The viewpoint is not based solely on traditional government but on the multitude of actors who can be seen as important when it comes to local socio-economic regeneration. This includes both, public and non-public actors. Individual actors usually work within particular organisational contexts. Here, governance is understood as a process of policy-making rather than implementation. Not only the formal decision powers of planning officers, mayors, chief executives or other key decision takers, but also their individual capabilities to choose from a range of possible options in decision making processes have a great deal of influence, when it comes to regeneration activities. However, as in all social processes, local decision taking (or governance) processes have to be

seen in the tense atmosphere of conscious agency and structural forces. Such forces are constituted by formal and informal institutions whereas the focus of the new institutional conceptual framework is on informal institutions (Lowndes 2002: 98f).

Social processes are embedded in particular institutional environments, specific in place and time. Actors cannot easily escape dominant local paradigms, norms, practices and routines and they cannot change the specific formal structures set by superordinate spatial levels such as the nation state or the European Union. Local agency is theoretically located between the structuring forces of national and regional contexts as well as locally specific institutional environments on the one hand and the scope to consciously choose from a multitude of given structures and institutions on the other side. Thereby agency is both shaped by and a factor in shaping structures. Mechanisms leading to and supporting the emergence of socio-economic initiatives can only become visible by means of social interaction via involved individuals within their organisational context. These interactions, however, are mediated by locally specific institutional environments.

**Fig. 10 Theoretical inventory**





## **Part 3: Methodology**

### **3. Methodology**

After having outlined the major theoretical positions for this research (see part 2), the aim of part 3 is to give a brief insight into the research design and the methods used following a critical realist position (see 2.1.1). To develop a research methodology is seen as a creative process. In the case of qualitative comparative research, it is nearly impossible to apply any ready-to-use template. Each research project needs its individual methodological approach, that fits the ontological perspective of the researcher and that is suited to answer the initial research question. A number of sources have provided orientation to my approach in conducting this research.<sup>17</sup> I regard these sources as ideas and proposals rather than strict guidelines.

In my view, the chosen overall methodological approach and the methods used should be able to serve two major objectives. In practical terms, the results of this work should provide a contribution to local problem solving; i.e. the chosen methods shall yield insights in the phenomena under discussion. In theoretical terms, the objective is to develop the theoretical framework used for the research; i.e. the methodological proceeding should be consistent, valid and reliable in order to facilitate theoretical learning.

This part sets out the basic principles of methodological pluralism and introduces the applied understanding of qualitative research in general. I also introduce and discuss the relevant methods used for the empirical part of this research (3.1). The subsequent chapter describes the comparative research framework and the case study approach. Finally, I depict the overall empirical and analytical proceeding (3.2). The third chapter in this part documents the sampling processes for towns, initiatives and respondents (3.3).

#### ***3.1. Institutional analysis and comparative research***

A significant aspect of the previous section was a discussion of some major new institutionalist ideas as theoretical concept for this research (see 2.2.2). A critical question for this part is how to turn the conceptual framework provided by these ideas into a practical framework for conducting institutional analysis in a local governance context. Applying institutional theory to conduct empirical analysis also calls for a specification of the general methodological approach. Hence, this chapter also argues for methodological pluralism as a way of taking advantage of the open character of the concepts chosen (3.1.1). The subsequent section introduces the basic ideas of comparative research. It contains a discussion of the major problems that appear when doing comparative research and

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<sup>17</sup> This is in particular Flick 2007; Glaser, Strauss 1998; Hopkin 2002; Eisenhardt 1999; Gissendanner 2003.



suggestions how to deal with these problems. Finally, there is a description of the overall comparative approach and a compilation of the implications for building theory from comparative research. There is also a brief discussion regarding the validity and reliability of the research design (3.1.2).

### **3.1.1. Applying theoretical positions**

#### From new institutional theory to institutional analysis

Most governance research takes as starting point the assertion that structural development problems force local governments to open up towards informal governance structures to better respond to urban problems (cf. Gissendanner 2003: 664). This stance reflects a deductive approach following – explicitly or implicitly – the basic assumptions of Stone's regime theory (Stone 1989). Such an approach leaves basic questions about the way national politics influence local policymaking, the role of particular institutional contexts and the ways local actors respond to socio-economic problems unanswered. As such, the theoretical inventory of this project has been opened up to include research perspectives which do not belong to the typical governance repertoire (see 2.3). New institutional theory reflects some of the basic critical realist arguments about structures and their social construction (see 2.1.2) and also suggests the following propositions about how institutions work and how they are valid for relations in urban governance:

- systems of tacitly or explicitly agreed upon institutions (such as routines or practices, norms, attitudes or ideologies) structure social relations between actors and in organisations;
- both formal (e.g. the formal rules of the state) and informal institutions (e.g. routines in decision taking) shape relations in urban governance (see 2.2.2 and 2.3);
- institutional environments, specific in place and time, constrain local decision taking.

The understanding of urban governance as an analytical concept (see 2.2.1) suggests an actor-centred approach. Local decisions are not taken in purely government-based networks or systems. Rather, there are a number of actors who play crucial roles for local decision taking, communication and cooperation processes in public and non-public sectors. These actors interact within locally specific and potentially fragmented governance arrangements (see part 5).

New institutional theory shifts attention towards the institutions of governance in contrast to the interest in the functioning of government of the 'old' institutionalists. The new institutional framework allows for an investigation of key mechanisms leading to or supporting the emergence of socio-economic initiatives. By means of identifying collective, value-driven, rule-bound or instituted forms of behaviour, institutional analysis can provide a better

understanding of such mechanisms. Dominant paradigms, norms and practices shape, enable or constrain the involved social relations. Institutional analysis is suited to yield knowledge about such factors. The new institutionalist approach could be criticised for being not specific enough when it comes to the containment of institutions. However, this openness is intentional: "By including informal conventions as well as formal procedures, the new institutionalists are able to build a more fine-grained, and realistic picture of what *really* constrains political behaviour and decision making." (Lowndes 2002: 103, emphasis in original). It seems important to stress, though, that it is *collective* institutions and *recurrent* practices which are in the centre of interest leading to similar outcomes of decision taking in similar cases. The new institutionalism has also been criticised for ignoring the national level as being the 'key orchestrator' of changes e.g. at the urban and regional level in England (MacLeod 2004). However, this is not seen as inherent to new institutional concepts but due to the way new institutional theory has been utilised and combined with other methods. In this research, the national level has been studied with regard to institutional factors relevant to the introductory research question. There is a dedicated part detailing the national and regional policy frameworks as well as the role of the national level when it comes to local initiatives (see part 4). In this way, the findings of this study have been contextualised with national and regional frameworks.

New institutional theory provides useful ideas when it comes to understanding the way institutions shape action. This includes major assertions about how institutions work and about the way they structure social relations.<sup>18</sup> By investigating key mechanisms leading to or supporting the emergence of local initiatives, the core of this research is about institutions and the relevant contexts shaping action and policy outcomes. Thus, the general objective of this research is to look for implicit and explicit rules and structures of local socio-economic regeneration.

#### Basic methodological position and triangulation

In combining a new institutionalist approach with the governance-perspective (see 2.2.1) and some basic thoughts about the role of the nation state (see 1.1.1), the theoretical orientation of this research has intentionally been quite broadly constructed in order to leave space for inductively developing flexible

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<sup>18</sup> Some scholars might argue that actor-network theory – developed by Michel Callon, Bruno Latour and John Law (Schulz-Schaeffer 2000) – might be suited to be combined with new institutionalism to better conceptualise institutions, structures and agency in the concrete case. However, actor-network theory is held to be too abstract and too difficult to apply in the context of this research. Furthermore, it has been developed in sociological technology studies to overcome any dichotomy between society and nature/ technology by applying the network concept (cf. Latour 1996; Law 1992) – a dichotomy which is not relevant to this research.

interpretative categories and their properties.<sup>19</sup> For this reason, there are also no ex-ante hypotheses. By scanning theoretical concepts and debates, these three perspectives have been identified as key both for the formulation of the introductory research question and the research process. In this way, existing knowledge from previous studies has been used to identify particular fields of theory that are promising for this study as a basis for conducting the research. The chosen theoretical framework and associated methodologies must be considered as *one* possible way to conduct this research. The application of theory to the research agenda, however, has not been exclusive and also allowed for categories outside of the core theoretical framework by applying basic principles of grounded theory (see below, 3.2.2).

A critical realist worldview (see 2.1.1) calls for theoretical and methodological pluralism. In particular, a split between using quantitative or qualitative methods and data cannot be maintained (cf. also Eisenhardt 1999: 142f). Quantitative methods are seen as appropriate for the study of relationships which are directly observable. Unobservable relationships, however, can only be studied indirectly by means of qualitative methods and with the help of theory (Marsh, Furlong 2002: 31). In this project, quantitative methods were used to describe socio-economic development of the selected towns (see part 5) and to analyse the composition of governance actors in local socio-economic regeneration (see 6.2.1). The sampling of cases (towns) and respondents to some extent also depends on quantitative methods (see 3.3). To analyse social phenomena in relation to the selected local socio-economic initiatives and their emergence, primarily qualitative methods were used, qualitative interviews and grounded theory in particular.

Triangulation is a core feature of qualitative research because it functions as a strategy to validate research results and to enrich the research findings by transcending single perspective and single method approaches. "Triangulation, or the use of multiple methods, is a plan of action that will raise sociologists above the personalistic biases that stem from single methodologies" (Denzin 1970: 300). Triangulation implies the application of different perspectives in the research process (Flick 2004: 12). Such perspectives can evolve from the application of different methods or theoretical starting points and by using multiple data sources. The basic idea of triangulation is to view the same phenomenon out of at least two different perspectives. Thereby, the application of different methods is valuable and possibly leads to profounder interpretations of social phenomena (cf. Read, Marsh 2002). In this research methodological triangulation has been applied as a selective process to view particular statements and recurring themes from the interviews in the light of further data

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<sup>19</sup> Also Glaser and Strauss (1967: 38) have suggested the use of key concepts to access a broad spectrum of relevant processes in a field (cited in Flick 1995: 66).

sources. Systematic triangulation of methods has only been possible to some extent, in particular in the following cases:

- when concrete structures or incidents were made subject to discussion in the interviews, written data sources have been analysed to cross-check these contents and to describe relevant contexts and analyse their role; this has been in particular the case with the mapping and description of governance arrangements (see part 5), local initiatives in general (see 6.1) and relevant organisations involved in regeneration (see 6.2 and 4);
- also the selected initiatives and those sections of the urban profiles where values play a role (see part 5) are based on qualitative interviews which were set in relation to other written sources;
- for the identification of key decision takers and for analysing the role of executives of local initiatives in local governance (see 6.1 and 6.2), results of the reputational analysis (see below, 3.2.2) have been compared with the results of qualitative interviews concerning the role of decision takers and executives of initiatives. Here, deviations have been documented.

In a more general sense, this research is also based on a triangulation of different theoretical perspectives as a strategy to achieve more profound research results whereas each perspective alone is suited to shed light only on specific parts of the phenomena under discussion. The three different research perspectives which have been applied in this research are linked to notions of governance and partnership, new institutional theory as well as regional and national interventions. Part 7 draws general conclusions transcending the utilised theoretical research perspectives. This process can be seen as a triangulation of theoretical perspectives (cf. Flick 2004: 21f).

### **3.1.2. Issues and problems of comparative research**

#### Comparative research design

Applying a comparative research framework draws attention to the identification of common themes across a number of cases in different contexts. It allows the researcher to propose arguments that reflect differences despite similar contexts, and similarities despite differing contexts (cf. also Hopkin 2002: 249). In this way, there is no deep ethnographic within-case analysis but a comparative analysis that looks for cross-case patterns. Comparison can add value by applying alternative ways of looking at phenomena inspired by perspectives evolving from particular (national) institutional contexts. The relevance of context is one of the core questions of this research. Only by applying a cross-national research design, is it possible to better understand the role of context. In this research, local phenomena have to be seen in the light of the regional and national political economy context in terms of local socio-economic regeneration.

Comparative research in two countries (in this case: England and Germany) also “allows the researcher to escape from national paradigms” (Keating 1991: 2). Such paradigms limit the scope for observation and interpretation whereas cross-national comparison helps to discover illuminating questions which come up in one country due to the particular national context. Comparison in urban studies is not without criticism. One of the biggest difficulties in comparative research is the identification of comparable cases and the identification of categories and themes which are relevant across cases. Following a most similar systems case study design calls for concentration on key interpretative categories (cf. also Lijphart 1971: 690). A given theoretical framework may privilege the investigation and use of some categories while disadvantaging others. At the same time, the final prioritisation of categories is dependent on the epistemological and methodological position of the researcher (see below, 3.2.2). Further criticism concerns the risk of the research becoming too descriptive and methodologically ‘unsophisticated’ (Hopkin 2002: 261). This can only be treated by being methodologically precise and by preferential treatment of cross-cutting issues.

Comparing two cases in Germany and two in England, the ‘travelling problem’ becomes important (Burnham et al. 2004: 72ff). This refers to the problem that arises when the meaning of terms and concepts is not constant across space, which obviously leads to inconsistencies when it comes to cross case comparisons.<sup>20</sup> It is impossible to solve this problem completely, however the effects can be minimised by carefully adopting a different conceptual language for the interviews in Germany and England (see app. 7 with an English and a German example for the questionnaire). Some problems of translation (hence interpretation) will remain unresolved, however. The other part of the travelling problem refers to the interpretation of empirical material within one common conceptual framework. This presupposes that there are common structural forces to all phenomena subject to research across different countries studied (see 2.1.1). Some scholars, however, have argued that the social world is too complex to identify such general structures (cf. Hopkin 2002: 251f). Bi-national research also raises a further problem: the values of the researcher might lead to misinterpretation of the unfamiliar system which embodies different values. In this research, such problems have been minimised by living in England for a total of 15 months between 2003 and 2007. This has led to an advanced understanding

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<sup>20</sup> In this research the travelling problem applies mainly to concepts of governance, decline or ‘Schrumpfung’ and socio-economic regeneration or ‘Wirtschafts- und Beschäftigungsförderung’. The debates about these concepts are similar in both countries but not congruent. For example, the idea of socio-economic regeneration is quite clear in a British context whereas the associated policies would be linked to the idea of economic and employment promotion (Wirtschafts- und Beschäftigungsförderung) in Germany. Searching google.de for “sozio-ökonomische Regenerierung” leads to one single hit (a newspaper article by the author), but it leads to 53,700 hits in a search for “Wirtschafts- und Beschäftigungsförderung”; searching google.co.uk for “economic and employment promotion” leads to 13 hits referring to German sources, but it leads to 57,900 hits searching for “social and economic regeneration” (date 31 July 2007).

of the British system. However, it is unrealistic to expect that one can free oneself completely from all embedded norms due to one's origin.

Comparative studies always face the abovementioned issues. Thus, comparison appears to be possible and helpful but has to be critical to the proposition of general findings (cf. also Pierre 2005: 458). Despite all these problems, there is no better alternative than applying a comparative research framework, if this research aims to suggest key mechanisms for the emergence of local socio-economic initiatives in a general way.

#### Theory building and quality criteria

In practical terms, this research aims to develop more general recommendations for local response to socio-economic challenges, in particular in relation to local initiatives. The idea behind comparative studies is to research the same phenomena across cases and within different contexts. At the end of the day, generalisation is possible by suggesting theoretical constructs as a result of cross-case analysis. Building arguments based on empirical evidence implies a constant sharpening of constructs and verification that the evidence fits in more than one case. If suggested patterns can be maintained, they might lead to more general theoretical positions (Eisenhardt 1999: 147). Finally, it is held to be promising to relate the findings of the present study to the literature in order to confirm, challenge or supplement theoretical positions (see 7.2.1).

When building theory from case studies and when doing qualitative research in general, attention has to be given to the consistency of approach (Gomm 2004: 153), the appropriateness of the methods (see below 3.2) and the quality of data. This leads to a focus on the validation of the process and on the credibility (or plausibility) of results instead of the validity of results (cf. Flick 2007: 487ff). For people external to the research, the use of data and methods shall be comprehensible and also the way findings have been achieved shall be consistent and clear.

In terms of a validation of the research process, the transparency and clarity of the proceeding can be seen as key criteria for reviewing the relation between the phenomena subject to the research and the researcher's understanding of them. To 'validate' this relation I have placed emphasis on two strategies (cf. Flick 2007: 494f):

- control of the interview situation through documentation and analysis of distinctive features and irregularities or disruptions during the interview in order to check the authenticity of the interview and to be able to respond to potential quality problems (template see app. 7),
- communicative validation by including some of the interview partners and main local contact persons in the ongoing research process.

Concerning the reliability of the research, the quality of data and its documentation are key criteria. The evolution of research results in terms of the link between original data (e.g. statement in an interview) and interpretation of the researcher should be clear and traceable. Data and proceedings shall be transparent and reliable (cf. Flick 2007: 492). For this research, I have documented the selection processes and deviations (see 3.3) and I have used the following means for documenting the process:

- digital audio records and transcripts of the formal interviews (example see app. 7),
- a software-based interpretation tool and database for transcripts (MAXqda) to differentiate my own thoughts and interpretations (memos, codes, codings) as well as the evidence from the original data,
- a notebook for recording informal interviews, discussions and reflections of the research process as well as
- digital and analogue filing systems for written sources.

## **3.2. Study design and methods**

This chapter details the study design by defining the comparative approach, the case and the practical proceeding for the comparison (3.2.1). The second section introduces the main methods used within this research.<sup>21</sup> This involves an introduction of the reputational analysis used for the identification of key actors in local governance and the principles of grounded theory and how they have been applied for interviewing and interpretation. All methods are discussed in terms of their practical application and in terms of potential problems (3.2.2).

### **3.2.1. Study design**

#### The research question and the cases

When designing comparative research involving a number of cases, it is crucial to be precise about the phenomena one wants to study and the cases which are selected for answering the research questions. The phenomena to be 'explained' are the mechanisms leading to and supporting the emergence of local socio-economic initiatives. Such mechanisms are expected to relate to the theoretical perspectives from which the material has been studied. At the end, different features evolving from these perspectives help to understand the phenomena under discussion, i.e. different mechanisms leading to and supporting the emergence of the selected local initiatives. I have argued against a deterministic understanding of structure (see 2.1.2). Hence, the aim is 'understanding' rather

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<sup>21</sup> There is no discussion of all methods used in detail but an extension to the description of methods in the introduction.

than 'explaining'. Key mechanisms are not seen as causal variables but as relevant issues because the social world cannot be seen as a causal world.

The importance of having a clear research focus does not imply that the research question has to remain unchanged from the beginning. It is usual that research questions shift during the research process (see above, 3.1.2 and Eisenhardt 1999: 140). In this research, the initial focus was placed on questions of governance, but has shifted towards a stronger institutional perspective and a wider acknowledgement of the role of the nation state. Finally, these three positions made up the relevant perspectives out of which the empirical material has been interpreted:

- specific forms of governance (see 1.2.3 and 2.2.1),
- local institutional contexts in terms of shared norms, paradigms and attitudes (see 2.2.2),
- regional and national (policy) contexts (see part 4).

In particular for the first two perspectives, a strong focus on individual actors has been applied in order to stress factors endogenous to the process (March, Olsen 1984: 739f). Interviews were held with 29 key actors and executives which constitute the main source of empirical data (see below, 3.3.3).

This research follows four case studies, two in East Germany and two in North England.<sup>22</sup> A case is seen as one declining old industrial small or medium sized town outside of metropolitan regions with its specific history and people, social and economic structure, as well as specific governance arrangements. There are not two identical towns in the world, but there are towns sharing similar characteristics and facing similar challenges. In qualitative (urban) research it is not possible to choose 'representative' cases and to isolate any factors relevant to the study. By careful case selection (see below, 3.3.1), similarities can be maximised across as many factors as possible. The criteria relevant for case selection then can be seen as having a similar influence on the phenomena subject to the study in all cases. Reasons for differences are then likely to be seen with regard to other factors.

When it comes to the selection process, a first step is the specification of the total population of potential cases out of which the final cases shall be selected (Eisenhardt 1999: 141). In this way, the towns are typical examples and are put together in the hope of finding similarities between the cases (cf. also Yin 1993: 33f). The initial specification also defines the limits for the generalisation of findings. The basic idea is to be very precise about a specific town type which

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<sup>22</sup> Both macro regions have experienced severe processes of social and economic decline (see introduction and appendix 1).



also helps to simplify the research agenda. The following features are used as criteria for the selection of cases (see introduction):<sup>23</sup>

- town size: small and medium sized towns with ca. 10,000 to 70,000 inhabitants (for their manageable number of actors and easy networking opportunities),
- function: independent local level of decision taking and central functions for an urban hinterland (demonstrating the overall importance within the regional settlement structure),
- socio-economic and cultural context: old industrial economic base (as particularly vulnerable to economic transformation processes),
- development context: long term socio-economic challenges associated with urban decline (demonstrating the need for socio-economic initiatives in order to respond to these challenges),
- geographical location: outside of metropolitan labour markets (responses to socio-economic challenges are different within and outside of metropolitan regions).

#### The comparative approach

The logic of doing comparison in this study is that groups of towns share similar basic characteristics and face similar socio-economic challenges. In this way, the qualitative comparative study follows a most similar systems approach (cf. Hopkin 2002: 254). It identifies factors relevant for the emergence of local socio-economic initiatives in four towns that are similar in terms of geographical features, economic structure and socio-economic challenges. But they vary in terms of supra-local political contexts and how these contexts are interpreted, in terms of specific institutional environments and in terms of specific forms of local governance. The comparative research design opens up possibilities for intra-national and international comparison. The international comparison allows the identification of common properties across cases with different institutional and cultural systems. It also allows notions about the role of the central state in two different contexts.

Case studies rely on analytical generalisation which requires the identification of issues relevant in more than one case (see above). Issues are held to be characteristic for one case if there is evidence from more than one source without any contradictions. Such issues are then grouped with similar or opposing issues in other towns or regarding other types of initiatives. In terms of cases, the main variation is expected between countries (England and Germany). In terms of initiatives, the main variation is expected between social and formal economy

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<sup>23</sup> The total population of cases are towns in East Germany and North England sharing these features.

initiatives. Cases can then be similar because they share the same (national) cultural and policy background or due to similar relations to the formal or the social economy. Hence, similarities between cases can be expected within each pair and crosswise. Obvious similarities between two cases call for a reflection why they do not apply to the other two cases.

The comparative approach has been implemented as follows: part 4 describes and compares national and regional policies in England and Germany in order to locate the case studies in their formal policy contexts. Here, the presentation is along themes, with the English context given first followed by the German context, highlighting differences and similarities to the previous section about the situation in England. Part 5 introduces the four towns and the local initiatives separately, giving details about each case (including the specific governance structures and sections on socio-economic contexts) and working out what is common to all towns in the final chapter. Part 6 contains in-depth analysis, identifying themes and patterns which are relevant for more than one case. Each chapter of part 6 introduces main issues and the categories and their properties that appeared to be relevant in the interviews. Each issue is dealt with in a dedicated section in which it is set out for the different cases, highlighting differences with and similarities to other cases. Part 7 clearly focuses on cross case patterns and presents key mechanisms leading to and supporting the emergence of eight selected local socio-economic initiatives in a more abstract way, cross-cutting the applied research perspectives.

### **3.2.2. Empirical and analytical methods**

#### Qualitative interviews and grounded theory

The main data source for this research is 24 partially structured in-depth face-to-face interviews with 20 key actors in local governance and with 9 executives of the selected initiatives (see 3.3.2).<sup>24</sup> Further sources were informal unstructured face to face and telephone interviews with additional actors. The mode of analysis can be described according to four main aspects: preparing and conducting interviews, transcription, coding and interpretation (request appendix 7 from author for templates and examples).

Interviews were partially structured along major themes with opening questions and sub-questions. The basic philosophy of interviews within this research has been to access the general ideas and underlying values of the respondent. Respondents got as much freedom as possible during the interview to set out topics. The partially structured interviews contained open questions, and avoided suggestive questions (cf. Gomm 2004: 167) but allowed immediate clarification

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<sup>24</sup> In two cases, key actors in local governance were executives of a selected initiative. In some cases, respondents preferred to have joint interviews with colleagues.

queries. Questions were posed in a flexible way, following the thoughts and logics of the respondent. The aim was to achieve authentic interview situations within comfortable environments. Respondents were asked to reserve one hour for a face-to-face interview taking place at a location of their choice. Most interviews between 75 and 105 minutes in length took place in the office or meeting room of the respondent. Control protocols document the concrete situation as well as interruptions, disturbances and other relevant issues. With a special agreement on data protection respondents were assured of correct data handling and could also specify the level of confidentiality.

All formal interviews were digitally recorded and transcribed. The transcripts were made as close as possible to what was said. Transcription rules include the notification of breaks including their length in seconds as well as fill words. Changes to words due to particular dialects were transcribed when they were very obvious and different to the normal 'slang' of the respondent. Nevertheless, transcription is regarded as the first step of interpretation. Also punctuation marks and acoustic understanding are not always clear. All steps in this research were carried out by the author except the transcription of two interviews which was done by a carefully instructed student assistant. The transcripts were proof read and paragraphed after each unit of meaning.

During and immediately after the interviews, field notes were used to document upcoming ideas. During transcription, proof reading and coding, 103 memos were written, documenting ideas, thoughts, reflections and theoretical considerations. This proceeding enabled constant thought on differences and similarities between cases or particular groups of respondents. Emphasis was given to the comprehensiveness of the approach across cases. Following Eisenhardt (1999: 143f), there has been an overlap of data collection and data analysis. This helped to better focus on particular questions that remained unanswered after initial interviews but did not change the general approach.

There is always the potential for failure when working with interviews. Qualitative interviews bear a huge number of problems in terms of producing, handling, analysing and interpreting data (Gomm 2004: 150ff). The main problems refer to:

- the accuracy of the given responses compared to the reality these responses were intended to capture (e.g. because the respondent does not know the answer, gives intentionally a wrong answer, or gives a wrong answer which they think is correct etc.):  
this problem can be partly solved by investigating the same phenomenon through a systematic combination (see 3.1.1, triangulation) of methods (interviews, reputational analysis, document analysis) and sources (different respondents, policy documents, historical documents, research reports, literature);

- misinterpretations of the researcher:  
interpretations have to be comprehensible and transparent by clear methodological proceedings (see below); to cross-check interpretations, focus groups composed by the main contact persons (Barrow, 2 April 2007; Blyth, 5 April 2007) and email-feedback with the main contact persons (Wolgast, 27 April 2007; Schwedt, 27 April 2007) have been used to avoid basic misunderstandings.

The interpretation of data from qualitative interviews followed the main principles of Strauss' grounded theory (Strauss, Corbin 1998). The three theoretical perspectives (see above, 3.2.1) can be seen as giving rough orientation within a specified 'search area' but opening up a wide field for inductive research based on grounded theory. The basic idea has been to develop theoretical positions by means of theoretical coding which has originally been developed by Glaser and Strauss (1967). Coding can be seen as a recursive process to analyse and conceptualise data with the aim of identifying central themes across texts and cases. Coding implies the continuous comparison between phenomena, groups of respondents, cases and concepts and the continuous posing of questions to the text. Relevant parts of the text have been given particular codes using terms which are at first close to the text and later more abstract.

To be better able to discover relevant categories inductively, I have started interpretation with open coding. Without any limitation or given structure I have linked central terms (codes) to relevant sections of three interview transcripts – continuously posing questions to the text about the initiatives and their contexts as well as about the relevant decision takers. This process has been too detailed to be applied to all interviews but led to an initial identification of relevant lines of interpretation. Later, codes have been analysed, grouped to categories, sorted and some codes rejected in order to be better able to focus the interpretation on central and most promising categories (cf. Flick 2007: 393) according to their properties (as characteristics of a category) and dimensions (the variation within the same category). The idea of this axial coding has been to work out relations between codes, sub-categories and categories (Strauss, Corbin 1998: 123). By means of continuous comparison, sorting and grouping, such relations have been identified. Similar to Strauss' and Corbin's coding paradigm (1998: 130ff), I have asked for causal, intervening and contextual conditions, action and interaction as well as consequences. The idea of coding is to develop a model containing the conditions for the phenomena under discussion: the mechanisms leading to or supporting the emergence of local socio-economic initiatives. Following the central theoretical perspectives of this project, particular emphasis has been placed on the institutional context, governance relations and the role of the nation state. During the whole process, I have also searched for contradicting or deviating statements.

The process has been recursive and required working through the material a couple of times. Sections of the transcripts with relevance to the research questions were sorted according to a code. Following the principles of the comparative approach (see above, 3.2.1), interpretation involved finding out what group of actors said what (Gomm 2004: 189ff), e.g. German/ English actors, key actors in urban governance/ executives of local initiatives, advocates of the social/ formal economy. Hypotheses about particular relations have been validated against the evidence in other parts of the interview and against other interviews. Only significant and plausible relations have been pursued further. Coding has also been used as a method to profile towns and initiatives with their relevant (governance) contexts (see part 5). In this way, the interviews have also been used as a source of information complementary to other methods.

### Reputational analysis and the snowball method

Identifying key actors is a precondition for analysing relations to local initiatives and the mechanisms supporting their emergence in a comparative view. It is also a precondition for identifying locally dominant norms, paradigms or attitudes – linked to the collective power of these decision takers. Central questions go along the ‘how’ of such relations and not along the ‘why’ of individual power. Hence, the main empirical material is gathered in form of interviews with key governance actors and executives of the selected initiatives. It is unrealistic to interview all involved actors. To be able to compare findings, the selection of interview partners has to be independent from particular cases. It is held to be important to identify key actors determining or influencing policy formation and related implementation activities as well as financial, structural or organisational issues concerning local socio-economic regeneration.<sup>25</sup>

The governance debate does not say anything about how to identify key governance actors. Moreover, it lacks a clear discussion about the role of power relationships in urban governance, which would help to identify key actors. Reviewing the community power debate literature, Harding suggests applying an advanced version of the methods used in community power studies (Harding 1996) and this suggestion has been followed by others (e.g. Gissendanner 2003). Harding regards reputational analysis as providing a starting point for governance studies, in particular when it comes to cross-national research (Harding 1996: 652).

For the present research, a method similar to Gissendanner’s proceeding<sup>26</sup> has been used. Key decision takers are seen as those actors who determine socio-

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<sup>25</sup> A proceeding like this could be criticised as it takes the uneven distribution of power as granted and accords some actors a more important role in urban governance than others. Indeed, it does and by doing so, it appropriately reflects the reality of decision taking processes.

<sup>26</sup> Gissendanner initially selects two local experts "with intimate knowledge of their city's economic development policy system" in each city to prepare a list of "individuals influential in economic

economic development policies by means of their formalised or decisive power. These key persons are very unlikely to be found in one sole organisation. Nor do they necessarily form a governing coalition in the understanding of regime-theory (see 2.2.1). To identify these actors, the following version of reputational analysis has been used and later combined with the snowball method: at first, three initial experts who prove intense knowledge about recent socio-economic regeneration activities and policies in the selected towns (see table in appendix 3) were asked to prepare a list with the relevant key decision takers and mark the three most important actors. Secondly, all actors listed by two or three independent experts and marked at least once as being particularly important were approached for interviews. Thirdly, all people named have been ranked according to the number of times they were identified as playing a key role in decision making processes (see appendix 3).

There is a risk in an arbitrary selection of the initial local experts. Problems, however, can be reduced by careful selection. The initial experts should be in a more or less independent position (Gissendanner 2001 and 2003) to avoid selection bias due to personal reasons. Three initial experts from different environments were approached for the initial analysis to cover a broader range of contacts – and potentially important actors. These experts were identified as staff related to the local press and other media, consultancies, research institutes/universities, the council – including recently retired staff, excluding executive levels (for the results see below, 3.3.1).

In a further step, the snowball method was applied to contest the results of the independent experts' list and to conduct comparative analysis.<sup>27</sup> All actors named by the three initial experts were also asked to list the important actors for socio-economic regeneration according to their personal view. Their aggregated listings led to a more comprehensive ranking of key actors compared to the initial

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development policymaking" (Gissendanner 2003: 673). At best, the initial experts are in a more or less independent position to avoid selection bias due to personal reasons. The local experts were asked to prepare a list of all important persons in the economic development policy system in a particular time period. Important individuals were seen as "those who help determine the targets of economic development aid, arrange for financing, and activate other influential persons" (Gissendanner 2003: 673). Local experts were specifically asked to think about higher level governmental actors if they are considered to be or have been important. Both lists overlapped considerably and were brought together to a joint list of important decision-makers. In a second tier, all these interviewees were asked to identify additional important actors not on the experts' list. If a person not on the experts' list was identified more than once, he or she was also approached for an interview.

<sup>27</sup> Both rankings, the initial experts' ranking and the snowball ranking cannot be regarded as objective, or as representative. The chosen proceeding, however, must be seen as the best possibility as there seems to be no alternative to be conducted with justifiable effort. The chosen method is considered to be better than randomly starting interviewing one person and then trying to talk to as many actors as possible or to those suggested by the first respondent. Also a purely functional selection of respondents is held to be misleading as it might not capture actual powers in decision taking.

experts' ranking. Both rankings have considerable overlap but differ in terms of the actual ranking of individual actors (see 3.3.3). The snowball ranking serves as empirical source for mapping and comparing certain aspects of local governance because it bears some qualities suitable for comparison (cf. also Gissendanner 2001: 90): the number of individuals identified as being important, the organisational contexts of these actors (e.g. in terms of levels of policy making or sector) or the organisations involved in local socio-economic governance and the distribution of (reputational) influence among these actors and organisations. In this way, the reputational snowball ranking is an adequate method for identifying, analysing and comparing the composition of governance arrangements. The initial experts' ranking is suitable to serve as a starting point for further qualitative research.

### **3.3. Documentation of selection**

In the previous chapters, I have introduced basic methodological positions for conducting institutional analysis and for building theory from qualitative data. In this context, I have discussed major issues and problems of comparative research. I have also detailed how cases have been constituted and how the research questions have been answered. The final sections introduced the main empirical and analytical methods used.

This chapter documents the sampling processes at various stages of the research. All selection processes have been built on principles of purposive sampling (cf. Flick 2007: 165f and Patton 1990: 169f) as opposed to theoretical sampling (Glaser, Strauss 1967: 45). First, I have documented how cases (i.e. towns) have been selected (3.3.1) and how socio-economic initiatives have been identified (3.3.2). The final section documents how respondents for qualitative interviews have been sampled (3.3.3). The sections include a discussion of major issues and problems. In some cases, it was not possible to achieve the optimum according to the chosen sampling methods. Reasons and implications of such deviations are explained and discussed.

#### **3.3.1. Selection of towns**

##### Overall development context, geographical location and population density

Case selection follows the principles of purposive sampling (see above): cases (as well as initiatives and respondents) have been selected based on concrete and content-related instead of abstract-methodological criteria. Similar phenomena shall be researched at different places. The general idea has been to select typical examples for towns faced with socio-economic challenges with a high intensity of the processes under discussion. For this reason, a multi-step process has been developed including quantitative, geographical and qualitative sampling methods.

The object of the study is towns with long term socio-economic challenges associated with urban decline. For this reason, towns have been selected in regions with difficult development contexts. In 2000, the North-East and the North-West of England have been the regions with the highest unemployment levels in England (NE 9,3; NW 6,3; source: INKAR 2002). Additionally, these regions were those with the weakest population development between 1981 and 2001 (NE: -4,6; NW: -3,0; source: National Statistics) whereas England grew in the same period by 5,0%. Furthermore, in terms of deprivation, these regions are the most deprived in England. East-Germany shows enduring economic and social problems with the majority of local authorities categorised as shrinking (see appendix 1). Unemployment rates are still much higher than in West-Germany. East-Germany lost 5,2% of its population between 1990 and 2000 through out-migration and low birth rates, whereas Germany grew within the same period by 3,2% (INKAR 2002: 32). As an initial spatial focus East Germany and North England have been selected due to general socio-economic trends.

The second focus of this study is towns outside of agglomerations. Hence, sparsely populated areas have been pre-selected: similar to Northumberland (61 inh./sqkm) and Cumbria (72 inh./sqkm) in the Northern Region, Mecklenburg-Vorpommern (77 inh./sqkm) and Brandenburg (88 inh./sqkm) constitute the least densely populated areas in East Germany.<sup>28</sup> To avoid direct influence of the conurbations Newcastle, Sunderland, Darlington, Teesside, Rostock, Berlin and Hamburg, the travel-to-work-areas Middlesbrough and Stockton, Darlington, Sunderland and Durham and Tyneside are excluded for case selection. Berlin and Hamburg do have estimated catchment areas of about 50-100 km around the city-centre; the catchment area of Rostock is a bit smaller. These areas have been excluded as well. Excluding the metropolitan conurbations (Teesside, Tyne and Wear) as well as the densely populated areas close-by, the counties Northumberland and Cumbria build the geographies for further screening in England along with some parts of County Durham which are difficult to access. Excluding the densely populated areas within the metropolitan regions of Berlin and Rostock, the Länder Mecklenburg-Vorpommern and Brandenburg build the geographies for the selection of two towns for further research in Germany.

#### Functional and institutional context

Within the remaining geographical search area after the initial screening, margins for the population have been set at 10.000 and 70.000 inhabitants (quantitative selection according to population projections). Some degree of variation of town size is intended. The idea is to select small and medium sized towns without big city organisations such as universities. On the other hand, they should provide central functions for an urban hinterland. As the study is about regeneration in

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<sup>28</sup> Source for England: National Statistics 2001, [www.statistics.gov.uk](http://www.statistics.gov.uk) (20 April 2004); for Germany: population density 2000 (INKAR 2002).



small and medium sized towns experiencing decline, towns have been identified which fit to the category of urban decline. In Germany, data about employment, unemployment and population development has been used, mainly on an urban level. In England, decline was measured with multiple deprivation indicators and population development on district levels. In terms of economic base, local experts have been asked and internet-presentations have been analysed for selecting towns with an 'old industrial' base (qualitative selection).

The previous steps of the sampling process have led to a list of 9 towns in England and 12 towns in Germany (see appendix 2). Out of this list, two towns in each macro region have been selected according to a final qualitative selection. To analyse mechanisms leading to and supporting socio-economic initiatives a minimum of interesting cases within this sphere is required. Informal expert interviews with six experts from different fields and being familiar with the pre-selected towns were held. The experts are linked to the following responsible organisations (see fig. 11).

**Fig. 11 Organisations of experts involved in the sampling process:**

Fields	UK	Germany
social issues	Northern Rock Foundation	Sozialverband Deutschland
regional economic development	regional development agencies	chambers of commerce and industry
regional planning	North East Assembly/ Cumbria County Council	regional planning associations
urban development	independent consultancies	independent consultancies
urban regeneration	government offices for the regions	Institute for Regional Development and Structural Planning (IRS)
research	University of Carlisle/ ERS Regeneration and Economic Development Consultancy	Humboldt University Berlin/ IRS

These experts were asked for their personal impressions of the pre-selected towns, in particular with regard to local governance and the capability to respond to socio-economic challenges respectively concerning the existence of socio-economic initiatives.

Considering all selection criteria, Barrow-in-Furness, Blyth, Schwedt and Wolgast have been selected as cases for further study. Barrow and Schwedt fit very well to the selection criteria. Blyth might not fit completely to the original criteria because of its location at the fringe of the Newcastle conurbation and its positive population development. The town, however, is not part of the Newcastle travel-to-work-area and population development is still far below sub-regional average. Wolgast is the smallest town in terms of population with just 13.360 inhabitants. It holds important functions, however, for its hinterland and has been an important industrial location with 4.000 jobs in a local shipyard.

### 3.3.2. Selection of socio-economic initiatives

#### Identification of potential initiatives

The identification of socio-economic initiatives is a crucial step in the research. Socio-economic initiatives aim at local job creation and meet the goals of socio-economic regeneration (see 1.2.1). Socio-economic initiatives have been defined as non-routine locally based projects, schemes or undertakings with the clear objective of job creation. All initiatives meeting this definition are regarded as potentially relevant and have been identified and qualified by

- asking the experts used for selecting the towns,
- internet enquiries (key words see appendix 2),
- analysing written background material (policy documents, articles, etc.),
- asking local and regional experts and actors active in the field of socio-economic regeneration and
- asking the initial experts of the reputational analysis.

All identified initiatives have been briefly qualified in terms of

- belonging to the social or formal economy,
- main objectives,
- success (self-judgement according to meeting own objectives),
- support of local structures,
- aim to reduce social and economic disparities,
- funding/ financing,
- number of unpaid and paid staff as well as
- impact on the local labour market (job creation).

This screening has led to a list of 10 initiatives in Barrow, 10 in Blyth, 11 in Schwedt and 10 initiatives in Wolgast (see appendix 6).

#### Selection of two initiatives

In order to select eight local socio-economic initiatives (four social economy initiatives and four formal economy initiatives), the following selection criteria have been applied and clarified by use of informal telephone interviews and internet surveys:

- positive self-judgement according to meeting own objectives,
- highest relevance in terms of impact on the local labour market,
- access to main actors.

According to this criteria, the two most important initiatives per town (one social and one formal economy initiative) have been selected for further study (fig. 12).<sup>29</sup>

Although CEC in Blyth is a social enterprise, it has been classified as a formal economy initiative as it functions very much as an incubator and targets local entrepreneurs setting up in business. Centerpoint in Wolgast has been set up by a regional community organisation. As it also targets local entrepreneurs, it has been classified as formal economy initiative as well.

**Fig. 12 Selected initiatives and their main objectives**

	<b>Social economy initiatives</b>	<b>Formal economy initiatives</b>
Barrow	Community Action Furness (CAF): offer employment opportunities and job training for marginalized groups	Encouraging Entrepreneurship (E2): raising numbers of start-up and developing a local entrepreneurial culture
Blyth	Briardale Community Resource and Training Centre: provide assistance in the regeneration of the most deprived wards in Blyth; building social capital	Community Enterprise Centre (CEC): promote local business start ups and create new employment
Schwedt	Initiativbüro LILA – Local Initiatives for Local Activities: promote local initiatives for new jobs, provide start-up financing, in particular for women and girls	Biofuels-Initiative: Safeguard existing jobs in agriculture and create new work-places; strengthening Schwedt as industrial location
Wolgast	Produktionsschule: integrate young unemployed in a regular work life	Centerpoint: motivate in particular women to start up in business, provide sustainable support services

### 3.3.3. Selection of initial experts and respondents

#### Selecting initial experts

Initial experts for the reputational ranking have been identified according to functional considerations, and internet as well as telephone enquiries. It is crucial to identify experts who prove in-depth knowledge about recent socio-economic regeneration activities and policies in the selected towns (see above). To identify experts in a more or less independent position and to avoid selection bias, the three experts have been chosen from different environments. First, a list of possible candidates was produced. All persons were contacted and asked

<sup>29</sup> All selected initiatives are introduced in more detail in part 5.

questions to clarify their suitability in terms of local knowledge, personal involvement and potential bias. Finally, three initial experts were selected (fig. 13).

**Fig. 13 Initial experts**

	<b>Schwedt</b>	<b>Wolgast</b>	<b>Blyth</b>	<b>Barrow</b>
neutral	Head of local press office	local press correspondent Ostsee-Zeitung	retired local journalist, 1960s – 2003	North-West Evening Mail business correspondent
social	Consultancy community regeneration	equal rights representative of Wolgast Council	Chief executive of Blythvalley voluntary sector services	Neighbourhood Development Manager, Community Regeneration Company Barrow
planning/ ec. development	Head of department of urban development	business advisor of local job centre	retired (since 2002) head of dept. of econ. development and strategic planning	Regeneration Manager, Barrow Borough Council

Selecting respondents

Due to restrictions of time and resources, the snowball ranking could not be used for the selection of respondents for interviews. Instead, selection was based on the experts' list. All actors listed by two or three independent experts and marked at least once as being particularly important were approached for interviews, as were those who manage the selected initiatives (see above). In a number of cases (CEC Blyth, Biofuels initiative Schwedt and Centerpoint Wolgast), the initiative is managed by a team of local executives and overall project leaders. In these cases, the relevant actors were approached for a joint interview. The final decision about participants in the interview was left to the main contact person.

The main problems with the reputational method and the chosen proceeding are linked to the identification of actors. Does the selection of respondents give an adequate picture of the reality? How reliable is the data gathered? There is a need for a comprehensive selection of actors. One way to control the comprehensiveness of the list of respondents is comparison with the snowball ranking. With only four exceptions, the 21 selected respondents appear among the top ten of the snowball rankings. The order of actors differs, but the overlaps are still significant.

Four of the initially selected respondents were ranked relatively low in the snowball ranking in Barrow, Schwedt and Wolgast. As a result of this

comparison, some corrections were applied. Three people who did not achieve recognition in the snowball ranking were not handled as key decision takers.<sup>30</sup> One person, however, was still interviewed due to the low return to the snowball questionnaire and her importance for urban development.<sup>31</sup> There is also a risk that the reputation of actors does not comply with the actual importance of actors in decision taking processes. Some actors might be active in the background and thus not so well recognised by the majority of other actors. Here, the reputational method bears the risks of missing out on some key actors for interviewing.<sup>32</sup> Another problem is linked to the accessibility of actors. It is often the case that access to optimal respondents is restricted (Burnham et al. 2004: 160). In this PhD project, I was referred to other actors in two cases.<sup>33</sup>

The final problem to be highlighted here is the impact on quality and depth of findings due to the small number of key informants. Given the importance of the actors interviewed for local socio-economic development (being validated by the initial experts' ranking, the snowball ranking and qualitative analysis of the interviews as well as local policy documents and internet surveys), the conducted interviews are suited to capture a broad cross-section of relevant issues. If crucial gaps were identified in the interviews, there would have been the opportunity to approach further respondents, following the idea of theoretical sampling (Glaser, Strauss 1967: 45). This has not been the case, however. On the other hand, additional interviews might have added some material to the present findings. It is unlikely, however, they would have led to major changes of the final results.

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<sup>30</sup> The chief executive of CAF (Barrow) was handled as social entrepreneur only; the head of strategy in Northumberland Strategic Partnership (Blyth) was not approached for an interview; according to her suggestion, the chief executive of SENNTRI was interviewed instead who also achieved a prominent position in the snowball ranking; the chief executive of a local housing association (Schwedt) was not interviewed due to the low rank in the snowball ranking, the fact him belonging to a housing company and his insignificance in the other interviews.

<sup>31</sup> The manager of a local business incubator (Wolgast); in this case, the snowball ranking is given less weight because of the low return of questionnaires (24%).

<sup>32</sup> The leader of Blyth Valley Council achieved a low recognition in the snowball ranking but high recognition in the experts' ranking; the head of the social security office Ostvorpommern has not been identified in the experts' ranking and only got a recognition of 29% in the snowball ranking although the office is a key player in the social economy and very relevant for Wolgast; the head of community regeneration in Blyth Valley was not named at all in the snowball rankings although playing an important part in involving communities (Focus group meeting in Blyth, 5 April 2007).

<sup>33</sup> In Barrow, the chief executive of CAF referred me to the deputy executive; in Wolgast, the mayor referred me to the coordinator of economic development promotion, Stabstelle.



## **Part 4: The policy context of local regeneration**

## **4. Policy context of local regeneration**

Decision taking in local governance arrangements is always linked to the governmental, economic, political, and socio-cultural context of nation-states (see 1.1.1). Different national contexts in Germany and the UK provide the frameworks for local governance arrangements and socio-economic regeneration initiatives. In particular in the UK, local governance arrangements are said to be deeply affected by the centralist tradition of government (Healey 2004: 88). There is much evidence about the role of the nation state for changing forms of local governance during the past decades. Pierre suggests, that "national politics and state traditions remain the most powerful factors in explaining various aspects of urban politics, including urban political economy, urban political conflict, and strategies of local resource mobilization" (Pierre 1999: 375).

The following paragraphs briefly depict the national policy contexts in Germany and England with regard to local regeneration. Less emphasis is given to European policies and programmes because they apply to both countries. It is not my intention to give a complete and comprehensive insight into urban policy in Germany and Britain. Rather, this description focuses on those issues most relevant to socio-economic regeneration and local governance in old industrial towns experiencing decline. I also provide a brief overview of the formal room for manoeuvre of local government (4.1). This includes a description of administrative systems, explicit national and regional regeneration programmes and local responsibilities. The following chapters depict the ways regional development is dealt with as well as the policy background to semi-public agencies and regeneration partnerships in both states (4.2). In the final chapter of this part I discuss the implications for local socio-economic regeneration (4.3).

### ***4.1. The role of the local level***

#### **4.1.1. Administrative systems**

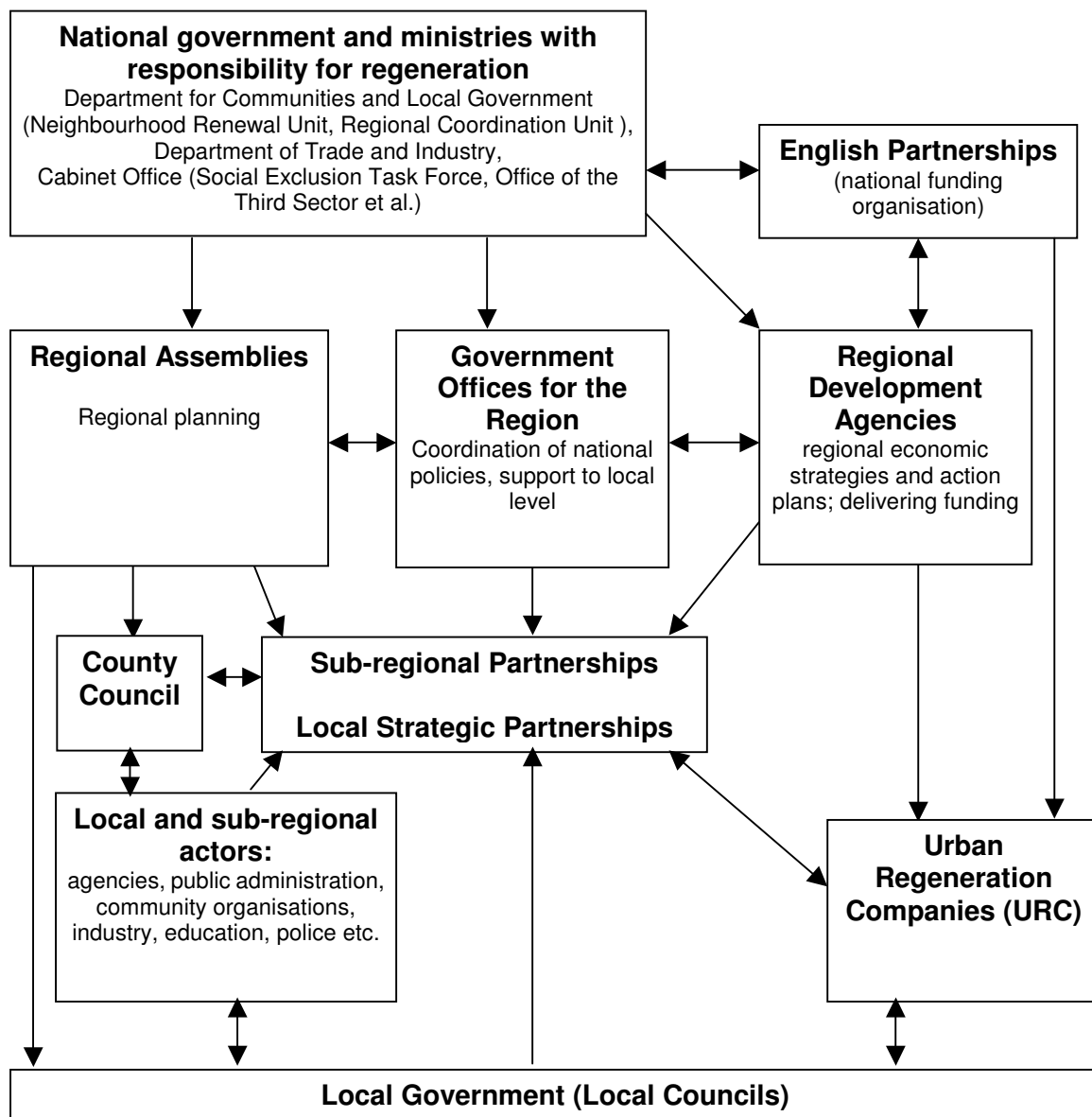
##### England

Despite more recent tendencies towards devolution, urban policy in England is very centralised. Major decisions in the fields of urban planning, socio-economic regeneration, transport, infrastructure or education are taken in London. In 1994, England's eight regions were given regional governing bodies, known as Government Offices (GOs). A proposal to introduce an elected regional assembly in the North East was rejected in a referendum in November 2004. Nevertheless, regional assemblies were established. However, they are not elected. They are composed of local government representatives along with actors from government agencies, education, business and the voluntary sector. Regional Assemblies carry out planning functions for the regional level (they produce regional spatial strategies) and control the Regional Development Agencies,



which are accountable to the Department of Trade and Industry (ODPM 2004). The role of GOs is to represent national policy in the regions and to support local authorities and partnerships in terms of funding (Hall 2002: 96). Regions are divided into sub-regions, usually counties or groupings of unitary authorities (UAs), which also gained importance in terms of sub-regional planning. Monitored by the RDAs sub-regional partnerships are responsible for strategy development and regeneration funding while the county councils/ UAs are concerned with more traditional planning. In this context, urban development is driven by the idea of multi-disciplinary horizontal cooperation of all relevant actors and vertical cooperation between the local, sub-regional, regional and national level (Medhurst 2002: 5).

**Fig. 14 The governance of socio-economic regeneration in England<sup>34</sup>**



<sup>34</sup> State: 31 July 2007. Source: own diagram, based on Medhurst 2002: 2.

Among others, the following organisations are relevant for socio-economic regeneration in England (see fig. 14), exemplified by the relevant bodies for Blyth and Barrow-in-Furness:

- national: Cabinet Office, government, ministries, English Partnerships (planning policy guidance documents, funding, strategic documents);
- regional: government offices, regional development agencies, regional assemblies (GO Northeast, GO Northwest; One Northeast, Northwest Regional Development Agency; Northeast and Northwest Regional Assemblies);
- sub-regional: county council, sub-regional strategic partnerships (Northumberland and Cumbria County Councils and Strategic Partnerships, Cumbria Vision);
- local: local councils, local strategic partnerships (Blyth Valley and Barrow Borough Council; Blyth Valley Strategic Partnership, Furness Partnership).

In England, there is usually one tier local government with UAs in the metropolitan areas and two tier local government with district and county councils in all other areas. In the North East, North West and in Yorkshire and the Humber local government reviews were carried out in order to simplify the levels of local government (BCFE 2003). In 2004, suggestions to reform administrative structure were made – among others for new UA boundaries in Northumberland and Cumbria – which have since been under discussion.<sup>35</sup>

### Germany

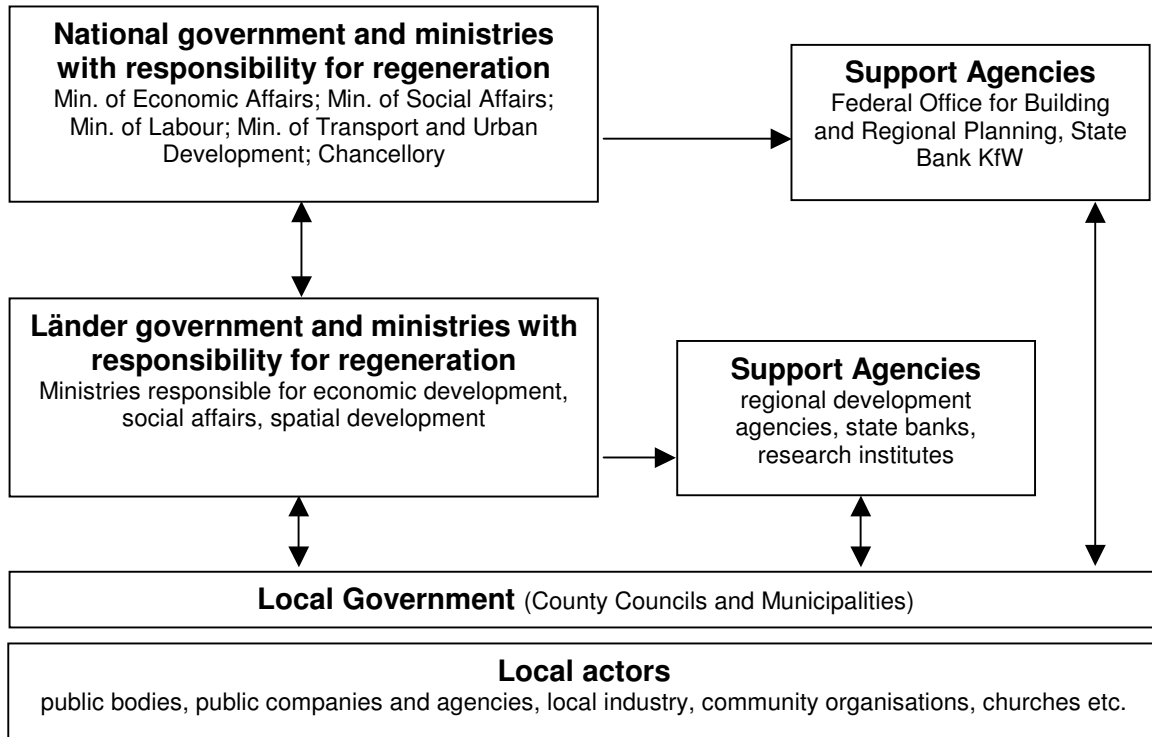
Being a federal state, Germany's government structure is characterised by a split of political power between the national level and relatively autonomous regions, the 16 Länder (Keating 1999: 355ff; ARL 2002: 1ff). By contrast, the Government Offices in England must be seen as an attempt at better regional co-ordination of central programmes (Herrschel, Newman 2000: 1192). The Länder in Germany are far more autonomous. Each Land has its own regional government and a publicly elected assembly. At the national level, the governments of the Länder constitute a second chamber (Bundesrat) which is highly influential in national decision taking. The relation between the Länder and the national level is based on a culture of consensus (cf. Kunzmann 1998: 132). The Länder also maintain joint working groups to coordinate Länder-policy, e.g. in the field of spatial planning and urban development. The basic law (Grundgesetz) defines national, regional and joint policy areas. The field of urban policy is characterised by a split of responsibilities between the national and the regional level. Generally, there is an intense consensus-based interlinking between national, regional and local

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<sup>35</sup> Source: [www.boundarycommittee.org.uk/](http://www.boundarycommittee.org.uk/) (27 July 2007).

bodies and interest groups when it comes to policy changes. Among other fields, the Länder are responsible for regional and sub-regional planning as well as economic development, culture and education.

**Fig. 15 The governance of socio-economic regeneration in Germany**



Among others, the following organisations are relevant for socio-economic regeneration in Germany (see fig. 15), exemplified by the relevant bodies for Schwedt and Wolgast:

- national: government, ministries, Federal Office for Building and Regional Planning (BBR), Standing Conference of Federal and State Ministers Responsible for Spatial Planning;
- regional: Länder government and ministries, specialised support agencies, sub-regional offices (Landesregierungen Brandenburg und Mecklenburg-Vorpommern, Brandenburg Economic Development Board (ZAB), Regional Agency for Structure and Employment (LASA), Brandenburg State Investment Bank (ILB); Gesellschaft für Wirtschaftsförderung Mecklenburg Vorpommern; Region Uckermark-Barnim; Region Vorpommern);
- local: county councils, municipalities or unitary authorities (Landkreis Uckermark, Landkreis Ostvorpommern; Stadt Schwedt, Stadt Wolgast).

Counties (Landkreise) and municipalities (Gemeinden) share joint responsibility for local public tasks. Following the principle of subsidiarity, counties deal with all matters requiring a larger scale of operation (cf. Keating 1999: 362f; ARL 2002: 9f). Bigger towns and cities are unitary authorities (kreisfreie Städte). In all

municipalities, unitary authorities and counties, there are publicly elected parliaments. In Mecklenburg-Vorpommern and in Brandenburg, the mayors are also directly elected by public vote. All local authorities are members of the German Landkreistag respectively the German Städtetag which function as political interest groups (cf. Kunzmann 1998: 144).

#### **4.1.2. National regeneration programmes**

##### England

The City Challenge Programme in 1991 ushered in a new era of British urban policy. For the first time, emphasis was placed on social regeneration in addition to the traditional physical aspects of urban regeneration. The Single Regeneration Budget continued the holistic approach of City Challenge and joined 20 separate programmes (Cullingworth, Nadin 2003: 303f). Since 2001, the Single Regeneration Budget has been incorporated into the Single Programme or 'Single Pot' which is the main funding source of the Regional Development Agencies and thus also for regeneration activities at local level. The Single Pot is based on a holistic approach, funding urban renewal as well as social and economic regeneration (Urban Forum 2003: 2f).

In 1997, the new Labour government placed strong emphasis on social inclusion and tackling uneven development. As a reaction to the newly created Social Exclusion Unit's<sup>36</sup> first major report (SEU 1998), two new programmes were initiated. First, the New Deal for Communities Programme was established, which tackles multiple deprivation in England's 39 most deprived neighbourhoods in a community approach. The neighbourhoods have been selected based on the government's index of multiple deprivation (Cullingworth, Nadin 2003: 306). Second, in 2003 a number of smaller programmes were united in the Neighbourhood Renewal Fund, targeted at 88 of England's most deprived local authorities (among them also Barrow-in-Furness). Funding is co-ordinated and spent via local strategic partnerships in cooperation with local councils. Neighbourhood renewal funding has been linked to local area agreements with central government to achieve "mandatory outcomes with a neighbourhood renewal focus" (SEU 2001: 28).

##### Germany

On the basis of article 104a of the German constitution, the national government supports regions and municipalities with regard to transport infrastructure, urban development, preservation of urban and cultural heritage and social housing. The main principle is to avoid uneven spatial development and to achieve comparable living conditions ("gleichwertige Lebensverhältnisse") in all German regions (Keating 1999: 358ff). To achieve this balance, funding is distributed according to

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<sup>36</sup> Since 2006: Social Exclusion Task Force.

need. Länder with structural problems (Eastern Länder, Bremen and Saarland) receive disproportionately high shares of the total spending for general public tasks (financial equalisation policy), large-scale infrastructure investment, labour market policy as well as research and universities.

The main instrument for direct economic development promotion is the joint initiative „Verbesserung der regionalen Wirtschaftsstruktur“ (improvement of the regional economic structure). This instrument supports private investments and the development as well as implementation of concepts for endogenous growth in structurally weak regions, mainly in East Germany. The national government and the Länder support urban development with a joint initiative ("Städtebauförderung"; cf. BBR 2000a: 6). The programme Soziale Stadt is part of this initiative and follows an integrated approach to neighbourhood renewal in areas with particular social problems. The programme funds physical measures as well as community regeneration projects and local economy initiatives (BMVBS 2006; BMVBW 2004: 97ff).

The redistribution of revenue between the national level, Länder and local authorities and the regional structural policies are the basis for the support of economically weak regions. Transfer payments to the East German Länder are based on a pact of solidarity with the old, west German Länder to cover the additional expenses which are linked to the neglect of infrastructure, urban fabric and private business development before reunification (Kunzmann 1998: 133f; Keating 1999: 352ff). Between 1991 and 1998, 53% of regional development funds ('raumwirksame Fördermittel') were spent in the new federal Länder (BBR 2001: 47f). In 2004, a German weekly came up with a calculation demonstrating the transfer of 1250 bln. Euro from West to East Germany between 1991 and 2003 (Der Spiegel 2004).

### **4.1.3. The role of local councils in socio-economic regeneration**

#### England

As early as 1979, the conservative government began to reduce the traditional responsibilities of local authorities. Since then, many tasks previously carried out by local authorities in the fields of housing, education, social services, transport and environment have been privatised or opened up to competitive tendering. These changes led to a reduced executive role of local authorities and increased control by central government. At the same time, growing support was given to the community sector, and new organisations with responsibility for urban regeneration were introduced (Parkinson 1998: 403, 414ff). Local strategic partnerships are one of the government's instruments to 'join up' local decision taking by bringing together local agencies, community groups, educational and health organisations, the police and other public and private stakeholders relevant for local development. A recent governmental consultation paper recommends 24 local partnerships in a non-exhaustive listing to be included in

the LSP (ODPM 2005). Additionally, there have been large changes in local government finance structure. The proportion of income raised by local taxes was reduced from 60% in the 1970s to only 20% in the late 1990s. Due to an expenditure capping, local authorities have their expenses limited by the national government (Parkinson 1998: 412).

Even after all the constraining changes in recent decades, local government has still an important role to play in England. The relation between county and district level should not be seen as hierarchical. Each tier is responsible for the service provision where it can be provided most appropriately (see fig. 16). The balance, however, is unequal with the costs for services provided by the county being between 80% and 85% of all service costs in any district area. Spending on local service provision outside of local authorities (in so-called 'local public spending bodies') is said to be around three times the total spent through the councils (cf. Wilson, Game 2006: 119). Economic development and regeneration is not part of the mandatory functions of local and county councils and remains a permissive responsibility.

**Fig. 16 Main service responsibilities of UK local authorities<sup>37</sup>**

	County council	District council
Education	x	
Housing		x
Social services	x	
Highways	x	x
Passenger transport	x	
Local planning/ development control		x
Fire and rescue	x	
Libraries	x	
Museums, galleries	x	x
Leisure/ recreation		x
Waste collection and disposal	x	x
Consumer protection	x	
Environmental health		x

The Local Government Act 2000 required nearly all local authorities in England and Wales to choose a new model of political management. They were given three basic options: introducing (1) a mayor with cabinet executive, (2) a mayor with council manager, or (3) retention of the leader with a cabinet executive. For smaller councils, alternative forms were possible with approval from the Secretary of State. Over 80% of councils opted for the leader/ cabinet model (including Blyth Valley Borough Council). Another 15% (including Barrow

<sup>37</sup> Source: own table based on Wilson, Game 2006: 120. Unitary authorities: all tasks.

Borough Council) chose alternative forms for smaller councils, retaining most elements of the traditional system (cf. Wilson, Game 2006: 101ff).

### Germany

In Germany, one of the highest and most important principles of local government is the so-called 'kommunale Selbstverwaltung' (communal self-government, cf. BBR 2000a: 8ff). According to article 28 of the German Constitution, all Städte and Gemeinden (municipalities) as well as Landkreise (counties) have the right to make decisions regarding all local affairs within the legal framework established at national level. Due to these basic rights, local authorities in Germany seem to have more responsibilities for service provision and local planning than those in Britain, although there is a multitude of regional, national and European regulations curbing the control and decision-making powers of cities and municipalities (BBR 2000a: 20).

In all urban matters as well as in socio-economic regeneration, the mayors play a very important role in Germany (Sack, Stock-Gissendanner 2007). The mayor is the head of the local administration and chairs the town council (BBR 2000a: 18). The town council consists of elected councillors and the mayor. The council is responsible for the town's general matters. Furthermore, it controls the implementation of its decisions and has legislative powers e.g. for local building laws or fixed scales of charges for local services. Communal tasks include education, social services and technical infrastructure provision. However, tasks associated with socio-economic regeneration are voluntary (Gabriel, Eisenmann 2005: 121ff).

In Germany, there is no equivalent to the local strategic partnership as it exists in England. The coordination of different public body policies and infrastructure planning is via a system of mutual participation in consensus oriented proceedings (Gegenstromprinzip) with the limitation that local planning is subordinated to regional and national planning. There is also a strong emphasis on community participation (Bürgerbeteiligung) in planning processes which is stipulated by law (cf. Difu 2003: 5ff). The outcome of planning processes finally has to be a balanced solution acknowledging and weighing all pros and cons.

With a recent change in labour market policy, local authorities could opt for a model according to which they can address problems of long term unemployed locally (Optionsmodell). In a pilot phase of six years, counties or unitary authorities can decide to install sub-regional agencies in which people who are unemployed for more than 12 months are consulted and placed into jobs or job schemes as an alternative to the job centres run by the nation state. Among others, the county Ostvorpommern in which Wolgast is located, has decided to establish such an agency (Sozialagentur).

## **4.2. Regional development and regeneration partnerships**

### **4.2.1. Regional development and regeneration companies**

#### England

In 1993, English Partnerships has been introduced as the national regeneration agency. English Partnership aims to promote job creation and inward investment by operating as strategic partner and investor in regeneration and brownfield development. In 1999, the government installed Regional Development Agencies (RDAs) in all English regions. The RDAs are responsible for economic development promotion and are also the main source of funds for local socio-economic regeneration activities. The nine RDAs in England are given a budget by means of the Single Pot (see above). All RDAs put up regional (economic) strategies (monitored by the Government Offices) and corporate plans to set priorities as to how to support growth in their region in the best possible way. Priorities, however, have to be in line with the government's tasking framework and require approval by government ministers. RDAs are non-departmental public bodies which are accountable to the Department of Trade and industry.<sup>38</sup> All RDAs are encouraged to engage with organisations on the sub-regional level to ensure that the Regional Economic Strategies are delivered in local communities. Usually, sub-regional strategic partnerships (constituted by a range of public sector, business, voluntary and community groups) have been set up and monitored by the RDAs to fulfil this purpose.

The northern regions of England lag behind the other regions concerning relevant social and economic development indicators (see appendix 1). To eradicate a £29 billion productivity gap between the North of England and the average of the other English regions, the three regional development agencies and the ODPM have produced the Northern Way Growth Strategy. The strategy aims to accelerate growth and raise productivity by focusing on growth-corridors and city-regions (Northern Way SG 2004).

Typically, large cities, including the seven industrialised cities, have been the central focus of urban policy in England (Parkinson 1998: 405). As early as the 1980s, the Conservative government installed new bodies to promote economic regeneration such as Training and Enterprise Councils and Urban Development Corporations (UDCs, cf. Rydin 2003: 286) "by-passing the remaining level of elected local government" (Herschel, Newman 2000: 1190). English Partnerships was responsible for developing the model for Urban Regeneration Companies as a follow-up to the UDCs (Urban Task Force 1999) to stimulate new investment in urban areas of economic decline. Following three pilot URCs

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<sup>38</sup> Source: [www.englishpartnerships.co.uk](http://www.englishpartnerships.co.uk); [www.dti.gov.uk/regional/regional-dev-agencies/funding-financial-gov/allocations/page20022.html](http://www.dti.gov.uk/regional/regional-dev-agencies/funding-financial-gov/allocations/page20022.html) (21 July 2007).



in Manchester, Liverpool and Sheffield which were set up in 2000, a further 15 URCs were set up in a number of locations across England, among others in West Cumbria and Furness.<sup>39</sup> Contrasting the UDC model, URCs are not installed without the participation of local bodies. URCs are set up in partnership with the Councils, the RDA, English Partnerships and sometimes the local strategic partnership (Scottish Executive 2003: 5).

### Germany

Apart from national structural policy and the system of financial transfers (see above) regional development is a task of the Länder. In addition, the distribution of European funds is handled by the Länder. Furthermore, the Länder have their own programmes for urban development (BBR 2000a: 8). As well as the ministries for economic affairs, for social affairs, for rural development, for infrastructure and spatial development, a number of support agencies are responsible for important aspects of socio-economic regeneration. In Brandenburg, this role is played by the Brandenburg Economic Development Board (Zukunftsagentur Brandenburg, ZAB) and the agency for employment promotion (Landesagentur für Struktur und Arbeit, LASA). ZAB is the regional development agency and promotes important industrial sites in Brandenburg, SMEs, and functions as one-stop-agency for direct investment. Together with the Brandenburg State Investment Bank (ILB) it funds major economic development projects and distributes funds from the European Regional Development Fund (ERDF). LASA supports the local economy, regional networks, qualification and local employment initiatives. LASA is also responsible for the distribution of the European Social Fund (ESF). In Mecklenburg-Vorpommern, the Gesellschaft für Wirtschaftsförderung Mecklenburg Vorpommern functions as an economic development agency. The distribution of grants is made in cooperation with Landesförderinstitut Mecklenburg-Vorpommern, a subdivision of the Northern German State Bank.

## **4.2.2. Partnership context**

### England

In Britain, the partnership approach has been strongly supported by the central state and has increasingly become the basis for interventions in local authorities threatened by socio-economic decline or deprivation (see 1.2.3). Almost all regeneration initiatives are now based upon partnership between local government, public agencies, business, and voluntary organisations. In particular City Challenge and SRB (see above) have placed considerable emphasis on partnership work (cf. Parkinson 1998: 421ff). By 1998, there were already more than 700 urban partnerships in Britain, with up to 75 operating parallel in one city

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<sup>39</sup> Cf. ODPM 2000 and [www.englishpartnerships.co.uk](http://www.englishpartnerships.co.uk) (21 July 2007).

(Carley 2000). At about the same time, the capacity of local authorities to steer urban development has been reduced in favour of new governance arrangements, which has raised the criticism that councils cannot be equal partners in local regeneration (Parkinson 1998: 430).

The favouring of partnerships in urban policy has grown over the last 25 years and dates back to the end of the 1970s (Bailey 2003; Davies 2001: 3ff). The motives behind government support for partnership, however, have clearly been subject to change from a business-based towards a community-based approach (Dabinett 2004). In more recent government initiatives, the partnership approach has been linked to funding from the Neighbourhood Renewal Fund and the New Deal for Community Programme (see above). Other reasons for the focus on partnerships in Britain are seen in the need to coordinate a growing number of newly created state and quasi-state agencies (Wilson, Game 2002: 18f; 140ff) as well as the increasingly important role of community self-help initiatives and the involvement of voluntary agencies in service provisions (Geddes 1998: 65f). But local authorities in Britain also have favoured partnerships and have been receptive to central government policies (see 1.2.3).

### Germany

Comparative European research on the role of local partnerships demonstrates that the model of partnership work is most developed in England and Ireland. In Germany, the trend is towards regional and national partnerships with government, employers' organisations and trade unions (Birkhölzer, Lorenz 1997). Traditionally, interest groups such as the Bundesverband der Deutschen Industrie, the Deutscher Industrie- und Handelstag, the federation of local chambers of commerce or the Deutscher Gewerkschaftsbund as single trade union association play a crucial role in policy making on national and regional levels (Keating 1999: 345ff). The main reason why local partnerships are not prevalent in Germany is the lack of general political support and lacking institutionalisation in the context of community initiatives (Birkhölzer, Lorenz, Schillat 2001: 12f).

In recent years, however, there has been a growing interest of the nation state in integrated local or sub-regional partnerships (e.g. in terms of contractual arrangements, the introduction of informal planning instruments such as local or sub-regional development concepts; BMVBS 2006). The principle of partnership work in Germany is the activating and cooperative state (BMVBW 2004: 8, 41f). Forms of partnerships depend on local conditions such as the power and interests of the mayors (see above and Gissendanner 2004). There are a few examples of locally initiated partnership formation with economic actors based on a joint motivation to overcome decline or to strengthen location factors (DiGaetano, Strom 2003: 385f). Local partnerships for socio-economic regeneration (or social cohesion) cannot be seen as a general phenomenon in Germany and appear only selectively (Birkhölzer, Lorenz, Schillat 2001: 6f).

In the experimental pilot programme 3stadt2, the national government saw a need to explore and evaluate opportunities for cooperative forms of urban development and urban planning processes including public, business and community actors (BBR 2005b; BBR 2004). Partnerships are seen as a valuable tool in some fields of development but not as a general solution (cf. also Jakubowski 2007). The most common forms of partnership work in Germany are public private partnerships or joint ventures to reduce the financial burden placed on local authorities and to better cope with more complex urban problems. Such partnerships mainly affect full or partial privatisation of municipal resources and duties (cf. DiGaetano, Strom 2003: 384). Strategic partnerships have been very unusual on a local level and might have come up only in some cases on a voluntary basis. The programme Stadtumbau-Ost is the most prominent example, as it requires intense collaboration with local housing companies and possibly further actors in developing strategic urban development concepts (Transferstelle 2006: 75ff; Franz 2007; Bürkner 2005, Liebmann 2004). Stadtumbau-Ost, however, is still a sectoral programme, prioritising housing market issues and physical planning.

### ***4.3. Politics of change and continuity***

Generally, local regeneration in England seems to be much more driven by the nation state and top down policies than in Germany. In the last decades, there has been much change in the framework for local government in the UK as well as regarding the initiatives and agencies dealing with regeneration (Wilson, Game 2006: 11). This change happened without the relevant structures being given enough time to become established before implementing the next reform. The continual habit of changing administrative systems as well as requirements for local governance in rather short time spans already has provoked criticism in England: "Because of failure to learn from past initiatives, policy making too often is 'reinventing the wheel'" (Carley 2000: 275). The major paradigm for regeneration during all reforms has been to follow the same ideas of specialised agencies and strategic partnership. There might even be a kind of path dependency of national interventions in terms of prioritising such standard solutions to socio-economic problems.

The political system in Germany seems to be more stable, with regeneration organised from a bottom-up perspective and a lot of continuity in spatial policies. Concerning East-Germany, there has been a radical structural change after reunification in 1990. Since then, the administrative system has been relatively stable but is also characterised by continuous processes of post-socialist transformation. Generally, there is more power on the local level in Germany than in the UK due to the communal self-government (kommunale Planungshoheit) which is defined in the constitution. The transfer of power to new non-elected or indirectly elected bodies in England was at the expense of directly elected

councils (Wilson, Game 2002: 133ff). Such changes would be difficult to implement in Germany without the agreement of local level interest groups such as the German Städtetag.

The different national systems of the UK and Germany with their specific policy contexts are expected to have implications regarding local forms of response to socio-economic problems such as local socio-economic initiatives. It will be interesting to see to what extent differences between the four towns can be explained by regional and national factors. But despite differing formal institutional frameworks in England and Germany, there is also space for similarities across countries and for variation between cases within the same national context (cf. Wilson, Game 2006: 18f). This is particularly true with regard to social aspects and with regard to the ways in which national frameworks are interpreted locally. Before proceeding to these questions, however, the next part takes a closer look at the selected towns and initiatives.

**Part 5:**  
**Urban decline and local response:**  
**profiles of towns and initiatives**

## 5. Urban decline and local response: profiles of towns and initiatives

The following chapters provide the local historical and structural backgrounds for the study. This part profiles the history and current situation of the four towns and eight initiatives studied. The description is closely linked to the discussion of transformation, decline and uneven development (see 1.1.2), changing forms of governance (see 1.2.3) as well as policy response to socio-economic problems in terms of socio-economic regeneration (see 1.2.1 and 1.2.2). The study deals with industrial towns experiencing decline and reviews some institutional aspects of socio-economic regeneration. The towns have been chosen with the help of a set of quantitative and qualitative indicators; the initiatives have been selected according to their socio economic objectives and their contribution to local regeneration (see 3.3).

This part is structured in four chapters – each of them dealing with one town and the selected local initiatives. The fifth chapter summarises the findings. Schwedt, Wolgast, Blyth and Barrow are profiled in terms of their geography, history and development paths, current urban functions and overall socio-economic challenges and problems. Governance structures are mapped in terms of local governance arrangements: the specific constellations of decision takers and organisations involved in local policy formation. Such arrangements include formal elements such as partnerships, agencies or communal decision taking as well as informal elements such as round tables or regular meetings. Governance arrangements are cast broadly to include more than informal networks because they are characterised by institutionalised forms of communicating, cooperating and decision taking. But they are also more than formal decision taking structures because they include relevant informal elements.<sup>40</sup> The selected socio-economic initiatives are described in terms of their origins, objectives, target groups and basic tasks, organisation and financing as well as their contributions to socio-economic regeneration. Explaining the history of initiatives already provides insights in the relevance of contextual factors and institutional environments for their emergence.

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<sup>40</sup> These institutionalised forms are locally specific but might vary as to people's perceptions of the importance of particular elements.

## 5.1. Schwedt, Brandenburg (Germany)

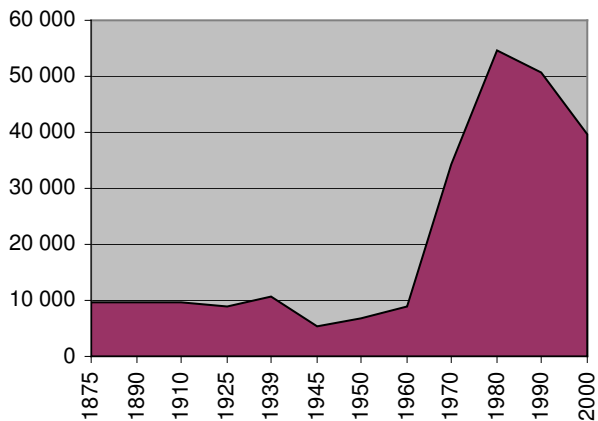
### 5.1.1. Urban profile<sup>41</sup>

Schwedt is a town with a rich and diverse history. In the last five decades, Schwedt first experienced phases of constant growth as industrialised GDR ideal city. After the breakdown of the GDR and the conversion to a free market economy Schwedt experienced steady decline. Since 1990, there has been constant loss of population and employment in the mono structured economy. Symptoms of urban decline are omnipresent in Schwedt due to a huge number of vacant flats and social problems as a result of high unemployment.

#### Geography and population

Today, Schwedt with its 10 incorporated suburbs counts roughly 38.000 inhabitants.<sup>42</sup> The town is part of the county Uckermark in the sub-region Uckermark-Barnim in the northeast of the federal state Brandenburg, close to the Polish border. The distance to Berlin is about 100 km, the nearest larger city is Szczecin in Poland with a population of 400.000 (60 km). Uckermark is one of the biggest counties in Germany,<sup>43</sup> but it is very sparsely populated. In Schwedt's 30 km catchment area, there are only the German towns Angermünde (15 km, ca. 15.700 inhabitants) and Gartz (18 km, ca. 2.700 inhabitants). On the other side of the Polish border it is Chojna (18 km, ca. 7.000 inhabitants) and Gryfino (25 km, ca. 22.600 inhabitants), which is oriented towards Szczecin.

**Fig. 17 Population development in Schwedt 1875 - 2000**



<sup>41</sup> Mainly based on Einzelhandelskonzeption 2004, INSEK 2002, IRS 2005, Prognos 2004, Regionomica 2004 and internet sources as well as formal interviews and informal interviews with council officers.

<sup>42</sup> 34.000 in the city, 4.000 in the suburban villages; source: Statistics-Department Schwedt, 2005.

<sup>43</sup> With an area of 3058 sqkm, Uckermark is about one sixth bigger than the federal state Saarland Source: [www.statistik-berlin-brandenburg.de](http://www.statistik-berlin-brandenburg.de) (03/08/2005).

With 47 inhabitants per sqkm, the population density of the county is one of the lowest in Germany.<sup>44</sup> The county, Schwedt in particular, have been losing inhabitants since 1990. In Schwedt, responding to demographic decline is seen as the biggest underlying challenge in restructuring the local economy. In 1988, Schwedt counted a population of 52.400. By June 2004, Schwedt has lost more than 25% of its former inhabitants – despite an enlargement of its administrative boundaries.<sup>45</sup>

History and development paths

Schwedt’s roots can be traced back nearly 750 years to when the town first was mentioned in 1265 as “Scwet”. The town developed at the crossing of the “Via Regia”, a traditional trade route, as the only Oder-crossing between Szczecin and Oderberg (ca. 86 km). The town developed well, with urban farmers, merchants and tradesmen as its inhabitants. During the Thirty Years’ War (1618-1648), Schwedt was largely destroyed. The population declined from about 1.500 to just 280 inhabitants. The town did not recover until in 1670, when the decision was taken to develop Schwedt into a baroque residence of the margrave of Brandenburg-Schwedt. At the end of the 18<sup>th</sup> century, when the margrave lost his influence, tobacco production became the biggest sector of Schwedt’s economy – and continued for the following 150 years with Uckermark being the largest tobacco growing area in Germany. At the end of the 19<sup>th</sup> century, about one third of the 10.000 inhabitants was working in tobacco fields and factories. After the Second World War Schwedt became a border town and lost large parts of its hinterland. Similarly Szczecin, once the dominant centre for the region, could not maintain this function after 1945. Schwedt was destroyed to a very large extent (about 85% of all buildings) and counted less than 6.700 inhabitants.

**Fig. 18 Paths of urban development in Schwedt**

Period of time	Paths
1265-1618	Castle-town with urban farmers, merchants and tradesmen
1670-1788	Residence (margrave of Brandenburg-Schwedt)
18 <sup>th</sup> century - 1945	centre of tobacco production and industry
1959-1989	GDR ideal city and heavy industrialisation with petrochemical and paper industry
1990-2002	restructuring industrial city with strong economic core but high unemployment
2002-	modern industry town with jobless growth

At the end of the 1950s, the GDR-government decided to build a new, ideal town at the site of the old town according to socialist planning principles. Thus, today a

<sup>44</sup> Brandenburg: 87 inh./ sqkm, Germany: 230 inh./ sqkm. Source: www.statistik-berlin-brandenburg.de (03/08/2005).

<sup>45</sup> Source: IRS Database Neubaugebiete. From 1993 to 2003 Schwedt gained about 5.500 inhabitants by nine incorporations.



mere 5% of all flats were built before 1948, and 95% have been built since. Another aspect of this strategy was to establish Schwedt as an economic centre for the chemical and paper industries. With this decision, the government attracted new inhabitants to Schwedt. In 1981, Schwedt was the most modern town of the GDR and counted 52.284 inhabitants. Even today, the chemical and the paper industries form the basis of Schwedt's economy.

#### Schwedt today and its functional position

Schwedt is the functional centre of Uckermark.<sup>46</sup> With a population of about 80.000 inhabitants in the catchment area (Einzelhandelskonzeption 2004: 4), the town offers all necessary infrastructure, functions and facilities of a medium-order central place.<sup>47</sup> The town even provides some facilities typical for a high-order central place, such as the local theatre (Uckermärkische Bühnen Schwedt) and a specialised hospital. Generally, high-order functions are covered by Eberswalde.

**Fig. 19 Prefabricated housing area in Schwedt, PCK in the background (source: IRS)**



The general economic situation of Schwedt is seen as rather positive regardless of very high unemployment rates. Recently, Schwedt's core industries, previously owned by the GDR, were successfully privatised. Schwedt is one of the most important industrial locations of Brandenburg with a strong focus on the petrochemical and paper industry. The town is seen as a powerful industrial lighthouse in Brandenburg with regional importance (Regionomica 2004: 81).

<sup>46</sup> The population of the county Uckermark was 142.624 in 2004 (LDS 2004).

<sup>47</sup> The central-place concept plays a key role in German planning (cf. ARL 2002: 18f, 98). Medium-order central places must provide facilities to cover for short and medium term needs of the population in the catchment area such as colleges, cultural education, hospitals, swimming pools or shopping centres (LEP 1995). Since at least 2004, there is an ongoing discussion about the central place system in Brandenburg. There is political agreement that the number of central places will have to be reduced.

After significant industrial investments of about 2.5 bln. Euro (in PCK 1.6 bln.) between 1990 and 2002<sup>48</sup>, Schwedt has become one of the most productive locations in Brandenburg.

#### Economy, jobs, unemployment

The big industrial plants continue to dominate Schwedt's economic base and situate Schwedt as a mono-structured large-scale industrial location despite some initiatives towards diversification. In both petroleum processing and paper production, Schwedt is one of the most important and strongest locations in Germany. The petrochemical works (PCK) is the biggest employer in town with about 1.300 employees and roughly 70 local suppliers and subcontractors with about 600 employees. PCK lost a huge number of its original 8.500 employees after 1990, but has at the same time increased its turnover. The two big employers in the paper industry (LEIPA and UPM) employ about 900 workers (Regionomica 2004). Associated with the big paper mills are at least 25 subcontracting firms. Following PCK, the regional hospital is the second biggest employer with a staff of about 1000. Because of the dominance of the big employers, small and medium sized enterprises are under-represented.

In June 2003, there were 12.735 employees in Schwedt, roughly 25% less than eight years before (16.919, IRS 2005: 21). The production sector plays an important role. With more than 25% of Schwedt's employees it is about 10% over Brandenburg's average. At the end of 2004, 4.529 people in Schwedt have been registered as unemployed.<sup>49</sup>

Since 1995, the unemployment rate in Schwedt has been over 20%, despite declining population figures. It is among the highest in both Brandenburg and Germany as a whole. This also applies to unemployment rates in the county, which currently stand at about 25%, although an above average number of training and qualification schemes are available (Regionomica 2004: 59). Nearly half of all unemployed persons have been unemployed for more than one year and thus are counted as long term unemployed.<sup>50</sup> Between 1996 and 2003, the number of employees in Uckermark has declined by more than 20%.<sup>51</sup> In addition, the number of jobs in Schwedt has been going down since 1993 and economic activity rates are below the regional average (Regionomica 2004: 55f).

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<sup>48</sup> Source: presentation of PCK at Unternehmerforum Schwedt, 13/01/2005. Expected industrial investment 2003-2008: 0,9 bln. Euro.

<sup>49</sup> Source: [www.schwedt.de](http://www.schwedt.de), June 2003 (employees) and December 2004 (unemployed) (18/01/2006).

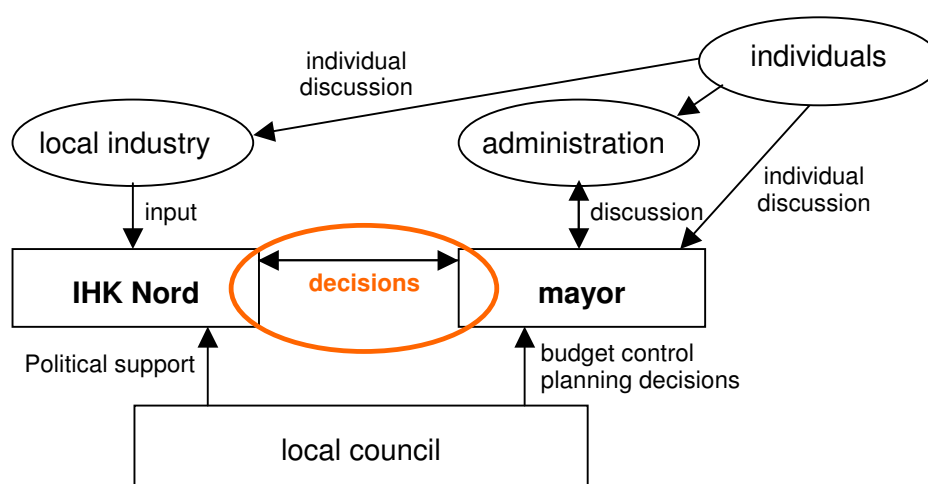
<sup>50</sup> National average (2002): 32% Brandenburg: 39%, Uckermark: 43%, Schwedt: 46%; source: Prognos 2004. At the end of 2003, 49,5% of unemployed were long-term unemployed (Regionomica 2004: 58).

<sup>51</sup> Employees within the social insurance system 1996: 48.237, 2003: 37.513 (Arbeitsmarkt 2005). The working population (including self employed) declined by similar rates: 1991: 70.000; 2001: 55.400; source: Regionomica 2004: 55.

### Local governance arrangement for socio-economic regeneration

Schwedt's local governance arrangement is very much focussed on the mayor. The role of the Stadtverordnetenversammlung (elected council, see 4.1.3) is restricted to budget control and major planning decisions (master plans, general concepts and zoning) (KQ 68). New ideas and socio-economic strategies originate mainly in the local administration, in the business sector or in individual communication with important actors, such as the local member of Brandenburg Parliament or the chief executive of Schwedt's infrastructure company.

**Fig. 20 Local governance in Schwedt**



An informal coordination group of the sub-regional chamber of commerce (IHK Nord) unites about 10 local business actors. IHK Nord meets every couple of weeks to discuss major problems of urban and regional development. The aim of this informal cooperation is to strengthen Schwedt's role as an industrial location and to coordinate communication with the Land Brandenburg. Gradually the group became very important for local governance and is today arguably the most important forum for decision taking in Schwedt. The mayor, who maintains close contact to the CEO of PCK is a member of the group. Their coordinated effort has also led to a positive image of Schwedt in Potsdam (NC 57).

### **5.1.2. Social economy initiative: LILA – Local Initiatives for Local Activities<sup>52</sup>**

LILA functions as an intermediary organisation, with the social aim of facilitating job growth through new micro-projects in the social economy (see 1.2.2). The Frauenverein Schwedt (womens' association) started LILA in 2004.

<sup>52</sup> Mainly based on MASGF 2004 and LASA 2004a as well as formal interviews (in particular with the manager of LILA, the mayor and the local member of regional parliament), informal interviews with a representative of LASA (26/01/2006) and internet sources ([www.frauenzentrum-schwedt.de](http://www.frauenzentrum-schwedt.de); 01/02/2006).

### History

Founded in 1992, the Frauenverein opened a women's centre in Schwedt to fight for compensation for the job losses following the privatisation of the petrochemical works PCK (BM 5). The manager of the Frauenverein applied for LILA following an open tender of the Brandenburg ministry for employment (Ministerium für Arbeit, Soziales, Gesundheit und Frauen, MASGF) in August 2004. The manager has been searching for financing and project opportunities to further develop the social objectives of the association. The tender was seen as an opportunity for the work of the association in the field of employment promotion. "Initiativbüro LILA" was installed as one out of eight project offices in Brandenburg. These offices are part of the Brandenburg-wide programme "Local Initiatives for new Employment" run by the MASGF.

### Objectives, target groups and tasks

The rationale of the programme is to provide "local solutions to local problems and to oppose tendencies of exclusion" (MASGF 2004: 1). By focusing on micro-projects at the grassroots level, the aim is to develop and support innovative ideas. The initiative's offices provide start-up financing to help test such ideas in the market. The central aim is to create or safeguard local employment in a socially useful way, e.g. by using multiplying effects and by supporting community groups rather than individuals. In particular, LILA supports micro-projects with unemployed female youth and women, as well as women-specific associations, networks and initiatives. According to the general guidelines, the programme supports

- employment generating or employment supporting projects as well as the foundation and increase of professionalism of employment promoting associations, networks or other forms of partnership as well as
- micro projects to test or set up self-employed business activities or to develop part-time job opportunities.

Micro projects, e.g. in the fields of private child care, tourism, youth work and education or arts, are usually sponsored with 10.000 EUR for a period of 12 months. LILA supports a total of 44 projects in the wider region (Uckermark-Barnim), 14 of them in Schwedt. Some of these micro projects are intended to become totally self-financing in the long run. Most projects, however, are not purely profit oriented.

### Organisation and financing

The women's charitable association (Frauenverein e.V.) Schwedt counts 50-60 members and is the body responsible for LILA. There is a management board of six. The general aim of the social initiative is to contribute to gender equality and to educate women in respect to their societal roles. Through the work of the women's centre, the association aims to provide creative spaces for women and

help them to discover their own power and solidarity. With about 10.000 visits per year, the women's centre is a meeting place in the heart of Schwedt. It also offers consultation and education in particular for women and families. Frauenverein Schwedt functions as intermediate organisation to network, support and supervise the local and regional micro projects but also to distribute grants (MASGF 2004: 1).

Each project office had to build a sub-regional advisory board, which decides upon the eligibility of micro projects, and the financial start up support. In Schwedt, this advisory board consists of seven persons including the mayor of Schwedt, one of the local members of the Brandenburg parliament, the local equal rights representative, the head of the local social welfare office and the representative for equality of opportunity of the employment office.

LILA is financed out of the European Social Fund (ESF) such as the other project offices. The MASGF distributes these financial resources for the project offices and their work. The underlying programme follows EU policy aimed at supporting local and social capital.<sup>53</sup> The Land Brandenburg has been supporting so-called 'Initiativbüros' (local offices) and micro-projects with a total of 6.2 mln. Euro (LASA 2004a: 15).

#### Contributions to socio-economic regeneration

In total, LILA supports 44 projects, 14 of them in Schwedt. At present it is unclear, how many of these micro projects will be able to survive after the initial funding period. The aim, however, is to fund projects with the potential to offer job opportunities in future. There are some examples of successful micro projects that received initial funding and are now self-sustaining. So far, local actors and project managers from MASGF are satisfied with the project.<sup>54</sup> A core of 12 women runs the Women's Centre and its projects. One to two of those women hold part-time positions on a project basis. Another four to five are financed via sub-regional job schemes. All others are volunteers. Generally, the work of the association is supported by different funding streams and programmes including sponsors such as the town of Schwedt, membership fees, donations, national and regional programmes or ESF.

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<sup>53</sup> 1% of the financial means of the ESF are meant to be used for such support. In Brandenburg, the programme started in August 2002 and has been running until the end of 2006. The programme's target groups are mainly long term unemployed and unemployed girls and women.

<sup>54</sup> In 2006, a study was commissioned to evaluate the programme in Brandenburg. The study aimed at researching effects on micro project level. Results of the study were not available when finalising this chapter.

**Fig. 21 LILA in brief**

<b>LILA – Local Initiatives for Local Activities</b>	
<b>Objective</b>	promote local initiatives for new jobs, provide start-up financing, in particular for women and girls
<b>Main task</b>	LILA supports 14 projects in Schwedt and 30 in the sub-region
<b>Responsible body</b>	Frauenverein Schwedt e.V. (womens' association)
<b>Initiator</b>	the manager of Frauenverein applied for the project office following an open tender of MASGF Brandenburg in August 2004
<b>Financing</b>	ESF via regional agency (LASA)
<b>Success</b>	a big number of micro projects being funded
<b>Contact</b>	<a href="http://www.frauenzentrum-schwedt.de/">www.frauenzentrum-schwedt.de/</a>

### 5.1.3. Formal economy initiative: Biofuels-Initiative<sup>55</sup>

The idea behind promoting Schwedt in the Biofuels sector is to develop a more integrated industrial area. Local decision takers want to make use of local resources and build synergies to existing activities. The idea of local economic development (see 1.2.2) is to make use of endogenous potentials and to support locally rooted development. The area surrounding Schwedt has traditionally been oriented towards agriculture. Thus, the general aim is to use regionally grown oilseed to produce biofuels and to directly feed these products into petrochemical processing in PCK. This sub-regional value chain strengthens the local economy and also raises productivity and viability of singular activities and local services.

#### History

One of the key actors of the biofuels initiative is the CEO of PCK. The impetus, however, came from outside the region, when a Bavarian investor, interested in building a bio-fuel plant, inquired about investment opportunities in Schwedt. The request was forwarded by the Zukunftsagentur Brandenburg GmbH (ZAB), the regional development agency of Brandenburg. Despite opposition and resistance from banks, approving authorities and shareholders, the CEO of PCK and his team believed in the opportunity and brought it forward. The Biofuels initiative was encouraged by a number of key decisions at the national and European levels: Regulations of the European Union require that biofuels constitute 5,75% of the total of petrol processed in Europe by 2010.<sup>56</sup> Furthermore, the EU has reduced rye-production subsidies by a substantial amount. In Brandenburg, the production of rye is the highest amongst the German Länder and many farmers

<sup>55</sup> Mainly based on LASA 2004b, 2004c, 2005; Regionomica 2004 and formal interviews (in particular with the chief executive and the research director of PCK as well as the mayor) and internet sources.

<sup>56</sup> Source: [www.zab-brandenburg.de/deutsch/presse/archiv\\_2004/11823.htm](http://www.zab-brandenburg.de/deutsch/presse/archiv_2004/11823.htm), press release ZAB, 30.01.2004 (16/02/2006). This also demonstrates the relevance of the regulatory framework.

are dependent on rye production (LASA 2004b: 27). Since 1 January 2004, Germany has promoted biofuels through tax exemptions, making the production of biofuels competitive (LASA 2004c: 24f). In addition, the Land Brandenburg supports alternative energies with subsidies of up to 35% of investment<sup>57</sup> and through its energy strategy 2010 (LASA 2005: 4-10).

#### Objectives, target groups and tasks

The promotion of Schwedt as an important location for the production of biofuels turned out to become a strategic initiative despite being started by coincidence. At present, after the first investments have been successful, the Biofuels-initiative is used in promoting Schwedt as regional growth pole and also serves as a new focus for Schwedt's economic strategy. Among other arguments, the main objectives for the biofuels initiative are

- fostering the location as a whole,
- safeguarding employment in sub regional agriculture,
- creating additional employment and compensating for job losses due to a growth of productivity in PCK,
- creating synergies with existing infrastructure and PCK,
- diversifying the local industry (NC 73) and
- creating a win-win situation with the regional agricultural industry (NC 73).

The promotion of Schwedt as primary location for biofuels is not the only objective for local economic development. Rather, the basic idea is to attract related industries. The biofuels sector is an example for this philosophy. Through a variety of channels, Schwedt is actively marketed as location for the processing of renewable resources. Encouraging investments in biofuels is part of the Brandenburg biofuels strategy 2010.<sup>58</sup> In the context of a new strategy to concentrate economic development in so-called regional growth-poles (Regionale Wachstumskerne), the Land Brandenburg promotes Schwedt as a location with a strong profile in the fields of paper, mineral oil/ biofuels, logistics and metal processing. The economic development framework for Uckermark county (Regionomica 2004) regards renewable resources as a potential growth area for regional agriculture. Already today, the production of energy plants for the Bioethanolindustry in Schwedt offers new prospects for farmers. The promotion of this field is seen as clear development objective for the agricultural industry (Regionomica 2004: 88, 128). The university of applied science in the neighbouring town Eberswalde has developed its profile in this field with a strategic project on 'energy and renewable resources'. When it comes to

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<sup>57</sup> Source: Rheinischer Merkur Nr. 24, 16.06.2005; [www.merkur.de/5352.0.html?&no\\_cache=1;](http://www.merkur.de/5352.0.html?&no_cache=1;) (09/02/2006).

<sup>58</sup> Source: [www.brandenburgenergie.de/bbenergie/nachrichten/volltext\\_etinach.cfm?id\\_nr=159](http://www.brandenburgenergie.de/bbenergie/nachrichten/volltext_etinach.cfm?id_nr=159) (18/02/2006).

education and research, cooperation with regional actors is seen as deficient (Regionomica 2004: 73, 83, 142).

Organisation, financing and cooperation structure

There is intensive collaboration among the local administration, ZAB and relevant Brandenburg ministries, in particular the Ministry of Economic Affairs (see 4.2.2.). The CEO of PCK maintains a small team to deal with all activities related to biofuels. There is regular contact between all involved authorities and agencies but no formalised group. There is no special financing for the biofuels initiative, but private investment in the biofuels sector is subsidised at the highest possible rates.

Contributions to socio-economic regeneration

In 2006, there were more than 300 jobs in the biofuels sector plus dependent jobs in agriculture and forestry. There are also secondary job effects (suppliers and service providers), e.g. in logistics or maintenance.<sup>59</sup> The development of the new sector has been very quick and Schwedt already is among the biggest biofuel producers in Germany. However, due to a change in the regulatory framework in 2007, there is some uncertainty about future development of the sector.<sup>60</sup>

**Fig. 22 The biofuels initiative in brief**

<b>Biofuels-initiative</b>	
<b>Objectives</b>	Safeguard existing jobs in agriculture and create new work-places; strengthening Schwedt as industrial location
<b>Main task</b>	facilitate investments in the biofuels sector
<b>Responsible body</b>	task-force in PCK and other actors
<b>Initiator</b>	external investor, ZAB and CEO of PCK
<b>Financing</b>	private investment and subsidies (up to 35%)
<b>Success</b>	bioethanol plant, biodiesel plant, rapeseed mill (completed), wood pellet plant (in progress); rapeseed biogas plant (feasibility study)
<b>Contact</b>	www.pck.de

<sup>59</sup> Source: Presentation of PCK at Unternehmerforum Schwedt, 13 January 2005 and IRS 2005. There are expectations of about 1.200 jobs in the biofuels-sector, including dependent enterprises.

<sup>60</sup> From 1 January 2007, the addition of biofuels to petrol became compulsory. This led to a dropping of the tax reduction. The petrochemical industry also imports biofuels from the world market. Hence, German producers have difficulties to be competitive in this context.



## **5.2. Wolgast, Mecklenburg-Vorpommern (Germany)**

### **5.2.1. Urban profile<sup>61</sup>**

Wolgast is a typical one-industry town – depending on its only big employer, the Peene Shipyard. Similar to Schwedt, Wolgast was industrialised during the GDR period. Although the shipyard was successfully privatised, about 75% of jobs were lost in the transformation phase following reunification. Due to high unemployment and negative population development, symptoms of decline characterise Wolgast's socio-economic situation today.

#### Geography and population

Wolgast, in the eastern Mecklenburg-Vorpommern, is a small and remote harbour town at the Baltic Sea with approximately 12.500 inhabitants. The local authority counts 18.000 inhabitants with Wolgast and nine smaller surrounding settlements. The town belongs to Ostvorpommern county (110.000 inhabitants) in the sub region Vorpommern (610.000 inhabitants). With about 70 inhabitants per sqkm, Vorpommern is as sparsely populated as Cumbria in the Northwest of England (see 5.4.1).<sup>62</sup> The Peenestrom, a narrow strait, separates Wolgast from the island Usedom with its century old sea resorts. In summer, up to 22.000 cars with tourists pass Wolgast every day to access the island via the Peene-bridge in Wolgast. About 65% of Usedom tourists also visit Wolgast. There is a regional train company that connects Usedom and Wolgast with the main railway network in Germany.

#### History and development paths

Wolgast became a city in 1282, but was mentioned in 1123 for the first time.<sup>63</sup> The city was seat of the Dukes of Pommern-Wolgast from 1295 until 1625. In this time, Wolgast, together with Stettin, was the capital of Pommern. As part of Sweden, Wolgast was rather unimportant between 1648 and 1815. Later, Wolgast re-gained importance as a Baltic Sea port for trading crops and as centre for the surrounding agricultural settlements. After the Second World War, Wolgast was turned into an industrial town with a shipyard for the construction of naval ships. Up to 4.000 people were employed in the shipyard. Additionally, Wolgast has been a naval base. Agriculture along with fishery were always important as main economic activity in the hinterland. The harbour in Wolgast served as trading port with the Soviet Union (Krambach 2002: 43).

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<sup>61</sup> Mainly based on Krambach 2002, Landkreis OVP 2004, Staatskanzlei MV 2000, WMP 2004; internet sources, formal interviews and informal interviews with council officers.

<sup>62</sup> Sources: Landkreis OVP 2004: 24, Staatskanzlei MV 2000: 7; German average: 230 inh./ sqkm.

<sup>63</sup> Source: [www.wolgast.m-vp.de](http://www.wolgast.m-vp.de) (08/03/2007).

After 1990, the shipyard was successfully privatised as Peene-Werft and is considered one of the most modern and most productive shipyards worldwide (WMP 2004: 12, 180). With 800 employees, it is still the biggest production site in the county and one of the remaining industrial locations in Mecklenburg-Vorpommern. The loss of employment has been less dramatic in Wolgast than in the rest of the region. In Mecklenburg-Vorpommern the maritime industry witnessed a decline in employment from 50.000 in 1990 down to 5.500 in 2003 (WMP 2004: 134). Due to slumping birth rates and an increase of out-migration, Wolgast has lost about 25% of its population since 1990. Ostvorpommern has lost population since 1990 as well but at a slower pace (ca. -7%, Landkreis OVP 2004: 24).

**Fig. 23 Paths of urban development in Wolgast**

Period of time	Paths
1295-1625	Duke-town and capital of Pommern
19 <sup>th</sup> century	Port town, trading crops in the Baltic Sea Region
1948 - 1990	GDR navy shipyard
Since 1990	Profiling as industrial location focussing maritime economy and port related trading but also tourism

Wolgast today and its functional position

Nearly two decades after reunification, the county and the whole sub region are still among the most disadvantaged areas in Germany with above average unemployment and below average population growth. The area has been classified as rural and economically underdeveloped (BBR 2000b: 65). However, as a medium order central place, Wolgast is seen as important for regional development and holds central functions such as schools, public library, higher education, administrative functions and hospitals for the Usedom area and surrounding settlements. There are approximately 20.000 inhabitants in the catchment area. The nearest city is Greifswald (about 30 km, 52.000 inhabitants) which is home to a university and major central functions. The nearest city with more than 200.000 inhabitants and metropolitan functions, however, is Berlin at a distance of 240 km.

Economy, jobs, unemployment

Before 1990, the biggest sources of employment in the sub region have been the public sector (29%), production (28,5%) and agriculture (21%). Since the breakdown of the GDR, there have been massive job losses in these sectors, in agriculture and fishing, in particular. Since 1990, employment in tourism has grown by 140% (Staatskanzlei MV 2000: 11) which explains the higher figures for trading, transport and accommodation. In particular, the island Usedom is said to generate about 35% of its national income in the tourism sector (Landkreis OVP 2004: 35). Unemployment is one of the biggest problems of Wolgast although compared with the neighbouring parts of the region, the situation in Wolgast is

better (Landkreis OVP 2004: 30). Nevertheless, unemployment rates in Wolgast are more than double the German average and among the highest in East Germany. Since the mid 1990s, unemployment in Wolgast has been ca. 20% with growing numbers of long term unemployed. Without intermediary labour market measures, unemployment would probably rise to over 25%.

Peene-Werft, with 800 employees (and probably the same number in sub contracting firms), is the biggest employer in town. The harbour trades in wood, lime and (traditionally) with agricultural products. The GDP per capita of the county is, with 67% of the national and 90% of the regional figures, far below average (Landkreis OVP 2004: 33). A nuclear power plant 15 km north of Wolgast, was among the main employers of the region before 1989 with around 15,000 staff. The power plant however has been closed down and dismantled since 1990, but still employs a workforce of around 1,000.<sup>64</sup>

#### Local governance arrangement for socio-economic regeneration

Decision taking in Wolgast is very much within the traditional system. There is a very active and strong mayor who has been leading the council since 1992. The mayor is the most important contact for requests from outside of Wolgast and integrates other executive officers if necessary. He also maintains regular meetings with the heads of department from local administration to discuss major issues in town. These actors are accepted as main driving force for local policies. "Bürgermeister und die Amtsleiter zusammen, [...] die versuchen das Möglichste für die Stadt rauszuholen"<sup>65</sup> (MC 66; also CS 94). Furthermore, there is the Stabstelle, a special department which deals with economic development issues and coordinates local policies, also for the enlarged administrative area. Generally, the elected council (Stadtverordnetenversammlung) is rather passive and policy making is led by non-elected administrators. "Die Initiativen [...] kommen viel aus der Verwaltung" (MC 81; similar: HM 105; CS 91). There is also a number of active councillors who are integrated in discussion processes. In this way, new ideas sometimes originate in the local parliament (HM 133; HL 87). Generally, the elected council backs major decisions from the administration in a widespread consensus (MC 67).

In terms of responding to problems of (long term) unemployment, the county council together with its newly created Sozialagentur are the main actors. The Sozialagentur deals with long term unemployed in the whole sub-region, distributes social benefits and also runs initiatives for unemployed. Responsibility for the long term unemployed is formally located at the county level and as such seen in the county administration and the Sozialagentur: "[...] das obliegt im

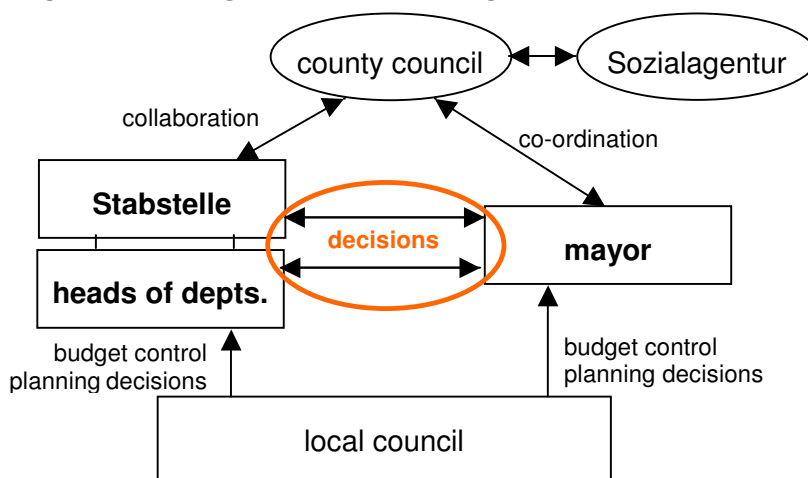
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<sup>64</sup> Source: [www.ewn-gmbh.de](http://www.ewn-gmbh.de) (10/03/2007). The area is currently being transformed into an industrial park.

<sup>65</sup> Translation: The mayor and the heads of department jointly try to achieve the best for town.

Moment den Sozialagenturen jetzt hier tätig zu werden [...]. Es gibt ja auch da Projekte, die da laufen, und da kann die Kommune eigentlich nur Unterstützung geben am Ende"<sup>66</sup> (HM 77).

**Fig. 24 Local governance in Wolgast**



### 5.2.2. Social economy initiative: Produktionsschule<sup>67</sup>

Produktionsschule Wolgast is a social initiative dependent on financing from the Sozialagentur. The initiative focuses on the needs of young people who cannot find a job or training position in the first labour market. The initiative does not offer permanent jobs but re-integrates and trains people.

#### History

The initiators of this initiative have been thinking about establishing a Produktionsschule in Wolgast since 1994 under the roof of "Christliches Jugenddorfwerk Usedom/ Zinnowitz (CJD)", the regional section of a German charity youth organisation. However, at that time, financing could not be arranged. As time passed, increasing numbers of young people experienced difficulty accessing the labour market and failed in the traditional routes to employment. In 2003 and 2004, a social worker from CJD studied similar projects in Denmark and began a new attempt to implement the idea. The concept was re-written and in June 2005, CJD started with a pilot including eight young people. Finally, Sozialagentur could be convinced to finance the initiative starting in January 2006.

<sup>66</sup> Translation: Currently, this is in the responsibility of the Sozialagenturen. There are initiatives as well. At the end of the day the best thing to do as municipality is to give full support.

<sup>67</sup> Mainly based on internet sources (mainly [www.cjd-zinnowitz.de](http://www.cjd-zinnowitz.de); [zinnowitz.cjd.de/public/unser\\_angebot/produktionsschule.php](http://zinnowitz.cjd.de/public/unser_angebot/produktionsschule.php); 12/03/2007) and formal and informal interviews with the chief executive of Produktionsschule.

### Objectives, target groups and tasks

The general aim of Produktionsschule is to motivate young people to learn and work and to (re-)integrate these people in a regular work life. Workshops on different fields are held, in which unemployed young people can find out what they really want to do. Participating in these workshops also prepares youth for a three-year training degree that can be completed after visiting the Produktionsschule.

The target group is 15- to 24-year olds who are out of a job or training and receive their income in form of social benefits. There is a dedicated application procedure to get a placement in the Produktionsschule. Young persons must submit an application and are subsequently invited to an interview. After a period of probation, they decide whether they want to stay or not. Participation is voluntary. However, the social security office can reduce payments if clients do not attend school. The initiative offers periods of training for a minimum of three and a maximum of 18 months. Up to 50 youth have the opportunity to learn and work in six craft shops: woodwork, metalwork, tourism, creative crafts, cooking or in mushroom culture and compost works. In the craft shops, youth produce items for use in the CJD and for general sale at a competitive price. Further, there are training sessions in small groups on a regular basis, mainly in the workshops.

### Organisation and financing

CJD implemented and now coordinates the initiative. Sozialagentur Ostvorpommern in Wolgast supports the initiative financially on a yearly basis – in a first experimental period that will probably last until 2010. This means it pays the wages of instructors, administration fees, operating costs as well as the wages of the clients themselves. The long-term aim is to achieve a self financing share of between 10 and 15% of total costs with the production of goods and services for market sale. Additionally, the Ministry of Social Affairs gave a grant of 100.000 EUR to establish the agricultural training facilities (mushroom cultivation and compost works, see above).

### Contributions to socio-economic regeneration

At the end of 2006, about 50 young people were working and learning in the Produktionsschule. A staff of about eight is responsible for administration and training in the six workshops. Since establishing the initiative in early 2006, the clients have refurbished and rebuilt their own premises. In this period, about 20 people have already left the school. Eight of these former students have found a job training position. Others left the initiative because it was not the right thing for them. Generally, however, motivation and identification with the initiative is relatively high among participants.

**Fig. 25 Produktionsschule in brief**

<b>Produktionsschule Wolgast</b>	
<b>Objective</b>	integrate young unemployed in a regular work life
<b>Main task</b>	3-18 months training periods in six different workshops
<b>Responsible body</b>	"Christliches Jugenddorfwerk Usedom/ Zinnowitz (CJD)", the regional section of a German charity youth organisation
<b>Initiator</b>	CJD
<b>Financing</b>	Ministry of Social Affairs of Mecklenburg-Vorpommern, Sozialagentur Ostvorpommern + 10-15% self financing (target)
<b>Success</b>	50 clients in 2006; 8 former clients have found new jobs or training positions
<b>Contact</b>	www.cjd-zinnowitz.de

### 5.2.3. Formal economy initiative: Centerpoint Wolgast<sup>68</sup>

With Centerpoint, initiators want to support local economic development by raising entrepreneurship and by focusing on local people. The office in Wolgast is a contact point for business consultation. In particular, new start-ups and young enterprises get support and help within a regional network of entrepreneurs.

#### History

Centerpoint Wolgast is one out of eight Centerpoints in Mecklenburg-Vorpommern. All Centerpoints are part of the "Netzwerk Ressourcencenter" Mecklenburg-Vorpommern which is coordinated in Rostock. This umbrella initiative functions as a regional network predominantly for female entrepreneurs and unites the competencies of organisations and associations in the fields of professional training, business development, research as well skills-development for female entrepreneurs.

In 1999, the initiative started with five Centerpoints in Mecklenburg-Vorpommern with its headquarters in Rostock. The association "Frauen in die Wirtschaft" had been active in business start-up support for females for a long time and wanted to transfer the success of the Rostock project to other projects in the region. In the second phase, three additional Centerpoints were added, one of them in Wolgast. The Institute of Business Management (IDB), the main partner of the association, had been already active in Wolgast in the field of start-up support for different projects. Personal contacts to the manager of the Business Incubator in Wolgast were crucial when initially setting up these projects. The blueprint for the whole concept has been transferred from Sweden, where 150 centres offer support in similar projects.

<sup>68</sup> Mainly based on internet sources ([www.frauenwirtschaft.de](http://www.frauenwirtschaft.de); [www.idb-rostock.de](http://www.idb-rostock.de)) and formal as well as informal interviews with staff of IDB, Centerpoint and the responsible association.

### Objectives, target groups and tasks

The umbrella project Netzwerk Ressourcen Center Mecklenburg-Vorpommern aims in particular at motivating women to start their own business or to become active as successors in family businesses.<sup>69</sup> The project aims at providing sustainable support services to achieve this equality of opportunities according to the aims of gender mainstreaming. The main target group is people who want to start up in business, who actually are in the process of starting up, or who have already started their business. There is a particular focus on women in rural areas, but the project is open for everybody interested in starting a business.

Centerpoint Wolgast has existed since 2002. Local staff consult young entrepreneurs and provide extensive information for people who want to start up in business on a daily basis. Support is not limited to certain phases of the start-up and consolidation process. The idea is to establish continuous support structures and to create active networks. All new partners and clients can also join these networks as experts in their field and share their skills. Thus, the basic idea is to create a social network and to induce entrepreneurial benefit. Furthermore, Centerpoint organises special events to promote business start ups and to ensure their survival. There is also support in terms of

- business concepts and strategies,
- arranging for financing,
- exchange of experiences and mutual learning for successful start up processes,
- arranging consultants for specific problems out of the wider network,
- modular training programmes to gain entrepreneurial competence,
- entrepreneurial networking, round tables and contact database.

### Organisation and financing

Funded by Land Mecklenburg-Vorpommern and the European Social Fund, the initiative Netzwerk Ressourcen Center installed eight so-called Centerpoints to cover the whole region. The one in Wolgast for Ostvorpommern County started in 2002. The whole network is run by the Institute for Business Management at Rostock University in cooperation with the association "Women into Business". The association was founded in 1994 with the aim of promoting self-employment among women as well as to create a network for females in business. The association cooperates with other local support agencies, such as the business development staff of the county, the Chamber of Commerce and Industry, the Chamber of Crafts and local authority officers.

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<sup>69</sup> In Germany only every third person starting up in business is female.

### Contributions to socio-economic regeneration

In the first phase of the project, the staff of the (then) five Centerpoints helped 197 women and 130 men to start up in business; half of them in the service sector. Furthermore, they have provided advice for nearly 1,600 potential founders of new business, among them nearly 1,000 unemployed persons.<sup>70</sup> In each Centerpoint, there is a manager and in the case of Wolgast an assistant as well. In Wolgast, between 2002 and 2006, 500 participants have been involved in local training courses, about 40% of which were women. Centerpoint coordinates various networks with a growing number of entrepreneurs involved. Branch-related networks have been established e.g. in the fields of arts and alternative integral medicine. So far, about 150 clients started up in business in the county, with 50 of these businesses started in 2005 and 2006 alone.

**Fig. 26 Centerpoint Wolgast**

<b>Centerpoint Wolgast</b>	
<b>Objective</b>	Motivate women to start up in business
<b>Main task</b>	Support and network local entrepreneurs
<b>Responsible body</b>	Association "Frauen in die Wirtschaft" and Institute of Business Management (IDB)
<b>Initiator</b>	IDB
<b>Financing</b>	Ministry of Labour, Mecklenburg-Vorpommern and ESF
<b>Success</b>	150 business start-ups 2002-2006, 40% of them female
<b>Contact</b>	IDB, <a href="http://www.idb-rostock.de">www.idb-rostock.de</a>

## **5.3. Blyth, Northeast (England)**

### **5.3.1. Urban profile<sup>71</sup>**

Blyth is a small town in the Northeast which has been characterised by urban decline and social deprivation for a long time. In the last few years, new development opportunities were opened up with the regeneration of Blyth Quayside. Historically, Blyth grew with coal mining and ship building. With the demise of these activities, Blyth entered a long period of economic, social and physical decline. From 1996-2003, the population of the local authority Blyth Valley grew by 1.6%. This is less than average when compared to population growth of 2.8% for England. However, compared to a growth rate of 1.4% for the Northeast and 1.1% for the county Northumberland, Blyth is above average.<sup>72</sup>

<sup>70</sup> Between November 2002 and November 2004. Source: [www.idb-rostock.de](http://www.idb-rostock.de) (26/07/2007).

<sup>71</sup> Mainly based on Blyth EDFP n.d., BVBC 2005a, formal interviews, informal interviews with local planning officers and a representative of NaREC as well as internet sources.

<sup>72</sup> Source: [www.nomisweb.co.uk](http://www.nomisweb.co.uk) (03/03/2007).



### Geography and population

With a population of 35,800 (BVBC 2005a: 10), Blyth is Northumberland's largest town. It is situated in Southeast Northumberland at the fringe of the Tyne and Wear city region, where the river Blyth flows into the North Sea. Although Blyth is just 14 miles (22 km) from Newcastle, local people are said to be reluctant to travel or commute to Newcastle. Blyth town is not part of the Tyne and Wear labour market area. One reason is the poor public transport connections, with travelling time from Blyth town centre to the centre of Newcastle being about one hour. Since 1974, Blyth, Cramlington (population 30,400) and the villages of the Seaton Valley (population ca. 15,000) – including Seaton Deleval (with Procter & Gamble as biggest employer) and Seaton Sluice – form the Borough of Blyth Valley with 81,500 inhabitants. Cramlington, that today counts 30,400 inhabitants, was built as a Newtown in the 1960s/ 70s to compensate for the declining coalfield communities in Southeast Northumberland. There are also huge industrial estates aiming to attract inward investment to replace jobs lost in the coal industry.

### History and development paths

The history of Blyth has been influenced by its natural seaport and heavy industries. Although the port was first mentioned in the 11<sup>th</sup> century, there were only minor and later deserted medieval settlements. The town dates back to 1723, with the first record of shipbuilding in 1740 and the sinking of the first mine in 1796. Based on the activities of the port, the town grew to 3,000 inhabitants by 1831. The port gained importance with the export of Northumberland coal (which peaked in the early 1960s) and iron from Bedlington. By 1911, the population of Blyth had already reached 28,280, growing with the expanding ship building and coal mining industries to a population of 46,000 in the 1950s.

**Fig. 27 Paths of urban development in Blyth**

Period of time	Paths
1100-1740	small sea and fishing port, minor settlements, salt industry
1740-1970	Shipbuilding (after 1950 ship-breaking), deep mining and coal shipping (and iron from Bedlington)
1970-1986	Deep mining and textile industry
Since 1986	Market town, small scale port trading, light industry (inward investment to Cramlington) and services

Decline in the mining industry started in the 1960s with the last of five collieries in Blyth closing in 1986 (Bates Colliery with about 1,500 employees at that time). In 1967, the major shipyard in Blyth closed. At its peak in the 1950s, 90% of employment was in heavy industry (BVBC 2005a: 11). By 1971, just before the merger to Blyth Valley Borough, the population has already declined to 34,655.

Another major employer, Blyth Power Station, located on the other side of the river, closed in 2001.<sup>73</sup>

#### Blyth today and its functional position

The town of Blyth is no longer a place for major employment. Studies have shown that business interest in Southeast Northumberland is low even in comparison to other parts of the Northeast and there is an over allocation of employment land (Blyth EDFP n.d.: 10). There have been efforts to promote Blyth as a market town serving Southeast Northumberland (see fig. 28). There are plans to extend retail offers in the town centre to attract more shoppers and retail activity. A large share of Blyth Valley's population (in particular residents of the southern parts) commutes to North Tyneside and Newcastle for work. There are plans to develop new housing areas to benefit from the proximity to the Tyneside conurbation.

#### Economy, jobs, unemployment

Apart from Blyth Valley Borough Council and the local housing company, which together have around 900 employees, the biggest Blyth-based private employer is probably Ferguson's Transport, a local family business with about 200 employees at different locations. Today, Blyth port is the only traditional employer in town. All other traditional economic activities have closed down since the late 1950s. Blyth port among other goods trades in Aluminium ore, imported coal, pulp and paper, and employs a staff of about 100.<sup>74</sup>

**Fig. 28 Blyth town centre**



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<sup>73</sup> The port in Seaton Sluice was much more important until the early 19<sup>th</sup> century. Cf. [www.keystothepast.info/durhamcc/K2P.nsf/K2PDetail?readform&PRN=N12076](http://www.keystothepast.info/durhamcc/K2P.nsf/K2PDetail?readform&PRN=N12076) (26/03/2006). Further sources: [www.blythstar.com/blyth.htm](http://www.blythstar.com/blyth.htm), [www.oldtowns.co.uk/Northumberland/blyth.htm](http://www.oldtowns.co.uk/Northumberland/blyth.htm), [www.visionofbritain.org.uk/unit\\_page.jsp?u\\_id=10136416](http://www.visionofbritain.org.uk/unit_page.jsp?u_id=10136416) (23/03/2006).

<sup>74</sup> In harbour services and logistics; source: [www.northumberland.gov.uk/vg/blyth\\_town.html](http://www.northumberland.gov.uk/vg/blyth_town.html), [www.192.com](http://www.192.com), [www.portofblyth.co.uk/](http://www.portofblyth.co.uk/) (21/07/2007).

In 2003, the regional development agency One NorthEast (ONE) installed the New and Renewable Energy Centre (NaREC) at the Quayside in Blyth. NaREC works as an incubator and research centre in the field of alternative energy. Its long term objectives are to bring new energy technologies to market and encourage new businesses to start up and existing businesses to invest in the region. NaREC also has test facilities for commercial use which are located in the disused dry docks from Blyth Shipyard – the main argument for locating in Blyth. In 2006, NaREC had a staff of 45 – very few of them from Blyth.

The impacts of closing down the collieries and the shipyard were most obvious in the Blyth community. After unemployment rates reached a peak in 1986 at over 20%, today official unemployment statistics show figures for Blyth Valley (5.6% in 2005/6) that are only slightly higher than those for England (5.0%). However, unemployment in Blyth town is about 60% above the borough's figure (BVBC 2005a: 12) and hidden unemployment is a huge problem. Blyth Valley ranks 79<sup>th</sup> in the government's Index of Multiple Deprivation (2004) and has not qualified for Neighbourhood Renewal Funding. There is a concentration of deprivation in Blyth town. About 18,000 people in Blyth (this is half the population) live in wards which belong to the 10% most deprived wards in the country (BVBC 2005a: 12).

The local economy is still vulnerable to structural change with 36% of the local workplace population working in the second sector, compared to 25% in the North East and 23% in England.<sup>75</sup> There are just 124 VAT registered enterprises per 10,000 inhabitants compared to 218 for England which shows a weak entrepreneurial culture. The SME base as well as business start-up rates are weak, and self-employment is 5% below national average.

In the borough, there are about 36,500 resident workers out of which 21,125 commute to work outside Blyth Valley and 15,375 work and live within the district. The workplace population is 24,792.<sup>76</sup> In the last few years, 3,000 jobs have been lost or re-located outside the borough, whereas only 2,000 jobs have been created. However, as the number of commuters has increased, unemployment has fallen by 2% in the same period (BVBC 2005a: 13). These trends demonstrate the growing integration of Blyth Valley into the City-Region. Recently, Blyth Valley has attracted more and more commercial activities due to new and planned business parks.

#### Local governance arrangement for socio-economic regeneration

Generally, the governance arrangement in Blyth is rather traditional, with little interference from the private sector (with the exception of a few projects such as the quayside regeneration). At the heart of decision taking, there is a constant

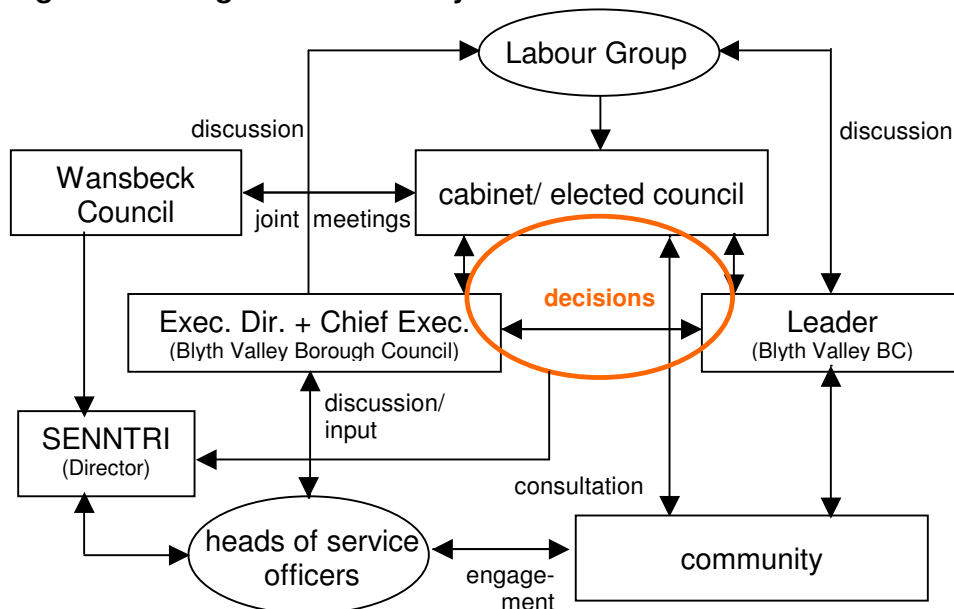
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<sup>75</sup> Defined as Mining and quarrying; manufacturing; and electricity; gas and water supply; construction. In 2001. Source: NERIP, www.nerip.com (23/03/ 2006).

<sup>76</sup> In 2001. Source: NERIP, www.nerip.com (23/03/2006).

interplay between the executive and the elected council. Main actors are to be found in the town hall. In particular, the leader and the executive director function like a kind of think tank. They bring in, discuss and challenge new ideas and heavily influence local decision making: "So, you take ideas to him, he'll challenge you. What he also does, is come up with other ideas and say: hey, have you thought about these as well" (HR 26). Both the leader and the executive director are key figures when it comes to strategic thinking and planning (HR 14f, 56, 62; KT 74, 99). The interplay between the administrative and the political level takes place among executive officers, the leader and within party group meetings. Cooperation and communication work well (HR 37f). Because of Labour domination, decisions in the cabinet and in the elected council are more formal acts than discussion forums for decision taking.

**Fig. 29 Local governance in Blyth**



There are two special features relevant for decision taking in Blyth. First, there is intense cooperation with the neighbouring Wansbeck Council, including joint cabinet meetings and sub-regional strategic projects. Second, there is the South East Northumberland and North Tyneside Regeneration Initiative (SENTRI), which runs strategic projects to regenerate the sub-region and link it with the city-region. Further to this, there is a strong emphasis on community led decision taking. Even before the government introduced local strategic partnerships, Blyth installed community assemblies (one in each part of the district) to discuss strategic ideas and regeneration projects and to develop the community plan. Since then, community involvement and later discussions in the LSP and the community assemblies have been taken seriously: "There is always a lot of partnership meetings that you can go to and find out what's going on, that you get invited to" (KC 39). Despite such an emphasis on community integration, decisions are finally taken elsewhere, and not within the LSP. "The LSP in Blyth is quite weak. [...] You want to support it but it's not really getting anywhere" (KT

161). Thus, the LSP can be characterised as a forum where decision takers listen to feedback coming from the grassroots level.

### **5.3.2. Social economy initiative: Briardale Community Resource and Training Centre<sup>77</sup>**

Briardale is an initiative with broad objectives in the fields of community development and urban regeneration. Owned by the local community, Briardale is a community enterprise (see 1.2.2) and offers training opportunities as well as a number of activities aimed at building social capital. Its primary objective is not to create jobs but rather to re-integrate people from deprived neighbourhoods.

#### History

To promote community development, the local authority wanted to use a funding opportunity to develop a community centre in the area. From the beginning, the basic principle behind the project was to activate community people to take part in the process. The present manager of Briardale has been involved from the very beginning as a volunteer: "An opportunity came along to develop a community centre on this estate. So, being a nosy person, I went along to a public meeting and got involved in it" (KC 6). She worked with an economic development officer and a community development officer to build the community centre. The centre opened in December 2000 in one of Blyth's most deprived wards (Cowpen) following extensive consultation with the local community. It belongs to a network of over 40 community centres in Blyth Valley. In priority wards, some of these centres are build as Community Resource and Training Centres, as is the Briardale Community Centre (IDeA Knowledge 2005).

#### Objectives, target groups and tasks

The overall objective of the centre is to provide assistance in the regeneration of the Cowpen and Kitty Brewster wards of Blyth in terms of building people's confidence. The centre aims at building social capital, developing projects with local residents and at the provision of new services (IDeA Knowledge 2005). Special target groups are young people without employment and the long term unemployed. Briardale's objectives (Neighbourhood Renewal Unit n.d.) are to

- improve vocational, key and basic skills of local people;
- use the centre as focal point and resource centre for local groups, projects, community projects and development workers;
- develop a range of community enterprises;
- involve and engage local people in physical and social regeneration projects and activities;

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<sup>77</sup> Mainly based on Neighbourhood Renewal Unit n.d.; IDeA Knowledge 2005; Blyth Valley BC 2005b, formal interviews (in particular with the manager of Briardale and the head of regeneration); informal interviews with the manager and local actors.

- work with community partners to the benefit of the local area.

The centre contains a community café run by the centre which is open to public and provides catering for in-house events. Food is made in an industrial training kitchen which is part of the initiative. As much as possible, self-grown organic produce is used from the community garden adjacent to the centre. Another service at the centre is the nursery that provides child-care for local families and single parents.

The centre also lets rooms for public events as well as private parties and there are modern conference facilities for qualification and training programmes. With all of its sub-projects, the centre offers periods of training for young people and government funded placements linked to the 'New Deal' labour market programme for long term unemployed, mainly in the kitchen, in the administration or in gardening services for local elderly, disabled and single parents (KC 110). Furthermore, training opportunities in modern communication competences are available at the centre, and advice through the local Action Team for Jobs is provided on a regular basis. Courses include topics such as food hygiene, horticulture and communication skills. There are also sports facilities which belong to the centre (BVBC 2005b; Neighbourhood Renewal Unit n.d.).

#### Organisation and financing

The centre is managed by the Cowpen and Kitty Brewster Community Association, a registered charity organisation established in 1999. A management committee of about 15 local residents, councillors and business people is responsible for the community centre and controls the activities of the association. The basic idea for all community centres in Blyth is to be led by the community for the community. The creation and construction of Briardale was financed through a number of sources, summing to a total of over 600,000 pounds.<sup>78</sup> The running costs of the centre (including salaries, maintenance and overheads) are about 110,000 pound a year. The centre covers about 55% of these costs by letting rooms, plant sales, gardening services and in the café (KC 18ff). To pay the retaining deficit there is a need for additional funding from e.g. the local authority, the youth offending team or other funds. Hence, the manager is under constant pressure to acquire enough projects to maintain the running costs and to pay salaries.

#### Contributions to socio-economic regeneration

There is a staff of two full time and two half time employees in the centre with additional voluntary training opportunities for a few more people. Furthermore, there are currently two 'New Deal' placements. About 10 people volunteer at

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<sup>78</sup> SRB4 funding (Blyth Partnership 'Building a Brighter Future' programme); Community Fund, National Lottery; European Regional Development Fund; Blyth Valley Borough Council; Gold Trust; SEED Programme; Youth Offending Team Blyth; Small Grants (Neighbourhood Renewal Unit n.d.).

special events. A number of former employees have gone on to permanent jobs in the private sector (KC 96). There are about 150 user groups in the centre, involved in a number of activities and services to the community (IDeA Knowledge 2005). Briardale seems to be successful in building social capital as the centre has seen many people becoming active for their local community. As the Briardale centre was one of the first centres built as Community Resource and Training Centre, it became a model for other centres that followed in the borough.

**Fig. 30 Briardale in brief**

<b>Briardale Community Resource and Training Centre</b>	
<b>Objective</b>	provide assistance in the regeneration of the most deprived wards in Blyth; building social capital
<b>Main task</b>	deliver community projects and training events, offer space for community activities
<b>Responsible body</b>	Cowpen and Kitty Brewster Community Association; management committee of residents, councillors and business people
<b>Initiator</b>	Blyth Valley Borough Council
<b>Financing</b>	mix of funding for construction; running costs to 55% self-financed, ca. 45% external funding
<b>Success</b>	raising community activities (150 user groups), 4 employees and 2 training positions
<b>Contact</b>	Briardale Road, Cowpen Estate, Blyth, Northumberland

### **5.3.3. Formal economy initiative: Community Enterprise Centre<sup>79</sup>**

Blyth Community Enterprise Centre (CEC) is a business incubator for local entrepreneurs. CEC is run by a social enterprise (see 1.2.2) and offers managed workspace (see fig. 31). It targets start up companies, both in the formal and in the social economy. However, there are just a few social enterprises in the centre. The enterprise centre wants to contribute to local economic development and aims to create locally rooted jobs. Thereby it collaborates with a number of support agencies to foster entrepreneurial activity in Blyth Valley.

#### History

Some years ago, Blyth Valley Borough Council commissioned an in depth study about the need to support business start-ups in Blyth Valley. One result of the study was the proposal to build an incubator for Blyth Valley. However, it was not

<sup>79</sup> Mainly based on IDeA Knowledge 2005; Blyth Valley BC 2005b, formal interviews (in particular with the executive of Blyth Valley CVS, the manager of CEC, the head of regeneration and the manager of Briardale); informal interviews with the manager and local actors as well as internet sources (mainly [www.blythregeneration.co.uk/viewcontent.php?listingid=185](http://www.blythregeneration.co.uk/viewcontent.php?listingid=185), [www.blythcec.co.uk](http://www.blythcec.co.uk), [www.blythvalley.gov.uk/Default.aspx?page=7638](http://www.blythvalley.gov.uk/Default.aspx?page=7638) (24/04/2006)).

possible to find a private investor to realise the idea and the borough council did not want to run it themselves. Blyth Valley Council for Voluntary Services (CVS) engaged as an enabler to realise the idea and took over a central role in the process. A number of community representatives were part of the development board, and explored similar projects and helped in preparing and locating funding. It took about 15 years from the first idea to the realisation of the centre. The CEC was finally set up by a partnership including Blyth Valley Borough Council, Northumberland County Council and Northumberland Strategic Partnership and opened in September 2001. The creation of the centre was backed by community groups such as Blyth Valley CVS and business support agencies.

### Objectives, target groups and tasks

The main objective of Blyth Valley CEC is to promote local business start ups through providing low cost managed workspace with easy in and easy out contracts (24 offices and six workshops) and additional services for local enterprises. In this way, the project aims to contribute to employment creation in Blyth Valley. The centre has links to the local Business Link Advice Centre, which had its office in the centre in the first years, and with the local Community Resource and Training Centres in different parts of Blyth Valley. The CEC wants to support community and social enterprises in particular. Thus, it can be seen as the hub of a network of about 40 community centres in Blyth Valley (IDeA Knowledge 2005, BVBC 2005b) including a number of Community Resource and Training Centres in priority wards such as Briardale (see above): "I wanted the CEC really to develop STRONG sort of links with those community centres" (CU 127).

**Fig. 31 Blyth Community Enterprise Centre**



Additional services include conference facilities and basic office support services but no business consultation. Entrepreneurial consultation is given through Business Link and the local business advisor. The target groups are community



owned and private enterprises from Blyth Valley. Businesses must meet a few criteria in order to take advantage of the services of the centre. They must be in the start-up phase or relatively new in business. Usually a recommendation from the local Business Link Centre is also needed. One target group of the CEC are community businesses. However, it has been difficult to promote community businesses whereas there is constant demand for space by formal economy businesses.

#### Organisation and financing

CEC is owned and controlled by an arms length organisation called Blyth Valley Enterprise Ltd. (BVEL), a social enterprise in its own right. BVEL is a not for profit organisation whose aim is to assist new and expanding businesses in the Blyth Valley area by providing managed office and workshop space. Any financial surplus generated is re-invested for the benefit of the community. BVEL is controlled by a board of five directors including among others a representative from Blyth Valley CVS, until recently somebody from Business Link and a person from the local authority. BVEL is supported by around 90 registered members who make BVEL community based. Because it is a community enterprise, BVEL has a very positive reputation and does not suffer from general prejudices, which is sometimes the case with local authority run centres (UC 26ff). The construction of the CEC for a total of 1.3 mln. pounds was supported with grants from SRB (through the Northumberland Strategic Partnership), ERDF, Northern Rock Foundation and Northumbria Water. Rents and fees cover all running costs of CEC and generate a surplus.

#### Contributions to socio-economic regeneration

There is no evidence that the centre could raise the entrepreneurial activity in Blyth in general; however, within a few months after completion, the CEC was 80% occupied - the occupancy rate needed to be financially viable (UC 18). This occupancy rate was achieved even quicker than expected. Since then, tenancy has always been between 80% and 100%, with the occasional need for a waiting list. In 2006, there were 22 commercial tenants with a staff of 60 managed by a centre staff of two. Most businesses in the centre have been doing well. Out of about 50 companies who still are or have been in the CEC, there was only one which ceased trading (SH 83).

Apart from the high quality of office space and the central location of the building, one reason for the success of the centre is seen in the presence of support agencies like Business Link, Prince's Trust and Social Enterprise Northumberland within the building. To maintain the long term success of CEC, a close cooperation with such agencies is seen as essential. Some start-up businesses have already grown too big for the centre and have left Blyth for North Tyneside or Newcastle. The manager of CEC sees the reason for this in a lack of locally available office space. There are ongoing discussions about

building a second CEC to meet the demands of growing start-ups and keep them in Blyth Valley to support the local economy (UC 22ff). The centre has been very successful in providing office space for start ups. However, so far it has not reached the whole borough (CU 74) and it has failed to attract community enterprises. In 2006, there were efforts to re-define the tasks of the CEC and its board. It was realised that the heavy workload of board members caused restrictions concerning new activities of BVEL. Another limitation is seen in the fact that Blyth Valley Ltd. is a company itself and must raise profits, which leaves little space for further activities. Nevertheless, BVEL has made a profit in the last years and now considers how to invest the money for the benefit of the community (UC 75). In general, however, the CEC is an example for a community enterprise making profit and willing to reinvest their surplus to achieve social aims: "we can now start to use the income that we generated from here [...] for more benefit again about regeneration, about employment, about that happening IN Blyth" (UC 95).

**Fig. 32 The Community Enterprise Centre in brief**

<b>Blyth Community Enterprise Centre</b>	
<b>Objective</b>	promote local business start ups and create new employment
<b>Main task</b>	offer affordable quality office space and workshops including professional services
<b>Responsible body</b>	Blyth Valley Enterprise Ltd. (BVEL), a social enterprise
<b>Initiator</b>	Blyth Valley Borough Council and Blyth Valley CVS
<b>Financing</b>	construction financed by grants; running costs self financed
<b>Success</b>	over 60 jobs in 2006; over 25 companies moved on to other premises, survival rate of businesses over 90%
<b>Contact</b>	<a href="http://www.blythcec.co.uk/">www.blythcec.co.uk/</a>

## **5.4. Barrow-in-Furness, Northwest (England)**

### **5.4.1. Urban profile<sup>80</sup>**

Barrow has a long tradition in iron manufacturing and ship building dating back to the second half of the 19<sup>th</sup> century. When in 1970 the iron works were finally closed, Barrow was totally dependent on the shipyard as its single most important employer. Thanks to steady national defence spending, the naval shipyard had full books until the end of the cold war. Then, a sudden and massive cut in the shipyard overthrew Barrow. In the early 1990s, the town entered a phase of decline.

<sup>80</sup> Mainly based on Cumbria EIP 2004, Fothergill, Gore, Powell 2005, Genecon 2006; formal interviews, informal interviews with local planning officers as well as internet sources.

### Geography and population

With about 58,000 inhabitants<sup>81</sup> Barrow-in-Furness is one of the biggest towns in Cumbria. Due to its isolated location on the Furness peninsula and the distance to the next significant urban area (over 40 miles to Lancaster with 135,000 inh.), Barrow is an isolated and self-contained economy. Transport links and rail connections are rather poor. Via the mainly single carriage-way A590 the journey to the motorway takes 30-40 minutes. A rail journey to Lancaster takes about 60 minutes. The district includes Dalton-in-Furness, the historic centre of the Furness area and Askam-in-Furness with about 6,000 inhabitants each.<sup>82</sup> With a loss of about 3,0% (1994-2004), the population development of Barrow-in-Furness was far below average compared to +3.7% for England, -0.2% for the Northwest and +1.6% for Cumbria.<sup>83</sup>

### History and development paths

In the early 1800s, Furness peninsula was very sparsely populated with Dalton as major settlement. However, in the middle of the 19<sup>th</sup> century, within a few decades Barrow grew to reach its present population. The port and the newly built railway line were the initial reasons for growth, later it was the Barrow Haematite Iron and Steel Company which made Barrow an industrial town. Finally, in 1871, ship building was introduced to Barrow and soon became Barrows largest business, employing nearly half the local working population. Vickers Shipyard specialised in naval shipbuilding, submarines in particular.

**Fig. 33 Paths of urban development in Barrow**

Period of time	Paths
1845-1860	railway headquarters and small scale port trade
1860-1990	industrial town with large scale iron manufacturing (until 1970), large scale ship building (since 1871) and port trade
Since 1990	re-inventing Barrow for services and tourism; ongoing ship building

For decades, the area was very prosperous. For about a century Barrow was heavily dependent on ship building industry and iron production in one of the biggest iron works of Europe. Due to continuous (national) defence spending during the cold war, the area was even well off during national phases of decline and thus was known as "Boom Town Barrow" (IL 32). However, after a long rundown, the iron works finally closed in the 1980s. With the end of the cold war, things changed completely: "We were against the trend because of defence spending. But when the defence spending went down, so did we" (IL 32). At its peak, the shipyard provided 14,500 jobs and supported about a third of all

<sup>81</sup> In 2004; source: [www.nomisweb.co.uk](http://www.nomisweb.co.uk) (15/06/2006).

<sup>82</sup> In 2001; source: [www.nomisweb.co.uk](http://www.nomisweb.co.uk) (21/09/2006).

<sup>83</sup> Source: [www.nomisweb.co.uk](http://www.nomisweb.co.uk) (21/09/2006).

employment in the Barrow travel-to-work area. Between 1990 and 1995, 13,000 jobs were lost, representing about a third of all jobs in the area (Genecon 2006: 1).<sup>84</sup>

#### Barrow today and its functional position

Barrow functions as the cultural, commercial and retail centre for South West Cumbria with about 130,000 inhabitants in a one-hour catchment area. Today, local actors try to re-define Barrow's core development themes. With about 3,000 employees, the shipyard (owned by the BAE Systems group, a global player in the defence industry) is still the biggest and dominant employer in the area (see fig. 34). Other large companies include Kimberley-Clark with about 500 people, producing primarily tissue products. Robert McPride Group, produces detergents and has a staff of about 300. The Liberta call centre has about 250 employees.

**Fig. 34 View towards the town centre, BAE Systems in the background**



Furness Enterprise, the local business development agency, has been marketing the area for investment in the fields of energy, defence, electronics, tourism, consumer goods and call centres. With the development of a marina, the area shall get a new image within the leisure and service sector industries. This re-orientation, however, has been a difficult process: "You really had to think off the wall you know. I mean, because nobody had really imagined Barrow as a marina. It was a working port. When I was a child it was a working port. Ah, we had the big, the heavy industries, we had steelworks, wyeworks, iron works, we had ship building and so it wasn't in anybody's imagination to do anything like that" (UW 23).

#### Economy, jobs, unemployment

Despite continuous growth in service sector employment, just about half of 15.000 lost jobs since the late 1980s could have been replaced by 2006 (IL 13,

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<sup>84</sup> But even after the big job losses in the early 1990s, about 1,850 manufacturing jobs were lost between 1995 and 2004, whereas total employment went up by about 3,200 jobs in the same time. However, with 19.2% of total employee jobs, Barrow still shows a high rate of manufacturing jobs. Source: [www.nomisweb.co.uk](http://www.nomisweb.co.uk) (21/09/2006).

18). The local economy is described as having "an over dependence on declining manufacturing sectors and a low base of growth sectors particularly in high Gross Value Added knowledge based sectors" (Genecon 2006: 2). Furthermore, entrepreneurial activities in the area are rather low.<sup>85</sup> Barrow is seen as a predominantly low wage low skills economy with low aspirations in the local population and an out-migration of young and well educated people (Genecon 2006: 2). Although official unemployment figures are relatively low, tackling worklessness is a big topic in Barrow and even a policy target at the regional level.<sup>86</sup> More than 6,000 people are estimated to be workless. Consequently, economic activity rates are significantly lower than the national average, among males in particular.<sup>87</sup> Further, a recent study has estimated that about 4,500 workless people can be considered as hidden unemployed. Adding these hidden unemployed to the registered claimant unemployed would sum up to an unemployment rate of 13.5% in 2005 (Fothergill, Gore, Powell 2005: 28f).

In 2004, Barrow ranked 29<sup>th</sup> in the index of multiple deprivation out of 354 local authorities, whereas county-wise Cumbria ranks 81 out of 149 (CRED/ CEIP 2004: 28). Barrow has the highest level of deprivation in Cumbria. Out of 50 super output areas, there is none in the least deprived quintile whereas there are 22 in the most deprived quintile.<sup>88</sup>

#### Local governance arrangement for socio-economic regeneration

The governance arrangement in Barrow differs from that of Blyth (see 5.3.1). There are some similarities concerning the interplay of the leader, the elected council and executive officers. Parallel to this traditional form of governing and decision taking, there is Barrow Task Force which brings together all local key actors and includes representatives of major regional and national agencies (among others job centre, learning and skills council, county council, tourist board, highway agency). The group decides on projects, sets priorities for overall regeneration and makes the case for funding. Barrow New Vision Group is a sub group of the task force to coordinate all major physical regeneration activities as well as the overall strategic vision for the area. Both groups can be seen as main arenas of decision taking.

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<sup>85</sup> Business Formation rates per 1000 inhabitants 2001 were 5.5, compared with 10.8 for the North West. Businesses per 1000 population 2002 17.9 for Barrow and 29.7 for the North West. The self employment rate in 2001/2 was 5.2 compared to 8.2 nationally (Barrow Borough Council 2006: 8).

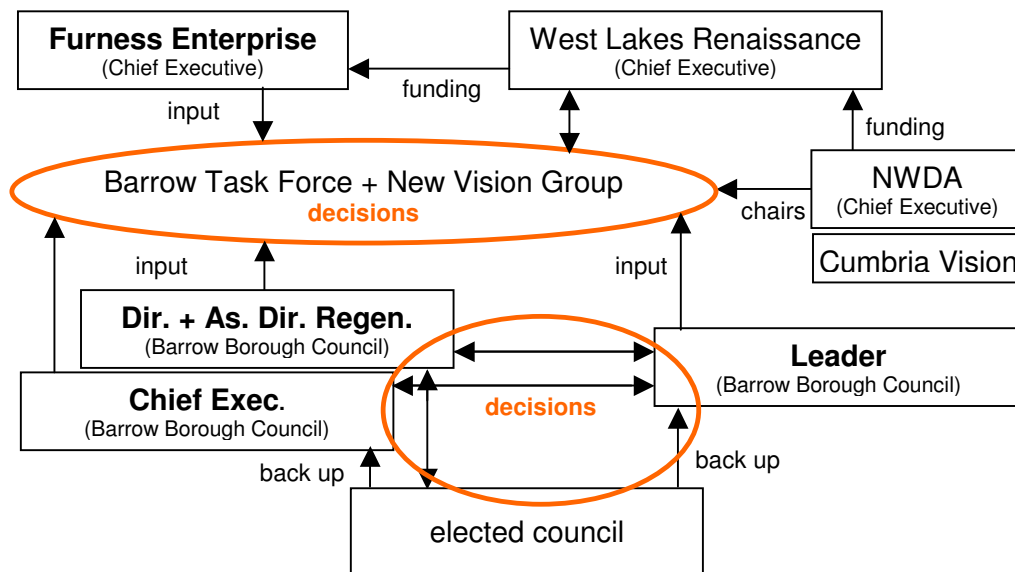
<sup>86</sup> This is connected to the Northern Way growth strategy (see 4.2.1). Barrow is part of a pilot to deal with worklessness problems; source: [www.thenorthernway.co.uk/news.asp?id=224](http://www.thenorthernway.co.uk/news.asp?id=224) (07/03/2007).

<sup>87</sup> 77.8% in Barrow vs. 83.3% in Great Britain in 2005. Source: [www.nomisweb.co.uk](http://www.nomisweb.co.uk) (21/09/2006).

<sup>88</sup> Source: Office of the Deputy Prime Minister, Indices of Deprivation 2004, [www.odpm.gov.uk](http://www.odpm.gov.uk) (17/02/2005), own calculations.

In 2006, North West Development Agency installed a Cumbria-wide strategic regeneration agency, Cumbria Vision. The interplay with and the power of Cumbria Vision, however, is unclear. Many actors in Barrow fear that this new agency will create more confusion than actual benefits. Further to this, there is neither final control via publicly elected bodies nor community representation in these new groups and agencies. This raises questions of accountability and transparency. Some power has been transferred to these new arrangements where final decisions of the elected council are no longer possible. However, the task force cannot be seen as an un-welcomed intervention of the state: "In Barrow, when we noticed [...] we're going to lose a substantial number of jobs again, Terry Waiting got the government to set up a task force and a group of us went to see the minister who was then Alan Johnson, who was at DTI and put the case for resources" (CQ 59; also UW 28). Task force and New Vision Group are seen as very effective mechanisms of decision taking and funding arrangements (CQ 58; UW 26). In Barrow, this seems to work well as a supplement to traditional forms of decision taking within the council.

**Fig. 35 Local governance in Barrow-in-Furness**



#### 5.4.2. Social economy initiative: Community Action Furness<sup>89</sup>

Community Action Furness (CAF) is a typical example of a social economy initiative. A number of sub projects aims at creating jobs in a field between the

<sup>89</sup> Mainly based on formal and informal interviews (in particular with staff of CAF), Newspaper articles (Guardian 16/05/2001, 20/10/2003; North-West Evening Mail 17/03/2005) and internet sources (mainly [www.communityactionfurness.org.uk](http://www.communityactionfurness.org.uk) (17/05/2006); [www.thevoiceonline.org](http://www.thevoiceonline.org), August 2004 edition; [www.bbc.co.uk/education/beyond/factsheet/changing3\\_prog1.shtml](http://www.bbc.co.uk/education/beyond/factsheet/changing3_prog1.shtml), [www.dta.org.uk](http://www.dta.org.uk); [www.westlakesrenaissance.co.uk](http://www.westlakesrenaissance.co.uk) (17/03/2005).

private and the public sector. Although aiming at increasing the proportion of self financing, CAF cannot exist without external funding.<sup>90</sup>

### History

CAF was set up by local churches and community activists in 1993 in a small converted bedroom facility in a back street terraced house in Barrow. CAF was a direct response to massive unemployment and a lack in local job training due to the cuts in the shipyard. Initially, a two year project was financed via the Church Urban Fund. One of the first initiatives of CAF was 'Project John', a housing and construction project for young people. The first projects were so successful that further projects were funded and activities were extended. In 2005, CAF managed to move into the newly refurbished Victoria Hall as new headquarters (fig. 36).

### Objectives, target groups and tasks

CAF's main objective is to get people back into some form of employment, either directly as project staff or by placements and training positions within the same projects. The basic aims of Community Action Furness are motivation and developing self confidence of unemployed and leading them to further training. Another general goal is to raise people's employability while being at CAF. The initiative works with different target groups that are considered marginalised in the local labour market: young people, disabled and people with mental health problems as well as long term unemployed, in particular people on incapacity benefits.

**Fig. 36 Victoria Hall, headquarters of Community Action Furness**



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<sup>90</sup> In 2007, after finalising the empirical work in Barrow, CAF went bankrupt. At the time of writing, the future of CAF was completely unclear. Attempts to rescue some of the sub-projects were ongoing. The ruin of CAF might be caused by a lack of managerial business skills in dealing with a number of big projects.

There are a number of sub-projects running under the umbrella of CAF including a community café and catering service, furniture and white goods recycling and reuse project, cycle maintenance, gardening and construction, a heritage project (refurbishment) and computer courses. CAF also offers business units and provides new start support in Victoria Hall for social enterprises. Individuals who start up new businesses thereby receive the full support of CAF, which is part of a social enterprise support network created in 2006 (BS 60f).

#### Organisation and financing

Community Action Furness is a federation of community enterprises (see 1.2.2). CAF functions as umbrella for a number of sub projects and works as a trust company. There is a chief executive managing CAF. Sub-projects are led by project coordinators. Projects under the roof of CAF have a variety of different organisational structures. Some are co-operatives, others are charities. In 2006, CAF achieved about 40% of its income through its own projects, this is about double the rate from 2001. The rest are grants, mainly from the major national charitable trust organisations. In 2005, exceptional grants from the Heritage Lottery Fund, from the European Regional Development Fund, from the Heart of Barrow Fund and others provided about 2,000,000 pounds to acquire and refurbish Victoria Hall in the town centre. The principal idea for financing new community enterprises is to acquire kick start grants for each of the sub-projects. After a while these projects shall become sustainable or self-financing. However, it is acknowledged that charitable projects cannot exist without additional financial support.

#### Contributions to socio-economic regeneration

Between 1993 and 2000, about 20 projects connected to CAF have generated a turnover of £ 4.2m and employed about 150 people. In 2006, CAF and its sub-projects offered jobs for about 30 employees (25 full time, 5 part time). Additionally there are about ten volunteering positions with which CAF provides training for approx. 500 unemployed per year. Further, there are an estimated 2,000 people per year using Victoria Hall for training and community activities. 60-70% of CAF's staff has been unemployed and has come in as trainee or volunteer before getting wage labour.



**Fig. 37 CAF in brief**

<b>Community Action Furness</b>	
<b>Objective</b>	offer employment opportunities and job training for marginalized groups
<b>Main task</b>	develop and run community projects, offer space for community activities and community business incubation
<b>Responsible body</b>	Community Action Furness
<b>Initiator</b>	local churches and community organisations
<b>Financing</b>	40% self financing; mix of funding from mainly national charitable trust organisations
<b>Success</b>	constant project work since 1993; in 2006 about 30 permanent jobs; training for 500 people p.a.
<b>Contact</b>	<a href="http://www.communityactionfurness.org.uk/">www.communityactionfurness.org.uk/</a>

### **5.4.3. Formal economy initiative: Encouraging Entrepreneurship<sup>91</sup>**

Encouraging Entrepreneurship is a direct response to the problems connected with the economic history of the Furness area. In a mono-structured economy with full employment for decades, local entrepreneurship has been very weak and a dependency culture evolved. The initiative aims at building entrepreneurial capacities and at motivating more people to start up in business. The long term aim is to diversify the local economy and create alternatives to traditional sources of employment.

#### History

After massive redundancies in the shipyard in the early 1990s Barrow Borough Council set up Furness Enterprise as economic development agency (see 5.4.1). Apart from job safeguarding and attracting investment, the support of local entrepreneurship became a major element of Furness Enterprise's business development activities. At the beginning, the emphasis was on supporting individuals who wanted to set up a new business. Later, Furness Enterprise realised that it is crucial to increase the number of people considering starting up in business (IL 45). Increasing the number of people thinking about becoming entrepreneurs then would raise actual start-up numbers. What was a rather narrow programme to support actual business start-ups became an integrated programme under the title "Encouraging Entrepreneurship". The programme has been running since 1999.

<sup>91</sup> Mainly based on FE 2005a, 2005b, 2006, formal interviews (in particular with the chief executive of FE); informal interviews with local actors as well as internet sources.

### Objectives, target groups and tasks

The main objective of Encouraging Entrepreneurship is to raise the number of start-ups in Barrow and thus the number of jobs created in this field, in particular in terms of self-employment. The challenge is seen in the necessity of a fundamental change of the local entrepreneurial culture. Target groups are the unemployed as well as all other local people of all ages who might want to become entrepreneurs. Furness Enterprise developed support offers in all stages of new start. "By doing that, you go from thinking of starting to actively considering starting to starting. In every case you got to intervene. [...] And that's what we do" (IL 46). Support for new businesses offered by Furness Enterprise include:

- help in business operations through mentoring,
- business counselling, basic business training courses, business plan assessment as well as grant support for the first year in business (targeting people considering and in the actual phase of starting up), and
- business start-up events, training courses and workshops (targeting individuals not yet considering to set up in business).

### Organisation and financing

Encouraging Entrepreneurship is a bundle of three sub-projects to support business start ups:

- Encouraging Entrepreneurship: raise the number of people considering to start up,
- Linkstart: support people who actually start up in business and
- Advice: keep start-ups in business.

All sub-projects are run by Furness Enterprise. Each of the three sub-projects is funded separately by different national and European funding streams (Single Programme, delivered by Northwest Regional Development Agency (NWDA) and West Cumbria's urban regeneration company West Lakes Renaissance (IL 80); European Regional Development Fund; European Social Fund). This makes a coordinated approach sometimes difficult. Some funding requests for a proportionate part of self-financing which is brought in by Furness Enterprise.

### Contributions to socio-economic regeneration

Parallel to extended support offers connected with Encouraging Entrepreneurship, there has been a measurable growth in jobs coming from new starts. There has been a record number of 155 jobs created through new start businesses within a 12-months' period in 2004 (FE 2005b: 20) superseded by another record set in 2005 with 212 new jobs (FE 2006: 3f). Further, the survival rate of new start businesses have risen from 87% to 90.4% after one year in business and from 65% to 86% after two years in business (FE 2005b: 20). Also, the events run under the Encouraging Entrepreneurship programme have been

very successful, with a huge number of people attending local events. In 2004, there were two events for a younger age group which attracted over 200 students, two business start up seminars with 145 visitors and a masterclass with an audience of 25 business owners (FE 2005b: 5, 21).

**Fig. 38 Encouraging Entrepreneurship in brief**

<b>Encouraging Entrepreneurship</b>	
<b>Objective</b>	raising numbers of start-up and developing a local entrepreneurial culture
<b>Main task</b>	motivate people to become entrepreneurs
<b>Responsible body</b>	Furness Enterprise, the business development agency of Barrow-in-Furness
<b>Initiator</b>	Harry Knowles, chief executive of Furness Enterprise
<b>Financing</b>	different national and European funding streams
<b>Success</b>	155 new start companies in 2004; rising business survival rates
<b>Contact</b>	<a href="http://www.furnessenterprise.co.uk">www.furnessenterprise.co.uk</a>

### **5.5. Arising questions**

The Northern Region in England as well as Brandenburg and Mecklenburg-Vorpommern show similar geographical characteristics regarding their remoteness and distance to the dominating national agglomerations, and concerning problems in economic development. The settlement structure is shaped by a few bigger cities (Berlin, Rostock; Teesside, Tyne and Wear, Lancaster) and a number of small and medium sized towns. The selected towns outside of the agglomerations are typical examples for these regions and play a crucial role for regional development by providing important functions for their (rural) hinterland. In terms of geographic isolation, Barrow is very exceptional, being located on the Furness peninsula. But Schwedt is also isolated, as it is off the main transport corridors and just next to the Polish border. In terms of regional integration, Blyth has an option to integrate into the Tyne and Wear city-region. An option the other towns do not have which might have implications for Blyth in terms of local responses to socio-economic problems.

Although the description of policy contexts (part 4) showed stark differences, this part points towards significant similarities regarding socio-economic development on the local level. The economic base of all towns is rooted in an industrial past with a focus on traditional industries. The local economy is no longer able to provide employment on a satisfactory level. Unemployment and social deprivation have risen to serious problems and call for regeneration activities. Schwedt and Wolgast as well as Blyth and Barrow were affluent places in the past. But at least since the political and economic transformation of the early 1990s, in Blyth already since the 1960s, urban problems have become apparent.

Both England's North and Germany's East have been characterised by continuing population loss and long-term socio-economic deprivation and

processes of physical decline in the last decades. East-Germany, however, has felt these processes on a larger scale. An intense competition with global markets provoked economic restructuring, in particular in East Germany after the monetary union. Similar processes hit the North of England in the 1970s and 1980s when the national government cut off subsidies and support for the traditional industries. Similar to the German examples, in Barrow the reason for economic restructuring can also be traced to the end of the Cold War, which led to a reduction of orders from Barrow shipyard.

Despite differing reasons for processes of industrial decline and socio-economic impacts, the towns are comparable in the need to respond to these processes. Looking at local governance arrangements uncovers heterogeneous systems of organisational structures and specific forms of governance that have been subject to change in the last years. Within the identified arrangements of local governance, some organisations and individual actors are involved who are important due to their formal powers (e.g. in terms of regeneration funding); others may be included who are relevant because of their strategic or networking capacity (see above). The dominant factors of the governance arrangements in Blyth and Barrow are the involved regeneration organisations and their professionals. Governance in Schwedt is oriented towards the business sector and the arrangement in Wolgast is mainly public actor based and shares tasks with the county council.

The case studies also demonstrate that governance arrangements and policy outcomes might change with the introduction of new agencies or new actors. This has been the case following the introduction of the urban regeneration company (WLR) in Barrow or with the initiative to pull together local industrial leaders and form a working group (IHK Nord) in Schwedt. If new individuals appear, they might reproduce other institutions and former institutionalised ways of proceeding might change. This means that actors involved in local governance are not exchangeable by any other and they might need time to get established as key players. Even within the same organisational setting, a change of actors can make a huge difference. For example in Blyth, new agents were an important factor for policy change: "In 1996, when 17 young people died he [the leader] said, we are gonna be a community-led council. [...] And then, the chief executive left, because he didn't understand what he was saying. This SIGNAL, the big transformation. And ever since then, the leader has banged on about that. And that's when we started talking about community engagement, community development" (HR 97). "New councillors came on board and the determination was there to change things" (ET 32). In this context, community assemblies have been introduced which play an important role in the governance arrangement in Blyth. The negative publicity around the drug problems also led to a joint

articulation of problems.<sup>92</sup> From that point on, a critical mass of actors were ready to change policies and start tackling local problems more seriously.

In all towns, a number of initiatives and projects have been set up in recent years as a response to socio-economic problems. The initiatives are diverse and intentionally cover a range of conceptual backgrounds. Some of them target the formal economy, others work in between the private and the public sector with objectives being associated with the social economy (see 1.2.2). All initiatives show positive effects with regard to local employment promotion and the integration of disadvantaged people. The goal of contributing to local regeneration unites all initiatives.

How the emergence of these particular initiatives can be explained and how they interrelate with local processes of decision taking is one of the questions to be answered in the next part. Some literature suggests positive effects of cooperative forms of governance (see 1.2.3 and 2.2.1). Other scholars stress the role of the national level (see 1.1.1) or specific institutional factors (see 2.2.2) when it comes to local regeneration initiatives. Are there any mechanisms which promote or hinder regeneration initiatives? Social initiatives often depend on particular European or national funding opportunities. Do most of the initiatives depend on superordinate frameworks at the end of the day? Looking at the history of the selected initiatives also points towards a crucial role of formal and informal institutional contexts for the emergence of local initiatives. How important are such specific institutional factors? The following part presents some answers to these questions.

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<sup>92</sup> During the worst phase of economic decline and stagnation in the late 1970s and in the 1980s (see 5.3.1), Blyth more and more became a social hotspot including massive drug problems of the young generation. In a newspaper article Blyth was branded the 'drug capital of the Northeast'.



## **Part 6: Supporting the emergence of local initiatives**

## 6. Supporting the emergence of local initiatives

In the context of deepening economic disparities, altering forms of local governance as well as processes of transformation and decline, many towns and cities are characterised by high numbers of unemployed and interdependent negative social impacts. Local forms of response to these problems in the form of socio-economic initiatives have emerged from this context (see part 1). The main objective of this research is to illuminate key mechanisms leading to and supporting the emergence of local initiatives aimed at a reduction of socio-economic deprivation and at providing new jobs for local people? In which way can the emergence of such initiatives be seen in the light of specific forms of governance, local institutional contexts or superordinate regional and national frameworks?

A new institutional perspective has been adopted to identify such mechanisms and to analyse the interrelated governance structures and relations (see parts 2 and 3). This perspective acknowledges political, social and historical issues which influence local decision taking in form of local, regional and national contexts (see parts 4 and 5). In this way, a new institutional view facilitates reflection on (1) specific forms of strategic governance and their relations to policy outcomes (in the form of local initiatives), (2) general values, ideologies, attitudes and standard proceedings on executive levels of policy formation and the recognition given to local initiatives in the context of local decision taking, as well as (3) the wider context in terms of organisational structures and funding arrangements with their impacts on the local level.

To conduct this research, four industrial towns with similar geographical characteristics and socio-economic challenges were selected (see 3.3.1 and 5). The following part presents the relevant findings of case studies conducted in these four towns in the light of the three applied theoretical perspectives (see 3.2.1). The four chapters in this part present my main observations concerning the introductory research question:

- local socio-economic initiatives (6.1): the first chapter looks at existing local initiatives; forms and types of initiatives are analysed and compared; in addition the organisational embedding of the selected initiatives is analysed;
- individual actors and specific forms of governance (6.2): the second chapter identifies links between local key decision takers or specific forms of governance and the identified initiatives in order to see whether such relations have been relevant to their emergence;



- local institutional contexts (6.3): the third chapter illustrates the specific norms and values linked to the formal and the social economy and highlights dominant features of the respective institutional environments;
- regional and national contexts (6.4): the fourth chapter draws attention towards superordinate issues shaping local policies and the emergence of socio-economic initiatives.

Each of the four chapters follows a set of sub-categories that emerged from the empirical material, and the application of a method of interpretation inspired by grounded theory (see 3.2.2). When analysing the gathered material, the intention has always been to identify commonalities despite differing contexts and to suggest explanations of noticeable differences (see 3.1.2 and 3.2.1).

## **6.1. Local socio-economic initiatives**

Following direct social and economic objectives, socio-economic initiatives are defined as non-routine local projects or schemes with a clear goal of job creation (see introduction). This chapter presents the main fields of activity and the levels of implementation of over 40 identified socio-economic initiatives in the four towns subject to the study. Further, the distribution of social and formal economy projects is highlighted to identify differences regarding dominant fields of local response in terms of socio-economic initiatives (6.1.1). The two most relevant initiatives per town have been selected for further research – one linked to the formal, one to the social economy (see 3.3.2). The second section of this chapter analyses the organisational embedding of these selected initiatives in a more specific way (6.1.2). That section continues from the detailed descriptions of history and organisation of each initiative (see part 5) by analysing main cooperation structures and the involvement of the initiatives' executives in local governance arrangements.

### **6.1.1. Local socio-economic initiatives**

#### Existence and forms of local socio economic initiatives

In all four towns, most of the regeneration funding is spent on big physical projects including the provision of attractive land for business development. For example in Barrow, "the emphasis in terms of where the money, the big money is going, is going to be on infrastructure projects" (CQ 42). Also in Blyth, Schwedt and Wolgast, big physical schemes helped the renewal of the historic centres, the waterfronts and the residential areas. Without playing down the role of physical projects, this research goes beyond such indirect approaches to socio-economic regeneration by targeting initiatives aimed directly at generating social and economic impacts in an integrated way (see 1.2.1). Up to a dozen such initiatives have been identified in each of the towns.

Concerning the number of relevant initiatives, there are no significant differences although a smaller number of initiatives would have been expected in Wolgast due to the smaller population. All initiatives have been grouped according to their main field of activity (see fig. 39). There is a surprisingly high number of activities in the field of entrepreneurship in Barrow, a high level of business promotion activities in Schwedt and a huge number of social initiatives in Blyth and Wolgast. In contrast with the other towns, there is no relevant social initiative in Schwedt and no clear business promotion initiative in Wolgast. There are community centres in Blyth and Wolgast aimed at social and economic regeneration but no such initiatives in Barrow and Schwedt. Initiatives with the main focus on qualification and integration as well as entrepreneurial initiatives are existent in all towns. There is no clear activity field which would be linked to a particular region or country. Differences concerning the prioritised types of initiatives seem to be more due to specific local contexts than due to different national frameworks.

**Fig. 39 Forms of socio-economic initiatives<sup>93</sup>**

Activity field	Barrow	Blyth	Schwedt	Wolgast
Community Centres		1		2
Social Initiatives	3	5		3
Qualification and Integration	1	1	3	2
Entrepreneurship	6	2	2	3
Business Promotion	1	1	5	
	11	10	10	10

Looking at the different bodies responsible for implementing and running the initiatives (see fig. 40), there appear to be clear differences in the four cases. Barrow is the only town where most initiatives' existence is due to the work of local public bodies. A considerable number of socio-economic initiatives are run by Furness Enterprise, the local business development agency that is very successful in winning grants from national and regional regeneration programmes. The importance of Furness Enterprise in terms of regeneration initiatives is in line with its importance for local governance and decision taking (see 5.4.1). None of the other towns maintain local business development agencies. The creation and performance of Furness Enterprise can be considered as a success story regarding socio-economic initiatives, in particular in the field of entrepreneurship. None of the local public bodies in the other towns managed to implement a similar number of relevant initiatives.

<sup>93</sup> A full list of initiatives can be found in appendix 6. Social initiatives include cooperatives, social and community enterprises; the field of qualification and integration includes neighbourhood management initiatives as well as job training activities; entrepreneurship stands for all measures linked to creating an entrepreneurial culture and supporting business start-ups including the support of social enterprises; business promotion activities are linked to the support of particular branches and the further growth of existing business structures.

**Fig. 40 Socio-economic initiatives and levels of implementation**

implemented by	Barrow	Blyth	Schwedt	Wolgast
Local authority	6	1	2	1
Sub-regional bodies	1	2	1	3
Regional bodies		1		
National bodies				
Community organisations	2	6	2	6
Business sector	2		5	
	11	10	10	10

In Blyth and Wolgast, community organisations play a crucial role for the development of socio-economic initiatives, albeit for different reasons. In Blyth, the role of local community organisations can be seen as an output of local policies supporting community led regeneration (see also 6.3.2). Local officers have been working towards creating structures where the community is a leading element: "Certainly, the community was a major partner" (ET 45; similar HR 30). In contrast, there is no strategic political support for community initiatives in Wolgast. Nevertheless, a substantial number of community-based initiatives emerged in Wolgast. Here, in particular the CJD, a national organisation with an active branch in the sub-region, is responsible for three initiatives in Wolgast. Also Sozialagentur, the county-level organisation caring about long-term unemployed (see 4.1.3 and 5.2.1), is very active in a number of socio-economic initiatives. Since its creation in 2004, the agency has implemented three initiatives offering job and qualification opportunities for their clients. In Schwedt, the importance of the business sector has to be seen in the context of strong and well recognised business activities such as IHK Nord (the local working group of the regional chamber of commerce) and two local business associations.

Although regional or national funding streams fund most of the local initiatives (see 6.4.2), there is just one initiative which was implemented by higher level public bodies. Despite the high profile of the 'New and Renewable Energies Centre' (NaREC) in Blyth as one of the region's centres of excellence, there is only limited awareness at local level of NaREC. On the other hand, so far there have been only insignificant impacts of NaREC for the Blyth economy. Most of NaREC's employees are not from Blyth Valley. When it comes to spin offs and start-ups, the effects have so far been negligible.<sup>94</sup> Local decision takers, however, stress the importance of making more use out of NaREC: "I think there is ONE big opportunity THAT is to try and get the NAREC, New and Renewable Energy Centre, more integrated into the town" (KT 190; also ET 21ff).

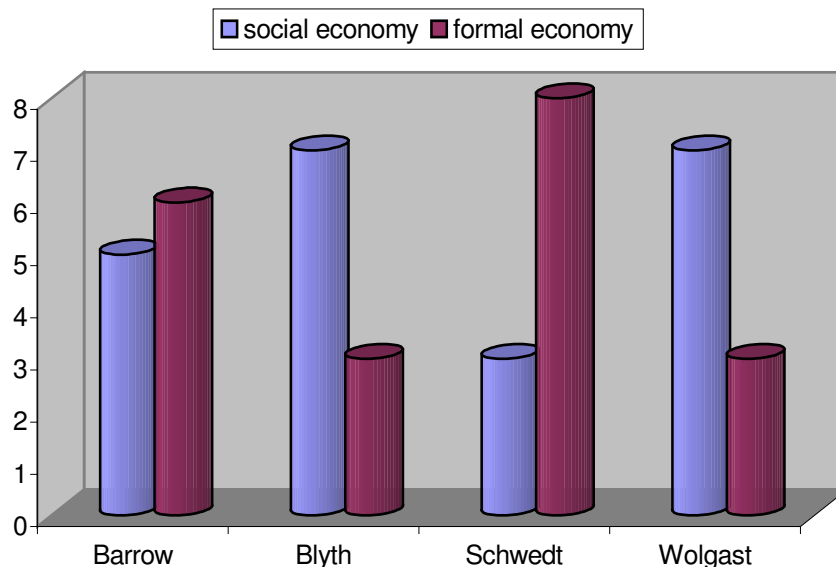
<sup>94</sup> Interview with a representative of NaREC, 26 May 2006.

Social and formal economy initiatives

The social economy provides a model for social and economic inclusion. The priorities of social and community enterprises (or more generally social initiatives) are seen in building social capacity and responding to under-met needs (see 1.2.2). Such initiatives tackle unresolved social problems, in particular when it comes to problems of social inclusion and providing work for long-term unemployed – a major problem in all four towns (see part 5). The formal economy has also changed significantly in all four towns, with massive job losses as a result of economic restructuring. Thus, there are strong arguments to find social and formal economy initiatives contributing to socio-economic regeneration in all towns subject in the study.

All initiatives have been classified as belonging to the social or formal economy (see fig. 41).<sup>95</sup> In Barrow, both forms are equally represented. In Blyth and Wolgast, there is a larger number of social economy initiatives and only a few formal economy initiatives. In Schwedt, the emphasis is clearly on formal economy initiatives. There might be a tendency towards more social economy initiatives in the two English towns, which could be related to specific legal frameworks and better support infrastructures for such initiatives in England and their absence in Germany. In Schwedt and Wolgast, as in many other towns and regions in Germany, the social economy seems to be neglected in terms of public support. Hence, it is particularly surprising to find such a high number of social economy initiatives in Wolgast, which might be linked to an active civil society.

**Fig. 41 Social and formal economy initiatives**



<sup>95</sup> Classification according to the definition set out in the introduction. A full list of initiatives and their classification is set out in appendix 6.

## 6.1.2. Organisational embedding of local initiatives

### Main cooperation structures of initiatives

Four out of the eight initiatives originate in environments linked directly to local governance arrangements (see fig. 61). In particular for Encouraging Entrepreneurship (E2) in Barrow and Briardale Community Centre in Blyth, the main partners are some of the identified key actors (see 6.2.1) and organisations linked within local governance arrangements. The Community Enterprise Centre (CEC) in Blyth and the Biofuels-initiative in Schwedt also have their origin in such arrangements, but main cooperation structures include other organisations and actors. From the beginning, the CEC has been seen as an important initiative to support urban regeneration: "we need the Community Enterprise Centre to be part, a MAJOR sort of PART on delivering a step change, a transformational sort of change" (CU 77). In practical terms, however, cooperation with Northumberland Strategic Partnership, Business Link and other support agencies such as the Princess Trust and Social Enterprise Northumberland have been crucial for the success of the idea (UC 32ff). Some of these organisations have even rented office space in the centre. The CEC is very much rooted in the local community with its link to Blyth Valley Council for Voluntary Services (see 5.3.3). Whereas community involvement is seen as a strength of CEC, the board recognises a need to link up with the business sector: "The community engaged with this. That's there, that's fine. [...] They're doing this as a community. But their experience isn't that business sharpness, that business ethic [...] that we really feel that we need to be sharper in" (UC 132).

A key difference of these 'integrated' initiatives to the other four initiatives is that the non-integrated initiatives first had to fight for recognition: "in the very early days, it was very hard to even get into the town hall, talk to them. [...] Suddenly four years along the line, 1997, we were still there. So, THEN they realised what we were setting up and what we were doing [...]. So, we gradually started to get invited" (BS 95).<sup>96</sup>

Although a good relationship between the main local actors in Schwedt is important for the Biofuels-initiative, the main cooperation partner is outside of the sub-region. The Brandenburg State Investment Bank (ILB) and the regional economic development agency ZAB in particular (see 4.2.) have been instrumental regarding the success of the initiative (LO 42;<sup>97</sup> also KQ 64). It is the sheer opposite with LILA. In the social sphere and in women related working groups, LILA and the association are well networked on different spatial levels.

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<sup>96</sup> Similar BM 115: "Die ersten Jahre musste man ja erst mal um die Akzeptanz kämpfen. Das brauchen wir eigentlich nicht mehr." Translation: The first years we had to fight for recognition. We don't have to do that now.

<sup>97</sup> "ZAB ist sicherlich ein ganz wichtiger Partner an der Stelle, die dann bündeln." Translation: ZAB really is a crucial partner at this stage. They channel all enquiries.

The main contact person for LILA to discuss general development questions is the council's equal rights representative, who does not even appear in the snowball survey (BM 96). There is no task force, committee or partnership dealing with questions of urban development on the local level where LILA or Frauenverein could contribute (BM 100).

CAF in Barrow is included in its own networks of support and to a degree is independent of local actors. The most important cooperation partners of CAF are outside of Barrow. CAF received its support mainly from big national charitable trust organisations. They are also the number one contact when it comes to new activities (BS 86ff). In addition, the initiatives in Wolgast are linked to partners outside of the local governance context. Centrepoint is integrated in a regional network of similar initiatives with its headquarters in Rostock (see 5.2.3). Main ideas originate in this network, which also maintains international contacts. Via their sub-regional section, Produktionsschule is well networked with the national organisation CJD. Initially, there were links to organisations in Denmark who had developed similar initiatives (see 5.2.2). There are further plans to set up an advisory council with sub-regional business actors: "Einen Beirat, der sich zusammensetzt aus Innungsmeistern, Handwerksmeistern, IHK, also Unternehmerverband, die uns die Legitimation geben sollen, dass wir produzieren dürfen"<sup>98</sup> (BH 112).

#### The role of initiatives in local governance

The executives of the selected initiatives not always see their work in the wider context of urban regeneration. In particular, the managers of the social economy initiatives perceive their work via social impacts but do not follow general objectives of urban regeneration. These initiatives are less integrated in the system of urban governance, whereas there is a clear recognition of the formal economy initiatives. Three out of the eight executives are recognised as key decision takers in their superordinate position (see below): the responsible persons for the Biofuels initiative in Schwedt (as chief executive of PCK), for Encouraging Entrepreneurship in Barrow-in-Furness (as chief executive of Furness Enterprise) and the strategic director of CEC (as chief executive of Blyth Valley Council for Voluntary Services). Another two executives appear in the snowball surveys on the bottom of the list as important individuals for socio-economic regeneration (those of CAF and Centerpoint). The three executives of Briardale, LILA and Produktionsschule are not mentioned at all in the surveys. Nevertheless, with the introduction of local strategic partnerships in England (see 4.1.3), community people like those of CAF, CEC and Briardale, received the opportunity to engage in community development (BS 97). In particular CAF's representatives are highly engaged in different local networks (BS 60, 91).

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<sup>98</sup> Translation: A board which consists of guild master craftsmen, master craftsmen, Chamber of Commerce or Business Association, who should legitimate our production activities.

Some of the initiatives were created from the bottom-up, as the result of local action, who located funding opportunities as the project evolved. This is the case with Centerpoint and Produktionsschule in Wolgast, the CEC in Blyth and with E2 and CAF in Barrow. The other initiatives were set up as a response to specific funding opportunities (Briardale in Blyth, LILA in Schwedt) or emerged as a response to new general regulations (Biofuels in Schwedt). Both forms of initiatives are important for local socio-economic regeneration. In both cases, local actors set the initiatives into practice. Some of the initiatives' executives have already been integrated in the local decision taking system, others have not (see above). In particular those executives of the bottom-up initiatives would be expected to be active partners for socio-economic regeneration. This, however, is not really the case when looking at the surveys about key actors for socio-economic regeneration (see below). Even actors linked to CAF in Barrow or CJD in Wolgast who have been implementing a huge number of socio-economic initiatives in the last 12 to 15 years are hardly acknowledged. The exception is the chief executive of Blyth Valley Council for Voluntary Services who was better recognised in the snowball surveys (see fig. 58). This also reflects the general ambition of Blyth Valley Borough Council to become community based (see below).

## **6.2. Individuals, forms of governance and local initiatives**

The previous chapter was about local socio-economic initiatives that support socio-economic regeneration regarding their objectives. One of the major questions of this research is to what extent key mechanisms leading to and supporting the emergence of local initiatives can be identified within the sphere of local governance. This might be the case either in terms of personal links to key actors in local decision taking (6.2.1) and in terms of new regeneration organisations or supportive forms of strategic governance (6.2.2). This chapter takes a closer look at eight selected local initiatives and identifies relations in this respect. Some of the selected initiatives show main cooperation structures within the sphere of local governance, others however, are only loosely linked to governance structures.

Apart from the direct integration of an initiative's executive in local decision taking (see 6.1.2), further potential links can be seen in terms of the relation to key decision takers. To be able to recognise and analyse such relations, chapter 6.2.1 identifies actors who are held to be relevant in local decision taking concerning socio-economic policy and initiatives.<sup>99</sup> The main purpose is to analyse the relation of those actors who define local objectives, strategies and priorities for urban development with the selected local initiatives. As a first step,

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<sup>99</sup> See 3.2.2 for the methodology; decision takers have been defined as those persons who directly or indirectly influence decisions leading to particular outcomes.

this chapter identifies key actors in socio-economic governance and characterises them in terms of their positions, sectors and spatial levels they belong to. The following paragraphs in this chapter reflect their relations to the selected initiatives. Section 6.2.2 is about the roles of output-oriented agencies or implementation partnerships and specific forms of strategic governance such as round tables or task forces. Thereby I rather identify forms of joint decision taking than the totality of these elements. This section focuses such strategic elements in the four governance arrangements described in part 5.

### **6.2.1. Key decision takers and local governance**

#### Recognition of decision takers

One of the main theoretical positions followed in this research is that structure cannot be seen as deterministic (see 2.1.2). This research takes a closer look at endogenous factors to the process and hence, individual actors in urban governance is given more weight than organisations (see 3.2.1).<sup>100</sup> This does not mean that organisations and institutional frameworks are generally seen as irrelevant, but the focus should be on individuals who reproduce institutions, keep them relevant and change them. Key decision takers are not necessarily based on a local level and they are not necessarily linked to traditional government organisations. Reputational analysis was used to identify main actors in decision taking according to their reputation as being important for socio-economic development (see 3.2.2). With the results, it was possible to create and analyse rankings of decision takers who are seen as important for the local level in terms of socio-economic regeneration.<sup>101</sup> Those actors who are seen as important by at least one third (over 33% recognition) of replies are listed below (see fig. 58 and 59).

In Barrow and Blyth, the two top ranked decision takers are executive officers located at the council's management level. The chief executives play central roles, although in Blyth the chief executive ranks only fourth when it comes to socio-economic regeneration, whereas the executive director has the strategic lead (see below). The executives and leading officers of local and sub-regional regeneration organisations also appear as important (South East Northumberland and North Tyneside Regeneration Initiative (SENNTRI) in Blyth; the urban regeneration company West Lakes Renaissance (WLR), Heart of Barrow Regeneration Partnership and Furness Enterprise in Barrow). In particular in the case of Blyth, representatives of funding organisations on sub-regional, regional and national level are of high importance to all consulted stakeholders. This reflects local lobbying for regeneration funding for Blyth (see

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<sup>100</sup> The term 'urban governance' implies a view on governance as an arena for decision taking which is not linked to particular organisations (see 2.2.1).

<sup>101</sup> Request appendix 4 from author for detailed results.



6.4). Also the two leaders have a relatively high recognition (Blyth Valley BC: 44%; Barrow BC: 56%) and play a vital role as charismatic and enthusiastic actors who drive things forward (see below). It is remarkable that besides the leaders, political representatives do not seem to play an obvious role in terms of socio-economic regeneration on local level – an observation which is supported by the fact that no further councillors were subject in the interviews.

**Fig. 42 Snowball ranking Barrow and Blyth (at least 33% recognition)**

<b>Barrow</b>		<b>Blyth</b>	
<b>78%</b>	Barrow BC, Chief Executive	BVBC, Executive Director	<b>89%</b>
<b>67%</b>	Barrow BC, Director of Regeneration	BVBC, Head of Regeneration	<b>67%</b>
<b>67%</b>	West Lakes Renaissance, Chief Executive	SENNTRI, Director	<b>67%</b>
<b>56%</b>	Furness Enterprise, Chief Executive	NSP, Executive Director	<b>56%</b>
<b>56%</b>	Barrow Council, Leader	BVBC, Chief Executive	<b>56%</b>
<b>44%</b>	NWDA, Chief Executive	Ferguson's Transport, Chief Executive	<b>44%</b>
<b>33%</b>	Barrow BC, Assistant Director of Regeneration	Northumberland County Council, Economic Development Officer	<b>44%</b>
		English Partnerships, Regeneration Manager	<b>44%</b>
		BVBC, Councillor	<b>44%</b>
		BVBC, Leader	<b>44%</b>
		Port of Blyth, Chief Executive	<b>44%</b>
		One NorthEast, Regeneration Manager	<b>33%</b>
		One NorthEast, Senior Property Specialist	<b>33%</b>
		English Partnerships, Area Director	<b>33%</b>
		BV CVS, Chief Executive	<b>33%</b>

Having the mayors ranked at central positions in Schwedt and Wolgast (see fig. 59) reflects the actual power they have as both political and administrative leaders. In both towns, place two is occupied with the chief executive officers of the biggest local companies: the CEO of PCK in Schwedt (67%) and the owner of Peene Shipyard in Wolgast (43%). Other important actors are some heads of department in the local administrations.

**Fig. 43 Snowball ranking Schwedt and Wolgast (at least 33% recognition)<sup>102</sup>**

Schwedt		Wolgast	
83%	Stadt Schwedt, Mayor (until 2005 head of business department)	Stadt Wolgast, Mayor	71%
67%	PCK, CEO	Peene-Werft, CEO	43%
42%	LEIPA GmbH, CEO	Ostvorpommern County, Chief Exec.	43%
42%	Stadt Schwedt, Mayor until 2005	Ostvorpommern County, Head of planning and economic development dept.	43%
33%	Stadtwerke Schwedt, CEO	Stadt Wolgast, Head of cultural dept.	43%
33%	UPM paper factory, CEO	Head of local business association, entrepreneur, member of local council	43%
33%	Stadt Schwedt, Head of department for urban development		

Important actors and sector representation

Different groups of actors play crucial roles in socio-economic regeneration in North England and East Germany. In all towns the biggest group of decision takers and the most influential individuals belong to the local councils. The German mayors seem to be similarly important as the chief executives in England. And with the recognition of the political leaders, the local political level seems to be more relevant in Blyth and Barrow than in Schwedt and Wolgast. So, who are the key actors in urban governance according to the snowball surveys in terms of their formal position? In Barrow and Blyth it is

- officers on a strategic or executive level,
- the (non-local) actors who have decisive power over the big funding pots,
- those who deliver regeneration programmes or initiatives,
- the leaders of the councils and
- individuals who play a vital role for specific regeneration initiatives (Blyth only).

In the German towns it is:

- the mayors,
- chief executives of local industry and
- officers from local and sub-regional councils in relevant departments.

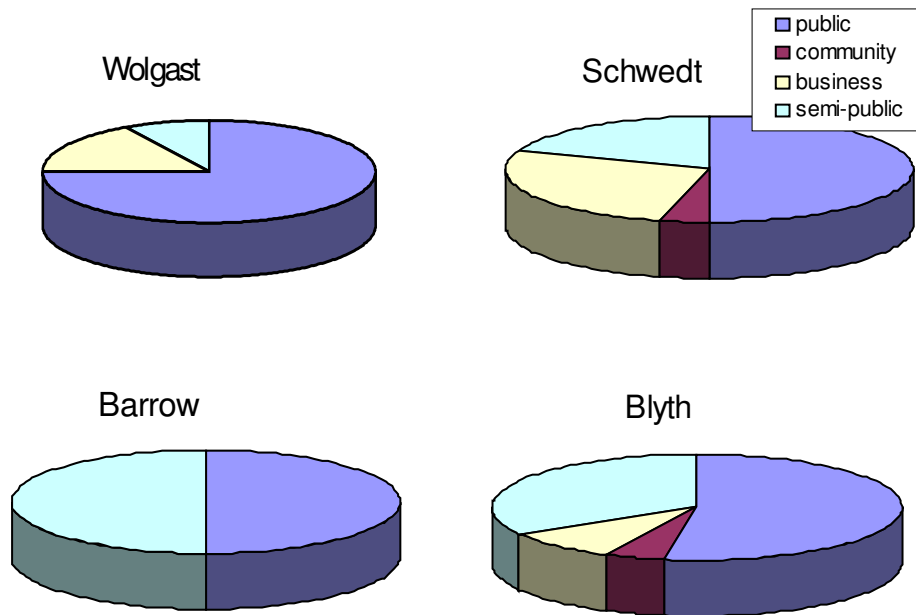
Looking at the composition of actors according to sectors (public, community, business, semi-public)<sup>103</sup> it becomes obvious that the recognition of community

<sup>102</sup> In the German towns, the survey was conducted differently than in the English towns. In Germany, it was much more difficult to motivate people to take part in the survey. Those, who replied in Schwedt and – to a lesser extent – in Wolgast, named a huge number of actors. It looks more like people named everybody in order not to blame other people for not naming them. But in the end there are just six, respectively seven actors left with a recognition over 33%.

<sup>103</sup> Definitions: public sector = officers, politicians, public organisations; community sector = community representatives, organised community groups; business sector = private enterprises/

representatives in all towns is rather limited. In Schwedt and Wolgast, no community actors were highly recognized. A similar level of recognition of community actors was apparent in the English towns. Just one community representative in Blyth has achieved more than 33% recognition but appears on the bottom of the list. In Barrow, none of the community actors is named more than twice in the surveys.

**Fig. 44 Actors involved in urban governance according to sector<sup>104</sup>**



In Barrow, involvement of the business sector is limited to Furness Enterprise, which represents the business sector as a publicly owned business development agency (IL 134). In Blyth, the chief executive of a traditional local enterprise who was formerly president of the Northeast Chamber of Trade, plays a central role. This is because he owns most of the key areas planned to be used for future development and because he was a key person for the successful regeneration of the riverside (BG 5f; KC 128). Besides this actor, the Port of Blyth chief executive is held to be relevant as well. This seems to be linked to plans to move the port to make space for new development close to the town centre (ET 40; HR 58). Both observations demonstrate the high priority of physical regeneration in Blyth. In Barrow, a certain involvement of some of the major local companies would be expected – in particular BAE Systems, the biggest employer in town with today around 4,000 staff (see 5.4.1). The future of the shipyard and the town is closely interlinked. One should expect that the executives of BAE would want to influence local development. However, none of the local business people is

local industry; semi-public = agencies and organisations between market and state with predominantly public ownership (more than 50% public), controlled by public owners.

<sup>104</sup> From all people named more than once in the snowball surveys. Definitions see footnote 103.

held to be particularly important for socio economic regeneration according to the snowball ranking.

Contrasting the English examples, business actors in the German towns gained a much higher recognition in the snowball rankings, in particular in Schwedt. Local business leaders – chief executives of large companies and the head of a business organisation – are recognised as important for local socio-economic development. There seems to be a strong belief in the regenerative power of the local economy in Schwedt, which is one indication for the relevance of local businesses in local governance (see below). A number of local businessmen are also involved in decision taking as members of the local councils (e.g. in Wolgast, MC 54).

In addition to traditional public sector actors, in particular in Blyth and Barrow, representatives of semi-public agencies or quangos<sup>105</sup> seem to gain more and more importance for urban governance. Such state-owned regeneration companies, bodies set up by central government (such as English Partnerships or Regional Development Agencies), infrastructure companies in the ownership of the local authorities and others are well represented among the key decision takers in urban governance (see fig. 60). In particular in the English cases, a number of these decision takers' organisations have been set up only in recent years. This is the case for Furness Enterprise, WLR and North West Development Agency (NWDA) in Barrow, and for SENNTRI, Northumberland Strategic Partnership, English Partnerships and One NorthEast in the case of Blyth. In the two German cases, such agencies are less important. With only one exception (Stadtwerke Schwedt, see fig. 59), their representatives are not among the key decision takers.

#### Individuals and local initiatives

Most of the analysed initiatives are supported – or at least positively acknowledged – by a majority of decision takers (see fig. 45). In the German towns, key decision takers in local governance do not always see the selected socio-economic initiatives as part of a wider regeneration agenda. Social economy initiatives have a particularly difficult status. This is even true for LILA in Schwedt with two key actors on LILA's board (the mayor and the local delegate for the Brandenburg Landtag). It seems that most of the key decision takers know and accept LILA, but do not really acknowledge it as a relevant initiative for socio-economic regeneration: "wir werden gut wahrgenommen und wir haben immer einen heißen Draht zum Bürgermeister. [...] Aber in politischen Entscheidungen oder solche Sachen, werden wir nicht gefragt. Soweit sind wir

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<sup>105</sup> Quasi-Autonomous Non-Governmental Organisation; one definition of The House of Commons Public Administration Select Committee mapped a 'local quango state' of more than 5000 quangos in the UK: "any body responsible for developing, managing or delivering public services or policies, or for performing public functions" (Wilson, Game 2002: 135; see 4.2.2).

nicht irgendwie vorgedrungen"<sup>106</sup> (BM 115). With one exception (IQ 59), the interviewed decision takers do not really believe in an economic value of LILA (e.g. NC 79, KQ 49, LO 59). The work of the Frauenverein is seen as socially valuable but not economically helpful. Consequently, the actors of LILA have continuously been fighting for acceptance and support in the town council (BM 48, 96, 115). The former mayor also seems to have overrated the potential success of LILA and the supported micro projects: "Der Bürgermeister hat immer gedacht, da müssen gleich 100 Arbeitsplätze daraus entstehen"<sup>107</sup> (BM 129). On the other hand, a majority of local actors believes in the Biofuels-initiative and works towards its success (LO 65, 113, IQ 49, NC 101, KQ 68). The development of Biofuels-related industries is on top of the agenda in the town hall, at PCK, in the Brandenburg ministries and supported by ZAB and ILB (see 5.1.3). Community actors also support the idea of industrial development with biofuels (BM 93).

Similar to the strategy demonstrated by LILA's managers, the executives of Centerpoint and Produktionsschule in Wolgast also want to integrate key decision takers in their management structures. However, in particular for the staff of Produktionsschule it has been difficult to establish contacts to key decision takers in the local council, whereas contacts to the county council (Landkreis Ostvorpommern) are established (BH 89). Centerpoint, however, is an integrated and acknowledged part of a whole system of local support structures for entrepreneurial development (VF 23f, MC 103, HL 68, CS 89, WB 132). Nevertheless, the initiative's executives want more influence in sub-regional decision structures for the benefit of their initiatives and sub-regional development: "Und wir haben uns sozusagen als strategische Aufgabe, das ist jetzt unser nächster Schritt, mehr in diese Entwicklungs-, Regionalstrukturen eben zu kommen"<sup>108</sup> (DC 88).

In Blyth, most of the key actors (in particular those in Blyth Valley Borough Council, BVBC) are aware of the initiatives. Briardale and CEC are part of the overall regeneration agenda, both have been initiated by officers: the CEC "did start within the Borough Council, but again, it was ... they knew that they didn't want to run it. They didn't want to own it, they didn't want to manage it. But, they wanted something to be here" (UC 92). The initiatives were given into community ownership already in the initial phase – with ongoing support by the council (HR 71, 98, KT 145). There is still a very good working relation between BVBC and the initiative's executives. A representative of BVBC is a member of CEC's board

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<sup>106</sup> Translation: We are well recognised and we do have a good relation to the mayor. [...] But we have no voice in political decisions. We didn't achieve anything in this direction.

<sup>107</sup> Translation: And the former mayor always has thought there must be 100 jobs being created.

<sup>108</sup> Translation: And, as a strategic task, we want to get more integrated in these sub-regional development structures.

and wants the CEC to play even a bigger role in Blyth's regeneration and in creating an entrepreneurial culture: the CEC "has a POTENTIAL to sort of play a REAL role in improving the social and economic sort of wealth there, of people and communities in Blyth and the wider Blyth Valley area" (CU 77, also HR 100). Briardale also has its role to play in the wider regeneration agenda (CU 126, HR 78).

In Barrow, both initiatives are also linked to key decision takers. E2 originates in the local governance arrangement and receives support through different funding and organisational structures via WLR (IL 80) and Barrow Borough Council (RI 51). CAF, which originates in a church initiative, is today networked with key people as well (IL 84, CQ 87). The integration is mainly via funding arrangements (through WLR and Furness Enterprise) for particular initiatives and via CAF's involvement e.g. in the Social Enterprise Network and the LSP (RI 49).

**Fig. 45 Initiatives and urban governance**

	Barrow		Blyth		Schwedt		Wolgast	
	CAF	E2	Briardale	CEC	LILA	Biofuels	Prod.schule	Centerpoint
origin in governance arrangement	n	y	y	y	n	y	n	n
times executives mentioned in survey	1	5	-	3	-	8	-	1
no. of key actors involved in initiative	-	1	-	1	2	1	-	-
General support by key decision takers*	+	+	+	+	~	+	~	+

\* +: clear; ~: ambiguous

## 6.2.2. The role of agencies and forms of strategic governance

### Local regeneration and development agencies

In Barrow and Blyth, a number of quangos<sup>109</sup> have taken over central roles in regeneration. These new organisations and their key actors became important elements of local governance arrangements. In Schwedt and Wolgast, most of these functions are still integral parts of local (or sub-regional) administration. In Germany, there is little change with regard to the organisational structure of socio-economic regeneration. There are some new organisations which are involved in socio-economic regeneration, but there have been no major changes. In Britain, most of the relevant agencies dealing with socio-economic regeneration on the local level were installed or funded by central government. Governance constellations in the British towns have been constantly altered in the last years – integrating more actors and organisations and devolving tasks to organisations outside of local councils (see 4.2 and 5.5). In Barrow and Blyth,

<sup>109</sup> See footnote 105.

specific organisations deal with physical, economic and community regeneration. The importance of these organisations becomes visible when looking at the results of the reputational analysis (see above) and the ranking of organisations (see appendix 5).

In terms of new agencies, there are only minor changes to the organisational structure in Wolgast and Schwedt. In Wolgast, in terms of responding to problems of long term unemployment, the main actor is the newly created Sozialagentur which reports to the county council. Sozialagentur deals with long term unemployed in the whole sub-region and also runs a number of socio-economic initiatives (see above, 6.1.1). In Schwedt, the most relevant agency dealing with regeneration is the infrastructure company Stadtwerke Schwedt. Stadtwerke, however, is mainly involved in physical regeneration projects.

In Barrow, WLR (the sub-regional regeneration company) and Furness Enterprise (the local business development agency) carry main regeneration functions. In particular there is a good working relationship between Furness Enterprise and the council. WLR has not only a good working relationship with the council, it also benefits from a constant exchange of ideas and fruitful cooperation in a number of projects (CQ 42; IL 94). Despite being set up and controlled by central government (via the NWDA), the council accepts the role of WLR as being the driver for regeneration in Barrow: "Really, West Lakes Renaissance is the kind of driver behind Barrow's regeneration. And they certainly have the overarching strategy for the area. And really that's what we're working to" (RI 23). The majority of regeneration funding is channelled via the NWDA and WLR (CQ 50), which makes WLR a key player for Barrow. However, there have also been tensions concerning some of the bigger physical regeneration projects currently run by WLR as the influence of other stakeholders on the regeneration projects is limited (this includes the council). Barrow Borough Council set up Furness Enterprise (FE) as response to the problems resulting from the job losses in the shipyard (see 5.4.1): "If we set up an agency or an organisation, they would attract other industries to Barrow in Furness and help the employment, help training and other things" (UW 11; also IL 11; IL 100). Nowadays, FE provides the economic development function of the Borough Council as an independent unit.

In Blyth, a similar case can be seen in Blyth Riverside Regeneration which was set up by BVBC, funded by One NorthEast, the local council itself and Northumberland County Council.<sup>110</sup> The regeneration company is a single purpose agency for physical regeneration of the derelict Quayside (see fig. 46). The bigger initiative, however, is SENNTRI, which was set up to create the infrastructural preconditions for Blyth Valley and the neighbouring local authority

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<sup>110</sup> Source: [www.blythvalley.gov.uk](http://www.blythvalley.gov.uk) and [www.blythregeneration.co.uk](http://www.blythregeneration.co.uk) (29/09/2006).

Wansbeck to link with the Tyne and Wear city region. SENNTRI's priorities are seen in physical projects (KT 46). Originally, the leaders of Northumberland County and North Tyneside Council were the main drivers of the initiative. "They decided it would be a good idea to cooperate" (KT 64). The idea got support from the districts, One NorthEast and English Partnerships – all of which have delegates on SENNTRI's board. Today, the main driving force is seen on a district level, BVBC in particular (KT 84).

**Fig. 46 Decking the Staithes – symbol for Blyth's new ambitions**



All these changes regarding organisational responsibilities and the formal and informal interplay between the actors involved, shaped local decision taking structures in Blyth and Barrow more than in Schwedt and Wolgast. A number of new actors were introduced because of new organisations. At the same time, the challenge of coordinating all these organisations grew: "Our chief exec, he's the one that sits on all the different boards and companies" (RI 59). The balance of power between new agencies such as Cumbria Vision (see 5.4.1) or WLR and the council also had to be re-ordered. Decision taking often takes place without legitimate control of the elected councils. Most of the new agencies are not accountable to anybody at the local level.

#### Specific forms of strategic governance

In England, local strategic partnerships (LSPs) should take the strategic lead over urban development and regeneration (see 4.1.3). Thus, they would be expected to play a key role in local governance. But both Furness Partnership and Blyth Valley Strategic Partnership are rather unimportant when it comes to major decisions. In Blyth, the LSP takes decisions on "some of the softer sort of community side or things like that. [...] It's not the real decision maker [...] on economic stuff in Blyth Valley" (UC 117). But it would certainly be the arena where community activists bring in their ideas to get support: "I took my project to the partnership meeting and said this is what WE plan to do" (KC 65). Barrow receives Neighbourhood Renewal Funding, which is channelled via Furness Partnership and thus raises its profile. But still: "I would trouble to say that we're kind of LEADING, leading the charge. I think that's still down to organisations who are actually, you know \* like West Lakes Renaissance, who are spending far



more money than the LSP has got access to" (RI 74). But Furness Partnership plays a role in terms of getting widespread support for big ideas: "If it was a BIG idea [...] I take that to the LSP" (IL 94).

In Barrow, the main actors of NWDA, WLR and FE are all involved in Barrow Task Force, which "coordinates the overall strategy [...] of all the agencies – national and regional and local – for Barrow" (CQ 61; see 5.4.1). The group decides on projects, sets priorities for overall regeneration and makes the case for funding. The task force was put in place to address problems within economic development and "the action that needs to be taken to stabilise the Furness economy".<sup>111</sup> In the task force, traditional actors (such as councillors, the leader and executive officers) are just members among others. The group has been established and chaired by the NWDA, which reports to the central government. In Blyth, all these strategic functions can still be seen as core elements of the local council's work.

In Germany, there is nothing similar to these partnerships and task forces. In both German cases, decision-making is dominated by public policy making with the mayors as central figures. In Schwedt, in terms of infrastructure and industrial projects, the collaboration with IHK Nord might be seen as a positive example of collaboration with private actors. As an informal coordinating group of the sub-regional chamber of commerce, IHK Nord unites important local business actors.<sup>112</sup> The group counts nine members, of which seven have been named in the reputational analysis (see 6.2.1). This includes four actors with a recognition of more than 33%. IHK Nord meets every couple of weeks to discuss major problems of urban and regional development. The aim of this informal cooperation is to strengthen Schwedt's role as industrial location and to coordinate the communication with the Land Brandenburg. Gradually, the group became very important for local governance and is nowadays probably the most important forum for decision taking in Schwedt: "Klar ist der [Arbeitskreis] wichtig. Also einer muss doch die Ideen generieren. Einer muss doch hinter den Projekten stehen und muss doch auch sagen, dass er sie braucht. Und das macht mir nicht der Politiker" (KQ 89; also KQ 83; IQ 35, 73).<sup>113</sup> The most active actors of the group seem to be the CEO of PCK and the mayor who maintain a

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<sup>111</sup> Source: [nwda-cms.amaze.co.uk/DocumentUploads/012003BarrowED.doc](http://nwda-cms.amaze.co.uk/DocumentUploads/012003BarrowED.doc) (NWDA Press Release 21 January 2003).

<sup>112</sup> Originally, the group was installed by the former owner and manager of the local paper mill. When he came to Schwedt in 1993, he complained about the poor infrastructure. In 1995, the coordination group was installed to move things forward and fight jointly for better infrastructure (KQ 85). Later the former head of PCK took the chair and forwarded it to his successor when he retired.

<sup>113</sup> Translation: Of course it is important. Well, somebody must generate the ideas. Somebody must stand the initiatives and must confirm their importance. And this cannot be the politician (KQ 89).

very good personal relationship (LO 78, 104). The coordinated effort of the group has also led to a positive image of Schwedt in Potsdam (NC 57).

The aim of installing a similar forum in Wolgast in form of a round table has so far not been realised. A new attempt has been initiated by Sozialagentur in the form of a strategic task force uniting all actors in the field of economic development (HM 72). Generally, however, decision taking in Wolgast is still very traditional. Cooperative elements are restricted to coordination with the county council and within the public policy coordination unit (Stabstelle).

**Fig. 47 Local agencies and forms of strategic governance**

	<b>Barrow</b>	<b>Blyth</b>	<b>Schwedt</b>	<b>Wolgast</b>
local and sub-regional agencies	WLR Furness Enterprise	SENNTRI Blyth Riverside Regeneration	Stadtwerke	Sozialagentur
forms of strategic governance	Furness Partnership Barrow Task Force	BV Strategic Partnership	IHK Nord	Runder Tisch (planned)

Agencies, forms of governance and local initiatives

In which way are key mechanisms for the emergence of socio-economic initiatives linked to specific forms of governance and individual qualities in the sphere of local governance? There is a widespread view that cooperating with further actors in new forms of governance leads to a more successful way of developing responses to socio-economic challenges (see 2.2.1). But is there any proof for this idea? Compared to the power of particular agencies to initiate and set up new initiatives (such as WLR in Barrow or Sozialagentur in Wolgast), local forms of governance seem to play a marginal role in supporting the emergence of local initiatives.

In all towns there are cooperative elements of decision making for local socio-economic regeneration (see fig. 47). The identified forms of strategic governance are usually dominated by the public sector; in Germany such forms of governance are dominated by local councils. It has not been my intention to analyse particular forms of governance in terms of their capacity to create and support local socio-economic initiatives, but rather to look for links of the selected socio-economic initiatives to the identified forms of governance. In none of the forms of strategic governance mentioned, was a direct link to any initiative identified. This also applies to the local strategic partnerships in Barrow and Blyth, which did not really lead to policy outcomes in terms of local initiatives.

The responsible bodies of agencies like Furness Enterprise, WLR or SENNTRI might conform to the definition of partnerships as formally organised coalitions of interest comprising actors of different sectors and aiming at joint policy-making and implementation (see 1.2.3). But they are rather dominated by government

bodies who also provide the funding for their work. Thus, although Furness Enterprise and West Lakes Renaissance include local businesses on their boards,<sup>114</sup> there is little evidence that the inclusion of business actors has a great deal of influence on their work. Hence, the partnerships behind these agencies cannot be seen as particularly relevant strategic forms of governance but rather as pro forma partnerships.

In some cases, particular forms of governance might encourage or support the formation of new projects or initiatives. In many more cases, however, local initiatives are the outcome of the work of particular agencies (such as Furness Enterprise in Barrow or Sozialagentur in Wolgast) or community organisations (such as the women's association in Schwedt, CJD in Wolgast and Churches Together in Barrow). The relevant activities of these organisations led to LILA, Produktionsschule and CAF, but were not linked to particular forms of governance. Even the agencies are not necessarily networked in local governance arrangements, as the example of Sozialagentur in Wolgast shows (see also 5). In other cases, the council has been instrumental for the emergence of particular initiatives (most noticeable in Blyth Valley).

### **6.3. The role of local institutional environments**

Both individual contacts to key decision takers and the integration in specific forms of governance might be helpful when it comes to the establishment of local initiatives. Such relations, however, cannot be seen as sufficient conditions for the emergence of socio-economic initiatives. Further relevant issues are expected to be found in the wider local or regional institutional environment, in particular when it comes to the normative dimension of social and formal economy initiatives. Often, it is not only formal frameworks that shape local action. Systems of informal institutions can also be enabling or constraining when it comes to local initiatives. Locally specific institutional environments (see 2.2 and 2.3) shape local forms of response to local problems. Such environments shape local ways of doing things in general. They can be seen as defining the limits of what is possible and what is not. In particular, they define which initiatives earn support and which do not. Such environments can function as barriers for ideas which are outside of the locally 'acceptable'.

This chapter explores these institutional environments regarding formal economy initiatives (6.3.1) as well as social economy and community initiatives (6.3.2). Particular attention is paid to shared beliefs or attitudes, dominant norms and

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<sup>114</sup> WLR was formed in 2002 as a public-private partnership incorporating public and private partners on its board including the NWDA, English Partnerships, Government Office for the North West, the Borough Councils of Allerdale, Barrow and Copeland, the County Council, and local business leaders (source: [www.nwda.co.uk/](http://www.nwda.co.uk/), 28/09/2006). Furness Enterprise Partnership has similar members on its board (cf. FE 2006a: 24; FE 2006b: 20).

institutionalised behaviour towards the respective form of economy. There are also sections discussing the role of the respective groups of actors advocating these forms of initiatives in local governance arrangements. The involvement of particular actors in local decision taking also gives them particular weight when it comes to define responses to local socio-economic problems. The power of particular actors (see 6.2.1) or the preference of a particular group of actors over others when it comes to funding arrangements and cooperation requests, also shapes local development policies and local forms of response. Hence, the emergence (and performance) of local initiatives has to be seen against this background.

### **6.3.1. Formal economy**

#### Involvement of formal economy actors in local governance

In Schwedt, there is a positive relation between the local authority and the private sector, with IHK Nord in particular (see 6.2.2). Local business groups are seen as important players (IQ 39, 65; KQ 79). In Wolgast, there have been efforts to better communicate with the private sector and to promote collaboration within the private sector. However, local businesses are seen as passive with a few exceptions. Even the shipyard and its main actors are not part of the local governance arrangement. Although there is a local association of business people, there is little cooperation with public administration.

In Barrow and Blyth, most business actors do not attend partnership meetings: "Apart from US who represent private sector, we don't have any private sector turning up. [...] Private sector are employed to do business, not to involve and sit in endless meetings" (IL 134; also UW 92; BS 3). Furness Enterprise, as local business development agency, maintains close contact to local businesses and represents their interests in Barrow's governance arrangement. Agencies like WLR in Barrow include a number of business people (mainly from the property sector) on their boards (CQ 73) – although none of them is Barrow-based. The URC model, however, does not provide space for community involvement: "People are represented through the local authorities and that's not ideal" (CQ 77). The low level of involvement by business in both English towns is difficult to understand, but might hint at missing formalised business networks or strong associations such as a local chamber of trade or other, self-organised business networks. There also seems to be a different tradition of business involvement in Germany, which might be not that prevalent in England.

#### Shaping the formal economy

In particular in Schwedt, the focus on the formal economy is easy to understand. The institutional environment is very supportive of industrial development. The town grew with industry and hence there has been a symbiotic relationship between industry and urban development (see 5.1.1): "Dieser Standort ist mit der

Industrie, die damals gewachsen wurde, entwickelt. Und jetzt muss er mit der Industrie wieder schrumpfen"<sup>115</sup> (KQ 38). There is a very strong belief in the formal economy and industrial development. With 8.500 people employed by PCK at the end of the 1980s, nearly everybody in the town has personal relations to industry (KQ 38). Common understandings and mutual agreements about the industrial focus of the town shape local policy, although most actors realise that this is against the trend and that the industrial structure is highly vulnerable (KQ 49, NC 43, 53). There is strong inter-organisational interaction and synergy between local actors and organisations such as the chamber of commerce or the local employers' associations (NC 43) and regional actors such as the relevant ministries, ZAB and ILB. These bodies are united by the common purpose of promoting industrial development and public infrastructure investment. This has led to a path contingent system of shared cultural norms and values connected to the identity as industrial town. Generally, this institutional environment seems to work in a positive way. At the same time, however, the main focus on industrial development and inward investment (LO 7, 117, KQ 8, NC 39, IQ 22, 45) also prohibits further activities for example linked to the social economy.<sup>116</sup> There is very little institutional conflict. Just one of the interviewed key actors supports social economy initiatives unambiguously: "Immer ran! Nicht müde werden. [...] Da darf der Euro nicht fehlen, um das zu unterstützen"<sup>117</sup> (IQ 59). Hence there is institutional conflict but the dominant view is still linked to industry.

In terms of industrial structure, Barrow is similar to Schwedt. But in Barrow, the industrial paradigm is less dominant in terms of regeneration activities. There is still support for existing manufacturing businesses and the shipyard, but there are also attempts to diversify the economic base (see 5.4.1). There are attempts to support tourism and the service economy (UW 12, CQ 20) and at the same time there is immense support for entrepreneurial initiatives (see 6.1.1 and 5.4.3). The massive cut in the shipyard in the early 1990s functioned like a shock-therapy to the people and opened up institutional conflict. Since then it has been clear that people can no longer rely on the shipyard as the only employer. A major step at that time has been the introduction of Furness Enterprise as a response to the crisis (see 6.2.2), who generated new ideas to promote economic development.

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<sup>115</sup> Translation: This location developed with the industry that was grown here. And now it has to shrink with the industry.

<sup>116</sup> The same is valid for other fields of economic activity such as tourism (no topic at all in the interviews) or the service industry. To support tourism is an aim of the economic development concept of the county (Regionomica 2004) and it is a recommended topic for inter-municipal cooperation (IRS 2005). There has also been some success with service sector firms and there are some voices to broaden the economic spectrum (e.g. NC 53). But both fields are not really on the local development agenda.

<sup>117</sup> Translation: Always give it a go! Not getting tired. [...] There must not be a shortage of money to support such things.

In Wolgast, there is also a wider enterprise agenda which dates back to attempts to install an incubator in the early days after reunification. There has been an exchange with the county's West German partner county Leer about economic development. One result was the idea to build a local business and innovation centre. Today all actors support entrepreneurial activities. There is a system of local support structures for entrepreneurial development (VF 23f, MC 103, HL 68, CS 89, WB 132). In this way, Centerpoint also fits well into the local institutional context.

Actors in Blyth have also followed the trend towards entrepreneurial initiatives: "There REALLY is an enterprise agenda, a wider enterprise agenda and enterprise is the ... what we call the flavour of the month. [...] One NorthEast see it as a MAJOR economic sort of DRIVER for the region. Northumberland Business Link partnership, which we're members of, have sort of developed an enterprise strategy for Northumberland, and I have sort of said to colleagues on the BVEL board, aye, we need to develop our own enterprise strategy" (CU 77). Apart from the enterprise strategy, further formal economy activities seem to be absent, which can be seen as a result of Blyth's legacy of industrial decline. Blyth's local economy has been in constant decline in the last four decades or even longer (see 5.3.1). After the ship building industry and the majority of mining activity was gone, the textile industry was attracted to replace lost jobs. But this industry also suffered decline. These developments might have led to a certain frustration among key actors in terms of economic development (KC 4f; ET 11f, 43f). Although not explicitly put forward as an argument for locally based (community) initiatives, there is a remit for initiatives following local principles. Regeneration activities grounded on local communities are less vulnerable to transformation processes linked to the global economy (see part 1). The experience of decline can also be seen as a learning procedure and an argument for locally based attempts to regeneration. But the focus on large scale industry also might have caused a kind of dependency culture and a passive attitude towards local economic strategies: "We had [...] from the 60s right to the 90s 30 years of continuous decline. And there was some interventions like the textile industry, what was short term. Nobody had sat down and put together a long term strategy on the economic development front" (ET 10f). Today, the main economic strategy is to interlink with the Tyneside labour market (CU 70, HR 88). Blyth's community initiatives might be locally based, but they are not seen as a solution to the economic problem of Blyth (HR 88).

### **6.3.2. Social economy**

#### Involvement of social economy actors in local governance

There are immense differences concerning community involvement in local decision taking in the German and English towns. In Germany, there is intensive formalised consultation with community groups ('Bürgerbeteiligung') when it

comes to formal planning (see 4.1.3). However, there is some criticism that the overall system of decision taking in the local council is un-transparent and does not sufficiently involve communities (MC 43f for Wolgast). In Schwedt, there is a very strong and dominant collaboration of the borough council with business actors via the regular meetings of IHK Nord (see above). Consequently, some community actors feel excluded and bemoan a lack of cooperation: "Das könnte irgendwie so einen Arbeitskreis geben, wo so alle an einem Strang ziehen"<sup>118</sup> (BM 100). Scepticism, sometimes even ignorance dominates the debate about the social economy: "Diese Aktivitäten sind lobenswert, aber sie führen nicht äh zu Arbeitsplätzen auf dem ersten ... oder in der Regel nicht zu Arbeitsplätzen auf dem ersten Arbeitsmarkt. [...] Wir müssen uns damit abfinden, das endogene Potenzial ist weitestgehend ausgeschöpft in diesen dünn besiedelten Regionen"<sup>119</sup> (KQ 49).

In England, direct community involvement in actual decision taking is rare and more or less restricted to the LSPs. Community representatives in the LSPs are mainly community professionals from community organisations such as community networks or community centres. There is less representation from 'ordinary' people on the LSPs, rather the LSPs seem to be dominated by representatives of various public agencies: "It doesn't involve ordinary people ENOUGH. That ORDINARY people should be sat around that table" (UW 104).<sup>120</sup> On the contrary, a community representative in Furness Partnership has praised the new options for community involvement: "It's giving community organisations and ground level people a voice. They can't no longer sit down and mount we don't know what's going on" (BS 99). This, however, sounds more like a theoretical opportunity than reality. The list of members of Furness Partnership<sup>121</sup> shows just a few community representatives. A protocol between Furness Partnership and the Furness Community Network has been created to encourage community involvement.<sup>122</sup> Indeed, it has helped community representation in Furness Partnership and its tasking groups (UW 104ff). Furness Partnership, however, still plays a minor role in the overall regeneration strategy (see 6.2.2).

In Blyth, there is a different approach towards community led regeneration. The council has supported community led decision taking with community assemblies

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<sup>118</sup> Translation: There could be something like a task force where everybody works in the same direction. (Indeed, there have been diverging opinions about infrastructure projects linked to the national park in the Oder Valley and to the deepening of the Oder for better access to Schwedt Harbour.)

<sup>119</sup> Translation: These activities are commendable, but they don't create jobs, or usually don't create jobs in the first labour market. [...] We will have to acknowledge, the endogenous possibilities are more or less exhausted in these sparsely populated areas.

<sup>120</sup> Cf. also [www.barrowbc.gov.uk/default.aspx?page=949](http://www.barrowbc.gov.uk/default.aspx?page=949) (09 November 2006) for the members of Furness Partnership.

<sup>121</sup> Source: [www.barrowbc.gov.uk/default.aspx?page=949](http://www.barrowbc.gov.uk/default.aspx?page=949) (09 November 2006).

<sup>122</sup> Source: [www.barrowbc.gov.uk/default.aspx?page=946](http://www.barrowbc.gov.uk/default.aspx?page=946) (09 November 2006).

even before LSPs were introduced. For their efforts to make local policy community based, in 2005, Blyth Valley received the 'Beacon Award for getting closer to communities'.<sup>123</sup> The main role of the LSP and the community assemblies in Blyth is seen in developing the local sustainable communities plan: "The Local Strategic Partnership, which is responsible for that, needs to be revitalised, re-invigorated" (CU 83). The present community plan 'The People's Plan' is respected as main planning document in the council (ET 118ff; CU 81) and also on the community side (KC 45, 60). However, as a strategic document it has not facilitated real action.<sup>124</sup>

### Shaping the social economy

In contrast to Germany, there is a lot of political support for the social economy in Britain, e.g. with the Social Enterprise Coalition (SEC 2003), with general support by the Department of Trade and Industry (DTI 2002) and with national, regional, sub-regional, sometimes even local support agencies (such as e.g. the North East Social Enterprise Partnership, Social Enterprise Northumberland and the Blyth Valley Council for Voluntary Service). The national context and the widespread positive debate about social economy initiatives also shape local proceedings: "the value in terms of regeneration of social enterprise is out, you know, the jury is out. I'm not totally convinced. But I'm sufficiently open-minded to say, OK, if other people think that it's an important part to play, then we'll give it our best show. So, we now have a programme to develop social enterprises in this area" (IL 82). The role of social economy initiatives in England is well acknowledged, even within traditional business support agencies and in particular with regard to persisting high levels of unemployment: "What I think they're doing is dealing with the worst problems we've got now. Trying to help people out of the difficulties they're in. They are fundamentally about giving those people more choices in life" (HR 88; similar RI 38ff, IL 82 and CQ 42). Another argument strengthening the role of community businesses in particular, is seen in the better general attitude of local disadvantaged people towards such initiatives and their mistrust about public bodies in England. Many people would more likely engage with local community initiatives but not with public authority initiatives. "It allows people to engage with businesses in their locality. I mean that's quite important for a lot of people. You know, people with a certain degree of mistrust about councils and Job Centre Plus and county councils and any arm of government from which people are experiencing these problems" (RI 42f; similar UC 26, 135).

The existing social economy initiatives in Blyth and Barrow can be seen as an outcome of particular support structures and backing within the local governance arrangements. In particular in Blyth, there is an acknowledged need and broad

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<sup>123</sup> Source: [www.blythvalley.gov.uk](http://www.blythvalley.gov.uk) (28 March 2007).

<sup>124</sup> Focus group meeting in Blyth, 5 April 2007.



support from key decision takers for social economy initiatives because they are held to be crucial in the council's strategy of community led regeneration and community engagement (see above, CU 142; HR 30). The principle of community development and community regeneration in Blyth has developed into a special institutional environment that is very supportive of community initiatives. BVBC is very successful in activating and involving local people. The role of the head of the council's community regeneration department is seen as crucial and holds kick-start elements activating community people. There is a general attitude towards letting things develop. The potential of community development is well acknowledged on all levels: "it's a culture the way we work here [...]. And our community development strategy is about as playing a strategic role rather than just community worker role" (HR 72). The council gives support but makes the community the key actor and tries to put main initiatives in community ownership (CU 81). Hence, installing community centres such as the Briardale and also the CEC is part of a wider strategy: "If I had to suggest a name for community development, that'd be creative communities, innovating, turning the idea into practice, you know. And I think, that to me is the starting point for it. To get actually some more businesses in, individuals in with private businesses, not just social enterprises" (HR 78).

BVBC's community support dates back to the mid 1990s. The feeling at that time was that something went wrong and the community did not benefit from local policy. The council began to think about longer term strategies and started to initiate community based local regeneration activities and initiatives (ET 9ff; similar HR 102). Step by step the idea of community-led regeneration has been institutionalised – kick-started by a dominant crisis articulation. But it has been a long way and a long process of institutional change or institutional conflict (see 2.2.2 and 2.3) during which some people left the council. The new model involved a clear focus on communities, new forms of local governance and an increased ability of communities to shape public services and do things for themselves (IDeA Knowledge 2005). As a result of this process, today there is general trust in community activities. The state also played a key role in this process: "We were able to go to the government say: hold on, this idea you've got about community partnerships. We're already doing this, and if you give us some money, we'll be able to extent it a bit further" (ET 45; similar HR 44, CU 105).

Although there are some differences in judging the role and limitations of the social economy in Barrow and Blyth, there is nevertheless a general consensus that such initiatives should be supported. Criticisms are mainly regarding the relation between the social and the formal economy: "what one shouldn't do [...] is subsidise a social enterprise such that it drives out private enterprise" (IL 82). In most cases, the priority is on the creation of formal economy jobs whereas the social economy is seen as an interim solution with an interventionist character: "I

think, what we are doing at the moment, is patching up whilst we find the mending solution. Whilst we change the infrastructure, the economic structure of the area in one sense, and create wider and better educational opportunities and better connectivity to the Tyneside area" (HR 88). Also the regeneration agencies in Barrow (WLR and Furness Enterprise) work towards the social economy although it is not their core business and even though they are aware of the limitations and risks of social enterprises and raise some criticism: "It's a balance. On the one hand, you want enough initiatives to ensure that the needs of business or the community are met. On the other hand you don't so many initiatives that you get people confused or you duplicate resources" (IL 88).

The social economy is a recognised and widely acknowledged concept in England but not in Germany. This does not mean that there are no social initiatives in the German towns. But there is no general institutionalised support for such initiatives and the concepts of a social or community enterprise mean only little to local stakeholders. In Schwedt, the main emphasis in local socio-economic policy is on (industrial) formal economy initiatives (see above). The rest is seen as social embellishments with little to no impact. Key decision takers are barely aware of the potentials of the social economy. Social economy initiatives are simply not on the local political agenda in Schwedt (LO 59; KQ 40-49; IQ 45). There is no agency introducing new ideas and kick-starting new initiatives. The existence of the only relevant social economy initiative in Schwedt (LILA) is due to ESF support. The relevant programmes are managed by the Brandenburg Ministry of Social Affairs, which reflects the value given to such initiatives (see 5.1.2). In England, social economy support is part of DTI's policies.

Similar to the situation of the social economy in Blyth, in Wolgast there is also a noticeably large number of community owned initiatives (see 6.1.1). Whereas in Blyth, there is broad support for community initiatives (see above), the reason for the high number of such initiatives in the case of Wolgast might be the absence of council initiatives in the social field. Implemented either by the recently established Sozialagentur (see 6.2.2) or by community organisations – often from outside of Wolgast (see 6.1) – these initiatives are often funded by a combination of intermediate labour market instruments and some internal revenue. However, there is no real support from key decision takers on a local level. Socio-economic initiatives run in parallel worlds and are not really integrated in the local council's activities (HM 70; VF 76; BH 91). Basic support for the social economy is found at the sub-regional level: "Dafür sind wir ja da, auch aus der kreislichen Wirtschaftsförderung, dass die GESAMTEN Belange, nich nur speziell jetzt wirtschaftliche Belange in Betracht genommen [werden]. Das soziale Umfeld

muss stimmen, und dafür haben wir ja EXTRA [...] uns als optierende Kommune bekannt"<sup>125</sup> (CS 11).

There also seems to be a general difference between England and Germany concerning the debate about long-term unemployment. There is a deeply institutionalised stance that regards early retirement as best solution in dealing with the (mainly older) long term unemployed. On a borough council level, it is certainly not seen as major task to care about the unemployed. The view that long term unemployed will stay unemployed until they retire has prevailed in the German towns. There seems to be a institutionalised attitude that this will be the only solution: "Leute, die jetzt seit der Wende arbeitslos sind, ja, also zehn Jahre plus arbeitslos sind. Die kann man schlichtweg im Prinzip nur verrenten. [...] Die werden nie wieder 'ne Arbeit bekommen"<sup>126</sup> (LO 59; similar KQ 40-49; IQ 45; HL 56). It is also accepted that people leave their home town to find work in other regions in Germany.<sup>127</sup>

#### **6.4. Regional and national interventions**

The original intent of this research was to have a look at *local* forms of response to uneven development. In reality, however, supralocal forces must be seen as integral parts of local action. There can be no doubt that the nation state plays a crucial role when it comes to local development (see 1.1.1 and 4). The national and regional levels also provide mechanisms leading to and supporting the emergence of local initiatives. The nation state not only shapes local action in terms of providing the policy context, moreover supralocal individual and collective actors intervene directly in local decision taking (6.4.1). Non-local actors are directly involved in local decision taking when it comes to regeneration activities, and a number of local and regional agencies have been set up, in England in particular. These new actors and agencies became key players for local regeneration (see 6.2).

National forms of intervention often find expression in standard solutions for socio-economic problems. Different national frameworks in the UK and Germany might facilitate different ways of responding to such problems (6.4.2). Also funding plays a key role for all local initiatives, because the local level usually cannot provide sufficient financial means for local initiatives. Hence, national and

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<sup>125</sup> Translation: That's what we're here for, also the sub-regional economic development unit. To follow an integrated approach, not just a purely economic view. The social environment must be OK as well and therefore we have decided to follow the model with the Sozialagentur.

<sup>126</sup> Translation: Those who have been unemployed since reunification, you know, 10 years plus unemployed, the only solution is to retire them. [...] They will never find a job again.

<sup>127</sup> Before 1990, this was explicit policy of the GDR. People always had to move to get jobs and accommodation. This has been the case in particular with industrial locations such as Schwedt and Wolgast. Most of the workers had to move there during industrialisation (HL 6, 37, NC 114, KQ 5).

regional funding regulations significantly shape the emergence and form of local initiatives.

### 6.4.1. Non-local actors in local governance

#### Supra-local decision takers in local governance

In terms of the actors involved in local governance, the reputational analysis also shows the relevance of higher level actors and organisations in the English towns. In Blyth and Barrow, four regional and national organisations play a key role in local socio economic regeneration. Following the executive councils, the second most influential organisations are regional funding agencies (see fig. 48). In the case of Blyth, Northumberland County Council is also important due to the financial system, framed by One Northeast and English Partnerships. In Barrow, WLR and NWDA are among the top five organisations for local socio-economic governance. WLR is of second biggest importance after the executive council and just outdoing the local business development agency Furness Enterprise. The importance of these organisations seems to be mainly linked to the need to lobby for regeneration funding for the area (UW 23 for Barrow; ET 21 for Blyth). It is seen as a key role of local actors to lobby and pressure for regeneration support.<sup>128</sup>

**Fig. 48 Top 5 organisations and aggregated numbers of naming**

Barrow	Blyth	Schwedt	Wolgast
Barrow executive council (18)	Blyth Valley executive council (22)	Schwedt executive council (27)	Wolgast executive council (20)
WLR (8)	ONE (10)	PCK (11)	County council (9)
Furness Enterprise (6)	Northumberland County Council (8)	Schwedt elected council (11)	Wolgast elected council (6)
Barrow elected council (6)	English Partnerships (8)	MIR (8)	Peene-Shipyard (4)
NWDA (5)	Blyth Valley elected council (8)	LEIPA GmbH (6)	Sozialagentur Ostvorpommern (3)

Generally, there seems to be a broader involvement of higher level organisations in local governance in England compared to Germany. The political system in England seems to favour the national to the disadvantage of the local level which leads to a higher relevance of non-local actors in local decision taking (see 4.1.3). National organisations are not really dealt with in Schwedt and Wolgast, which is in contrast to the situation in Blyth and Barrow – not surprisingly because of Germany's federal structure (see 4.1.1). In the German towns, there is only one regional organisation among the top five organisations: the ministry for infrastructure and spatial development (MIR) Brandenburg, which is seen as relevant for local governance in Schwedt. Actors in Schwedt seem to collaborate

<sup>128</sup> See 6.2.1 and focus group meeting in Blyth, 5 April 2007.

more intensely with regional organisations, which seems to be less the case in Wolgast – probably due to the smaller size of the town. Regional organisations such as the Brandenburg ministries for infrastructure and for economic affairs as well as the regional development agency ZukunftsAgentur Brandenburg (ZAB) assist the bigger towns in Brandenburg in economic regeneration (e.g. KQ 77, see 6.1.2 and 6.3.1).

Concerning the relevance of the sub-regional level, there are also differences within the countries. In Wolgast and Blyth, the sub-regional level seems to be more important than in Barrow and Schwedt, which can probably be attributed to town size. In Wolgast, the interplay between local (Stadt Wolgast) and sub-regional actors (County Ostvorpommern) seems to function very well, while in Schwedt, the relation to the county (Uckermark) is difficult. Similarly, Barrowian actors also mentioned problems with actors on county level (Cumbria). With the exception of Wolgast, there seems to be a problem everywhere in getting the county councils involved in regeneration activities. The relationships are often full of tensions and are more parallel structures than joint efforts towards regeneration.

#### Setting up regeneration agencies

Compared to the two German cases, there is a wealth of regeneration partnerships and agencies in England. The introduction of new agencies in the English towns (see 6.2.2) has been followed by an introduction of new actors to local governance arrangements and by the introduction of new strategies and regeneration projects linked to these new organisations. All the new agencies and partnerships in Barrow and Blyth depend on national policy or funding decisions (see below). Some of them might have been triggered by local lobbying, but they still depend of decisions in higher level organisations – usually being part of or reporting to national government.

In the German towns, business development functions as well as physical regeneration activities are dealt with within the local council, with the exception of some public private partnerships such as Stadtwerke Schwedt, a local infrastructure company that was set up by the local authority. The model of introducing new agencies to deal with specific or more strategic regeneration tasks seems to be very rare in Germany. One reason for the high number of agencies and partnerships in the English towns is that central government also requests or installs new organisational structures – sometimes even by-passing local councils. For example, regional development agencies are very influential because they channel most of the national funding streams towards the local level (see 4.2.1). In Barrow, West Lakes Renaissance (which reports to NWDA) is number two in the organisations' ranking and One Northeast is of second biggest importance in Blyth's organisations' ranking (see fig. 48). In Blyth, Northumberland Strategic Partnership also seems to play an important role as a

distributor of funding. NSP, however, is not really involved in socio-economic governance (see 5.3.1).

The reasons for differences in local governance arrangements can be seen in the differing forms of regeneration funding, in different ways in which enterprises and communities are involved, in the quality of relations (e.g. between the local and the sub-regional level), in the way in which policy making is structured in general and in the relations to the national level. For example in Blyth, local initiatives were favoured by national and regional funding organisations, while in Barrow, the approach has been more top-down with key organisations installed by central government (such as WLR and Barrow Task Force). Different norms and political concepts also shape local governance. For example in Schwedt, there is a strong belief in a neo-liberal growth concept focusing on traditional industries (see 6.3.1). In Blyth, there is a strong emphasis on local communities and community development (see 6.3.2).

A higher number of organisations and partnerships involved in regeneration also raises the need for coordination and networking. Thus, actors having key positions within key organisations, in particular those who are involved in a number of partnerships, task forces or round tables, have increased power in local decision making. Thus, local governance also depends on the networking capacity of individuals and how they take advantage of networking opportunities opened up by formal frameworks: "I personally know everybody who sits on the Heart of Barrow Board. I know everybody who sits on the Local Strategic Partnership, so the most other people who run it. [...] And I think that's a really valuable role. [...] I do think, it helps coordination as well actually. Because the same people, you know, not just the same organisations, the same people will sit on the majority of these boards" (RI 62; similar UW 102 for Barrow, KT 157, 163 for Blyth, NC 117 for Schwedt).

## **6.4.2. Shaping local policies**

### National interventions and the local room for manoeuvre

In particular in England, regeneration activities are very much influenced by the nation state. Local socio-economic activities might be more characterised by exogenous than by endogenous impetus. In simple terms, the standard procedure for regeneration in Germany is to provide funding to the local level to address urban problems. In England, the standard procedure is to set up task forces, specialised agencies or partnerships – often installed by and made responsible to the nation state. There has been a rise in the number of strategic partnerships on different spatial levels in England. Here, the focus seems to be more on strategy than on delivery: "We got a HUGE, HUGE range of government inspired initiatives which will require you to write endless documentation, endless strategies and get involved in ENDLESS meetings. When it comes right down to it, is that those endless discussions, endless meetings will make very little

difference" (IL 115). Response to urban problems seems to be more rule driven in the English cases. Socio-economic regeneration is said to be process-driven in England instead of outcome-driven.<sup>129</sup> Processes of cooperation and strategy formation indeed play an over-weighted role in Blyth and Barrow: "[We] got more than enough strategies, plans and so on. So, the focus should be on delivery" (CU 139).

In the German towns, there seems to be more room of manoeuvre. In terms of regeneration, there are not many specific guidelines besides general planning guidelines. However, if there were more room for action in the German towns, there should also be more space for local innovation and creative forms of response. But comparing the initiatives in the English and German towns (see 6.1), there is not much difference in terms of developing new opportunities for the unemployed, the major aim of socio-economic regeneration. Moreover, the introduction of new initiatives has sometimes only been possible with the support of regional governments. This has been the case with LILA in Schwedt and with Produktionsschule in Wolgast. The long implementation process of Produktionsschule is an example for institutional learning (or assembling a critical mass of support). Originating in Denmark, the idea has gained support by Mecklenburg-Vorpommern's ministries. Step by step, the principles became institutionalised and the idea gained broader acceptance. After 12 years, the idea could finally be put into practice (see 5.2.2). The re-orientation of regional funding and planning guidelines towards more selective support structures also triggered local debates in Brandenburg, starting in 2005. In Schwedt, the change in Brandenburg's economic development promotion policy has induced local debates about development priorities and about promoting Schwedt as a growth pole in the next years. Without installing explicit guidelines for cooperation in Schwedt, this process helped collaboration of local actors: "Wir gehen dann auch auf unterschiedlichen Wegen Richtung Potsdam. [...] Das passiert alles konzertiert" (LO 65, similar NC 58).<sup>130</sup>

In England, there seems to be much more national regulation than in Germany and thus less scope for local action. Approximately every year or so, there is a new policy initiative such as the introduction of Local Strategic Partnerships, Sustainable Community Plans, Local Plans or Local Area Agreements. There seems to be a kind of tradition of change in England whereas in Germany there is a stronger tendency to stick to and only modify the current systems. In England, the national level also intervenes in particular areas with individual solutions. In the case of Barrow, the nation state introduced Barrow Task Force, the urban regeneration company West Lakes Renaissance and Cumbria Vision.

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<sup>129</sup> Focus-group meeting in Barrow, 2 April 2007.

<sup>130</sup> Translation: And then we approach Potsdam in different ways. That happens in concerted action.

Such interventions would be very difficult in Germany due to the fixed rule of communal self-government (see 4.1.3). From a German perspective, it is striking how little opposition all these initiatives evoke from the local level in England. It seems that the national level in England tries to micro-steer everything on the local level and often by-passes local government with new programmes managed in national organisations but not locally. The introduction of LSPs and a number of other initiatives of relevance for the local level were implemented without consulting the local level: "Central government didn't ask whether we want the local strategic partnership. Central government told us we had to have one. Central government didn't ask whether we wanted a local area agreement, which is the latest wuzz of wees, they told us we have to have one" (IL 127).

#### The role of funding

In terms of local decision taking, it is not a surprising observation that the power often is where the money is. This is particularly true for the English case studies: "The big actors are the people who can provide gap funding for regeneration" (HR 46 for Blyth; similar RI for Barrow). Regeneration funding is much more selective and also often competitive in England, which is not so much the case in Germany (see 4.1.2). All of the studied socio-economic initiatives need a certain degree of direct or indirect public funding. Only the Community Enterprise Centre in Blyth became financially sustainable after initial public financing to build the infrastructure and kick-start the initiative. All socio-economic initiatives are under continuous pressure to use their funding effectively, to create economic benefits or to become self-sustained. Problems of achieving sustainability are seen by the actual managers of LILA in Schwedt (BM 29, 68), Briardale in Blyth, CAF in Barrow (BS 37, 39) and to a lesser extent Produktionsschule in Wolgast (see part 5): "We have spent the five year trying to [...] MAKE this more of a sustainable enterprise in itself" (KC 91 for Blyth).

A lot of key decision takers seem to have gathered negative experiences with socio-economic initiatives: "What happens often is that an project set up, it gets three years worth of funding, at the end of the years, no more funding, the whole thing collapses" (IL 88). Similar criticism is raised in relation to LILA in Schwedt, an ESF funded initiative supporting local micro-projects (see 5.1.2.): "Ich glaub, dass die schon [...] mit anschieben können, nur allerdings habe ich oft so das Gefühl, ist das nachhaltig? Also sind die Projekte die da gefördert werden wirklich nachhaltig oder zieht man sich Projekte aus dem Finger [...] nur um an die Förderknete ranzukommen"<sup>131</sup> (NC 79). Such opinions also reflect local difficulties and debates around ongoing initiatives.

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<sup>131</sup> Translation: I think they can help with starting-up. However, I often have the feeling, is this sustainable? I mean are the initiatives they support really sustainable. Or do people just make up initiatives to get funding in.



In the field of socio-economic regeneration, it seems to be impossible to implement local initiatives without external financing. Thus, the ideal of real endogenous projects without such support is unrealistic. The need to acquire external funding to run the initiatives often pre-occupies the managers to a large extent. This requires more time for financial management to the disadvantage of content management. "Dadurch ist die Arbeit relativ schwierig und nimmt einen großen Teil eben weg dieses Geld zu suchen"<sup>132</sup> (BM 42). In particular the social enterprises are in a kind of dilemma over community development as main objective on the one hand and running a sustainable business on the other hand: "There is always the worry about funding. And making the business sustainable. That will always be there" (KC 96). In this way, the continuous challenge of maintaining a financially viable business prohibits or delays to set some of the social objectives into practice. This is very visible in Blyth with the CEC: "There are lots of other things that we wanna do, like the community work with the community centres, like the enterprise culture, like things with the young people, like other buildings and other premises that we might manage" (UC 101).

Initiatives dealing with the long-term unemployed and other groups that are difficult to integrate in the labour market depend to a larger extent on particular funding opportunities: "Because of the people coming in, their work, that will ALWAYS need some further grant funding" (BS 39). Complex social objectives cannot be fulfilled without continuous financial support. It is also a question of acknowledging the need for such initiatives on all levels and giving adequate financial support. Thus, local initiatives can also be seen as a result of specific funding opportunities and funding criteria. The huge number of social economy initiatives in Blyth for example must be seen in the light of specific funding regulations in the Single Regeneration Budget (see 4.1.2) for initiatives in community ownership and with the willingness of local governance actors to use these opportunities: "We had an opportunity to put some funding into that area creating a community centre. [...] For a small authority like us, we NEED external funding to enable things to happen. You've got to go with the opportunity" (HR 101). The smaller number of similar initiatives in Schwedt is probably related to the difficulty to access such funding opportunities in Brandenburg and missing local level support for social initiatives (BM 150). As an exception, LILA got support as part of a regional initiative (see 5.1.3).

Comparing the funding used for the German and English initiatives there is one crucial difference: In England, funding opportunities for socio-economic initiatives are fragmented and often require competitive bidding. In Germany there seem to be theoretical funding opportunities through mainstream funding (e.g. via the social security office in Wolgast or via local industrial policy in Schwedt) which,

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<sup>132</sup> Translation: Therefore the work is really difficult and binds a lot of resources searching funding opportunities.

however, depend on local political support. And such support is often difficult to achieve.

## **Part 7: Conclusions and implications**

## 7. Conclusions and implications

Part 6 presented the empirical and analytical results of this study in a detailed way. The purpose of this final part of the thesis is to review the findings by bringing together the three applied research perspectives. Here, I distil the essence of the findings in order to address my initial research question: Which key mechanisms lead to and support the emergence of local socio-economic initiatives? To what extent can the emergence of such initiatives be explained with the existence of specific forms of governance, institutional contexts or regional and national frameworks? Mechanisms leading to and supporting the emergence of local initiatives can be identified on all these levels as a result of this research. On a local level, actors work in the complex field of regional and national interventions, local governance arrangements as well as institutional environments that shape local action. The strongest factors leading to the initiatives in the four case studies must be seen in the role of informal institutions, which provide normative orientations and privilege particular forms of initiatives and reject others. The regional and national level also have a great deal of influence by providing the organisational context in which local action takes place.

This final part is structured in three chapters that discuss key mechanisms, implications and achievements of this research. The first chapter reviews the preceding part carefully in order to summarise main results of the case studies. Step by step, the findings have been condensed, structured and interpreted (7.1). The second chapter locates the findings within the wider theoretical debates utilised in this research and raises the question of practical implications (7.2). The very final chapter concludes with remarks about the core findings and achievements of this research and finally identifies open questions that have emerged during the research (7.3).

### ***7.1. Key mechanisms and local initiatives***

It has been possible to identify a number of key mechanisms which have been crucial for the emergence of the selected initiatives around which this research has been built. Such key mechanisms must be seen as supporting factors rather than simple machine-like devices. By no means is there a deterministic understanding of such factors. At the outset, this chapter summarises main results of the four case studies along the utilised research perspectives linked to governance and partnership, new institutional thinking as well as regional and national interventions (7.1.1). This includes a typification of initiatives concerning their relations to the structures and institutions of local governance. The second section in this chapter comes up with an attempt to identify cross-cutting issues transcending the research perspectives. Isolating and generalising 17 concrete factors leading to and supporting the emergence of local initiatives, I will come up

with three main groups of factors, cross-cutting the analytical perspectives. I have also put up and interpreted an overall comparison along factors and initiatives (7.1.2).

### **7.1.1. Governance factors, institutional contexts and national frameworks**

#### Individuals and forms of governance

In each of the four towns studied, there has been space for the development of non state-led local initiatives. This could be seen as a sign for a non-authoritarian mode of state regulation that is prevalent in Germany and in the UK. In some cases, these initiatives have emerged with the clear support of or in cooperation with key individuals involved in local socio-economic governance. In this respect, local initiatives can be regarded as an output of complex interactions of a multitude of state and non-state actors on different vertical levels (local, regional, national, European). This becomes particularly visible when looking at the involved actors (and funding streams) of the eight initiatives studied (see part 5).

There have also been particular forms of strategic governance, such as the local strategic partnerships in Barrow and Blyth or IHK-Nord in Schwedt, with the general aim of building synergies and coordinating local development. One purpose of this research has been to identify to what extent such forms of governance facilitated the emergence of the identified local initiatives. As part of more complex local governance arrangements, these forms of governance might have helped communication and collaboration horizontally between a number of actors and vertically with the regional and the national level. Nevertheless, none of the analysed initiatives can be regarded as the output of such forms of strategic governance.<sup>133</sup> Even the highly formalised local strategic partnerships which are obligatory in England did not achieve results in this respect.<sup>134</sup> However, if local forms of strategic governance cannot be regarded as particularly effective in terms of supporting the emergence of local initiatives, it must be considered as potentially helpful for the successful implementation and operation of initiatives to receive support from individuals or organisations linked to local governance arrangements.

All towns show cooperative elements of local governance, however, with a clear domination of public actor based decision making. Blyth shows the highest degree of interaction with non-council actors in terms of community involvement, Schwedt in terms of local industry, Barrow in terms of public agencies and

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<sup>133</sup> This has also been confirmed in a recently finalised study about local strategic partnerships in North England (Scott 2008).

<sup>134</sup> Surprisingly though, the idea of having local strategic partnerships has generally been acknowledged and has never been questioned within the interviews made for this research.

partnerships and Wolgast in terms of the relation to the county council. These different orientations are to a degree in line with favouring different kinds of local initiatives. If local governance arrangements are mainly based on a close relation between public actors and actors from business, there might be a local preference for business initiatives. If they are based on the integration of communities, there might be a preference for community initiatives. The main supporting criteria for the emergence of socio-economic initiatives then would be the basic orientation of key actors in local decision making or the paradigms they are following (e.g. community led regeneration in Blyth or industrial development in Schwedt).

Having links to (and between) key decision takers might help initiatives become successful but cannot be seen as precondition for their establishment. There are a number of successful socio-economic initiatives that at the outset have not been linked to key decision takers or organisations involved in local governance (such as Centerpoint in Wolgast or CAF in Barrow). Even having these links by integrating key actors in the initiative's organisation structure is no guarantee for their integration in local decision making processes and better support on the local level (as with LILA in Schwedt). However, there are some arguments for a positive relation between specialised agencies and socio-economic initiatives as well as between general normative orientations of key decision takers and such projects being in line with these orientations.

Inspired by the utilised theoretical perspectives and the categories which emerged during the interpretation of the interviews with key decision takers and initiatives' executives, the selected initiatives have been typified along the dimensions 'structures', 'origin' and 'norms'. Following the theoretical debate around governance and partnership, differences between the initiatives should be expected according to their structural relation to those individuals and organisations that play important roles in local governance arrangements. This relation can be seen as particularly intense if the initiative's origin is directly linked to such arrangements. Following the new institutional research perspective, the initiatives have been finally analysed concerning their normative acceptance among key decision takers. Hence, mainly from a governance perspective, the selected initiatives can be typified along three dimensions:

- structural dimension (see 6.1.2 and 6.2.1): initiatives might be integrated in local governance arrangements via their management or their responsible bodies (+) or run parallel to these structures without major links (-);
- origin dimension (see 6.1.2): initiatives origins can be closely linked to (+) or be completely outside of local governance arrangements (-);
- normative dimension (see 6.3): in terms of contents, objectives and ideological background, initiatives might be accepted by key decision

takers and supported as explicit part of or closely related to local strategies (+), just tolerated or even rejected (-).

Following these dimensions, there are four different types of relations between local initiatives and urban governance when grouping the eight analysed initiatives:<sup>135</sup>

- type A: structurally integrated initiative with overlaps in terms of key actors and organisations, having unambiguous support by central decision takers and originating within the local governance arrangement:  
Encouraging Entrepreneurship initiative in Barrow and Biofuels Initiative in Schwedt;
- type B: initiative originating in the inner circle of local governance, having broad support but only indirect links to key actors and organisations, i.e. initiatives are performed outside of the central decision taking structure:  
Briardale Community Centre and Community Enterprise Centre in Blyth;
- type C: initiative is supported content-wise, but originates outside of the local governance arrangements without any overlaps with key actors or organisations:  
Community Action Furness in Barrow and Centerpoint in Wolgast;
- type D: initiative's origin has nothing to do with local governance arrangement, content-wise support is ambiguous and there is no structural integration:  
LILA in Schwedt and Produktionsschule in Wolgast.

**Fig. 49 Types of socio-economic initiatives**

dimension	type A	Type B	type C	type D
structural dimension	+	-	-	-
origin dimension	+	+	-	-
normative dimension	+	+	+	-
	E2, Barrow	Briardale, Blyth	CAF, Barrow	LILA, Schwedt
	Biofuels, Schwedt	CEC, Blyth	Centerpoint, Wolgast	Prod.schule, Wolgast

In particular initiatives according to type D and to a lesser extent those belonging to type C have a difficult standing in local governance and are thus hindered in their regeneration activities. Initiatives which do not originate in an environment closely linked to the local governance arrangements at first need to fight for recognition among local actors. Such recognition is easier to gain, when there is support content-wise. Among the eight initiatives, there is no example of initiatives originating outside of local governance arrangements becoming

<sup>135</sup> The other four possible combinations did not appear.

structurally integrated. None of the four type C and D initiatives' executives nor the organisations they belong to play an important role in local governance arrangements.

The typification of local initiatives could not really reveal key mechanisms supporting their emergence. The structural dimension as the governance-inspired criteria of the typification bears only marginal explanatory power. Nevertheless, analysing structure and origin of initiatives helped to understand the relations of local initiatives to key decision takers. The acceptance of initiatives by key decision takers can be seen as a precondition for the structural integration in local governance arrangements and for taking their origin from within such arrangements. Hence, this typification points towards the normative dimension that plays a central role in the emergence of local initiatives. This dimension is further elaborated in the following sections.

#### Local institutional environments

In contrast to particular forms of governance, wider impacts can be attributed to local institutional environments in terms of shared understandings, general normative orientations and attitudes. In some cases, institutional environments might be very supportive and enabling, in others they might constrain the development of local initiatives. Alternative responses to socio-economic problems are often difficult to implement because of such constraining factors. Often, the implementation of initiatives requires institutional changes – such as is the case with Produktionsschule in Wolgast (see 6.4.2).

As the case study of Schwedt demonstrates, it is very difficult to work with priorities that lie outside of the locally acknowledged paradigms of economic development, such as in the case of LILA. On the other hand, the widely accepted Biofuels Initiative is completely in line with prevailing norms and attitudes. Such informal sets of institutions can function as constraining or enabling for specific socio-economic initiatives. This applies to basic understandings of economic development and growth, regeneration and the 'adequate' form of response to social problems such as long term unemployment, in particular. These basic orientations and the institutional environments established around these questions are of the highest importance to local initiatives. In this study, the different normative orientations of key decision takers on a local level were significant when it came to analysing institutional aspects linked to the social or the formal economy.

Established modes of action or standard proceedings also influence the development of socio-economic initiatives. In particular in the UK, the partnership approach and the installation of specialised agencies have been identified as a standard solution to urban problems (see 4.3). The existence of such agencies clearly influences local initiatives. In some cases, initiatives can be regarded as an output of local regeneration agencies. Here, it is not so much the question



whether these organisations are more effective than the councils. It is rather a question about the leeway opened up for particular actions within specific organisational frameworks by the actors involved. Organisations open up specific approaches to urban regeneration, however the outcomes depend on how the actors within these organisations take up these approaches and whether actors within other organisations (e.g. within the council) accept the role of such new organisations. If an organisation and its actors is questioned as a whole for whatever reason, their agents might not be able to gain importance and collaboration might become difficult. This is probably the case with regard to Cumbria Vision and Cumbria County Council in Barrow (see 5.4.1) as well as with Uckermark County Council in Schwedt (see 6.4.1).

In Germany, the task to deal with long term unemployment and related social problems is very often left to the (national) welfare system (see 6.3.2). The problem is not perceived as requiring *local* action, which leads to a very passive attitude towards social initiatives on the local level in Germany.

#### Regional and national interventions

In terms of providing policy frameworks and funding opportunities, the national (and in Germany also the regional) level has a great deal of influence on local initiatives. In fact, the local level depends very much on the national level when it comes to concrete regeneration measures. In Barrow and Blyth, there are even direct interventions by non-local actors in local governance and regeneration, whereas German local authorities have a relatively high autonomy and the right to communal self-government (see 4.1.3). However, in both states, none of the selected initiatives were possible without the support of national (and European) funding streams.

In England, local action is more often preordained by national policy than in Germany. There seems to be a greater number of policy guidelines and funding regulations that limit the scope for local socio-economic regeneration measures.<sup>136</sup> The regulatory context also makes regeneration in England process-driven instead of outcome-driven (see 6.4.2); over-regulation limits the scope for developing local response to socio-economic challenges. London defines the route to follow, which makes it very difficult to do things differently than the nationally acknowledged way. On the other hand, local actors in Germany seem to have more space for 'innovative' forms of response to socio-economic problems. However, it must be stated, that in Germany this room for manoeuvre is not sufficiently used. Hence, there must be further significant barriers to policy innovation on the local level – and the national level also lacks clear inspiration for policy innovation. Due to the lack of clear national discourses

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<sup>136</sup> David Scott reaches similar conclusions in his analysis of the role of national policy in local regeneration (Scott 2008).

and guidelines about how to respond to local problems, there is more scope for informal institutions to develop in the German cases on a local level, often favouring particular forms of response over others. In England, strict guidelines have led to a situation in which even actors in economic development oriented towards the formal economy support social economy activities because of the availability of funding opportunities and a broad acknowledgement of social initiatives in general (for example in Barrow see 6.3.2).

The central role of the nation state when it comes to regeneration is without doubt and has often been referred to in this study. The main concern of this project has been to look at the room for manoeuvre from a local point of view. Related to the introductory question as to key mechanisms leading to local initiatives, the empirical material has been reviewed once again to identify the relevant factors in the cases studied. All relevant factors for the eight selected local initiatives have been isolated and assembled in three groups:

- organisations, decision takers and capacities;
- identification, networks of support and strategic fit;
- frameworks, funding and wider debates.

### **7.1.2. Supporting factors and interpretation patterns**

#### Organisations, decision takers and capacities

Organisational structures – and governance related factors – played a major role for the emergence of all initiatives subject to the study (see fig. 50). In Barrow and Wolgast, local agencies have been effective in supporting the emergence of local initiatives. Sozialagentur even has its own budget and can thus give immediate (financial) support to local initiatives. However, local regeneration policies and the active support of borough and county councils have also been instrumental, mainly in Blyth (BVBC) and in Wolgast (Ostvorpommern County Council). Networking between the different levels of governance has been in place: in Schwedt with the regional level (among other things linked to the Biofuels initiative); and in Wolgast with the county level (in terms of economic development).

Local and regional community groups have been a crucial factor for the development and implementation of a number of initiatives in all four towns, most significantly in Wolgast. For all initiatives, the capacity to apply for funding has been a precondition for their implementation. Due to the dominant system of competitive bidding, this is particularly crucial in the English towns. This capacity is often linked to particular agencies such as Furness Enterprise in Barrow or organisations like Blyth Valley CVS or CJD in Wolgast.

**Fig. 50 Organisations, decision takers and capacities**

<b>Initiative</b>	<b>Factor in concrete case</b>	<b>Supporting factor</b>
Barrow: E2; Wolgast: Produktionsschule	Support and implementation by Furness Enterprise; Sozialagentur as primary sponsor	Active agency with clear tasks to promote socio-economic regeneration/ potentially with funding for own projects
Blyth: Briardale, CEC; Wolgast: Produktionsschule	BVBC's community engagement policies; County Council Ostvorpommern supports socio-economic activities	Active council with interest in socio-economic regeneration
Barrow: CAF; Schwedt: LILA; Wolgast: Centerpoint, Produktionsschule; Blyth: CEC	Active civil society/ community groups (churches together, Frauenverein, CJD, Frauen in die Wirtschaft e.V.; BVCVS)	Active community organisations generating and implementing initiatives
Schwedt: Biofuels, LILA	Support from regional actors/ RDA (ZAB) or from regional ministry (MASGF)	Backup by regional actors
Schwedt: Biofuels	Networking by key actors on local and regional level	Collaboration of key decision takers on local and regional levels
all initiatives	Capacity to apply for funding	Capacity to apply for funding

Identification, networks of support and strategic fit

'Soft' factors – or informal institutions – have been significant for the emergence of all initiatives (see fig. 51). Acknowledgement and ideological support from key decision takers have been important to the emergence of a number of initiatives. In fact, agreement on ideology has been much more relevant than the formal involvement of key decision takers. Ideological match might even be seen as a precondition for successful networking. LILA is an example where some key decision takers have been integrated in the initiative's advisory board (see 5.1.2). This, however, did not raise LILA's profile locally due to an ideological discord of the involved actors (see 6.3.2).

Some initiatives have not only been acknowledged by key decision takers, they have even been integral part of local regeneration strategies. Others have been accepted because they fit with a broadly accepted vision or common understanding of urban development. The Biofuels Initiative in Schwedt can be seen as a path contingent activity reproducing the town's profile as an industrial town. In some cases, a broad ownership of initiatives among local actors, community groups or governance organisations has been supportive to their emergence (and also performance). However, the existence of local level support structures is not a precondition for the emergence of initiatives. Some initiatives have been integrated in wider networks of ideological and professional support either on a regional, national or even European level. Such networks seem to be able to compensate for lacking local level support.

**Fig. 51 Identification, networks of support and strategic fit**

Initiative	Factor in concrete case	Supporting factor
Barrow: E2; Blyth: Briardale, CEC; Schwedt: Biofuels	involvement of key actors: broad recognition/ acknowledgement and ideological support	Ideological match with key decision takers (acknowledgement of initiatives)
Wolgast: Centerpoint, Prod.schule; Schwedt: LILA/ Frauenverein; Barrow: CAF	Active networks of similar initiatives/ integration in regional and international professional networks	Wider networks of ideological support and content-related exchange with similar initiatives
Blyth: CEC, Briardale; Schwedt: Biofuels	Integral part of overall regeneration agenda	Initiative being part of overall regeneration strategy
Wolgast: Centerpoint; Barrow: E2, CAF	Fits to broadly accepted vision/ normative orientation	Initiative fits to local vision/ common understanding of development
Schwedt: Biofuels	Fits to local identity as industry town	Initiative as path contingent activity linked to a traditional development path
Blyth: Briardale, CEC; Schwedt: Biofuels	Wide ownership of initiatives (many people identify with initiatives' rationale and activities)	Broad ownership of initiatives

#### Frameworks, funding and wider debates

There are also some non-local factors that have been very supportive to the emergence of the eight initiatives (see fig. 52). In particular in England, national discourses about the social economy, entrepreneurship and community involvement as well as the interlinked policy orientations (and mainstream funding programmes) clearly shape local activities. The influence of these factors is a surprising finding of this study. The assertion made at the outset of this study has been found to be absolutely true (see 1.1.1): national frameworks can evoke distinct normative perceptions of certain proceedings or arrangements; thus, they also determine normality and irregularity. In two of the German cases, European social policies – and related funding opportunities – seem to fill the national policy gaps regarding female entrepreneurship and community businesses. In this way, European policies shape local responses to socio-economic problems. Concerning Produktionsschule and the Biofuels Initiative, the regional level played a major role with regards to their establishment. The Biofuels Initiative is a direct component of the regional cluster strategy (implemented by ZAB) and as such got support from the regional level. The Ministry of Social Affairs Mecklenburg-Vorpommern implemented a regional concept for production schools of which CJD's Produktionsschule became a part – and finally also got the necessary grant. In those cases, where neither regional, nor national or European funding opportunities exist, the availability of and access to external sponsors can be a decisive factor for the establishment of local initiatives.

**Fig. 52 Frameworks, funding and wider debates**

<b>Initiative</b>	<b>Factor in concrete case</b>	<b>Supporting factor</b>
Barrow: CAF, E2; Blyth: Briardale, CEC	National discourses: social economy/ entrepreneurship/ community led regeneration	Initiative linked to national discourses about certain topics (national frameworks)
Schwedt: LILA; Wolgast: Centerpoint	ESF opportunities	European social policy via ESF funds
Blyth: CEC, Briardale; Barrow: E2	Funding opportunities for community led projects/ entrepreneurial programmes	Availability of specific funding opportunities (regional and national)
Wolgast: Produktionsschule; Schwedt: Biofuels	Regional strategies as frame and supporting argument (acceptance of ideas)	Initiative as part of regional frameworks
Barrow: CAF	Sponsors from outside	Big national trust charitable organisations with funding possibilities

Patterns of interpretation

Sorting the identified supporting factors according to the initiatives (see fig. 53) allows the identification of cross case interpretation patterns. This research has been designed as a bi-national comparative case study, which leads to the question of nationally specific relations. Indeed, there are significant differences between the countries with regard to six supporting factors. Some factors relate to the power of the regional level of policy formation (no. 4, 5 and 15). This also indicates the strong split of power between the national and regional level in Germany with clear competences for the Länder (see 4.1.1). It demonstrates the importance of the regional level in Germany, which is not present in the UK. Differences in supporting factors appear not only in relation to the national context of initiatives, the project's focus on the formal economy or the social economy also yields some differences. Concerning other dimensions, no significant patterns emerged. For example, the number of relevant factors per initiative seems to play no role for their emergence. Only four factors apply to Centerpoint in Wolgast which, nonetheless, has been successfully implemented (see 5.2.3). Also, a differentiation between informal institutions ('soft factors') and formal institutions ('hard factors') does not lead to significant differences.

It also seems that the German initiatives are more likely to be in need of ideological support independent from local governance and decision taking compared to the initiatives in the English towns (no. 8). The positive interpretation of this observation is that the national and regional level do not pre-determine the character of local socio-economic initiatives in Germany. This, however, seems to be the case in the UK, where the nation state imposes local development paradigms and ideologies. Hence, in the English towns, a significant majority of initiatives are linked to dominant national discourses and paradigms (no. 13). It seems that the centralised UK system overrides local initiative. In fact, all selected initiatives in Barrow and Blyth are linked to the national regeneration discourse and most of them also depend on interlinked funding opportunities

through mainstream funding programmes (no. 16). Such funding opportunities, however, seem to be more difficult to find in the German cases. Here, the European Union seems to be partly filling the national policy gap (no. 14). Centerpoint and LILA are the two only initiatives dependent on ESF funding. Here, the operationalisation seems to be different in Germany and more directly linked to specific objectives.

**Fig. 53 Supporting factors, initiatives and patterns of interpretation**

No.	Specifics	Supporting factors	Barrow		Blyth		Schwedt		Wolgast	
			CAF	E2	Briardale	CEC	LILA	Biofuels	Prod:schule	Centerpoint
1		Active local agency		x					x	
2		Active council			x	x			x	
3		Active community organisations	x			x	x		x	x
4	G	<i>Collaboration of local &amp; regional actors</i>					x			
5	G	<i>Backup by regional actors</i>					x		x	
6		Capacity to apply for funding	x	x	x	x	x		x	x
7		Broad ownership			x	x		x		
8	G	SE <i>Networks of ideological support</i>	x				x		x	x
9		FE <i>Ideological match</i>		x	x	x		x		
10		Part of local regeneration strategy			x	x		x		
11		Fit to local vision	x	x						x
12		Path contingent activity						x		
13	UK	<i>Linked to national discourse</i>	x	x	x	x				
14	G	<i>Linked to European social policy</i>					x			x
15	G	<i>Part of regional strategies</i>						x	x	
16	UK	<i>Specific funding opportunities</i>		x	x	x				
17		Sponsors from outside	x							

UK = United Kingdom; G = Germany; SE = Social Economy; FE = Formal Economy

The second pattern of interpretation might focus on the differentiation of formal and social economy initiatives. Significant differences related to ideology and support appear between the two types of initiatives. It is a remarkable result that initiatives are either integrated in external networks of (ideological) support (no. 8) or demonstrate an ideological match with key decision takers on a local level (no. 9). None of the initiatives demonstrate both factors. This might mean that a lack of local support can be compensated with acknowledgement and networking on a wider (external) scale. It would seem that the line between social and formal economy initiatives is less important than ways in which projects are reflective of local priorities. However, ideological match with key decision takers is important to the formal economy initiatives in particular. This highlights a priority for formal

economy initiatives in both, the English and the German towns. Blyth, however, is an exception with a clear acknowledgement of the social economy (see 6.3.2).

Some supporting factors have only been relevant for a small number of initiatives. However, half of the factors or sets of related factors apply to the majority of initiatives. In particular, the capacity to apply for funding (no. 6) is a major precondition for the emergence of all initiatives, with the exception of the biofuels initiative in Schwedt (which indirectly also depends on additional funding). The existence of locally active community organisations (no. 3) can be seen as a precondition for the emergence of five initiatives. Briardale, for which a new organisation was founded, would be the sixth initiative. In terms of basic ideologies, all initiatives have either been part of (external) ideological support networks (no. 8) or match the basic ideologies of key decision takers in the local system of socio-economic governance (no. 9). Above all, six out of eight initiatives are either an explicit part of local regeneration strategies (no. 10) or can be seen as complementary to the overall local vision for regeneration (no. 11). Furthermore, the goals of all initiatives relate to either European, national or regional debates and regeneration agendas (no. 13-15).

Having identified all these factors leads to the question: can an initiative be 'automatically' implemented by putting in place all supporting factors? This must be considered as an open question as there is no case matching all identified factors. However, the understanding of the identified factors as 'key mechanisms' should be revised. The phrase implies an understanding of such factors as inevitably leading to specific results in the way of a 'mechanism'. It is not the case, however, that clear causal relationships can be established. The identified factors rather work supportive than causal. They also work in combination with other factors and cannot be viewed in isolation.

## ***7.2. Theoretical and practical implications***

In the previous chapter I have summarised, condensed and interpreted the major results of this research. The following chapter is about the theoretical and practical implications of these findings. At first, I reflect on some of the initial thoughts on urban governance and new institutional theory and the way in which both concepts have been utilised for the research framework (see part 2 and 3). During the course of this research, I have further developed some essential arguments for the debates on urban governance and new institutionalism. I have re-visited the governance literature to draw my own conclusions based on my case studies. There is also a critical reflection of the applied form of institutional analysis and a concretisation of the way institutions work (7.2.1). Secondly, there is the question about implications for the practice of socio-economic regeneration. Here, I present how local initiatives can be supported. The section ends with an ideal type for the support of local initiatives (7.2.2).

## 7.2.1. Theoretical reflections

### Re-visiting ideas of governance and partnership

In the governance debate, there are different understandings of governance as a concept. The ways in which 'governance' is used and defined differ not only along normative, analytical and conceptual dimensions (see 2.2.1), but there is also a difference between a narrow understanding of governance as influenced by regime theory and a broad conception of governance as everything which travels beyond purely state centred and hierarchical forms of regulation. Within the broad understanding, every process that includes non-state actors can be seen as a governance process. The narrow understanding implies a form of coordination and collective effort or purposeful collaboration in informal networks or formal partnerships. The understanding of governance that has been followed in this research focuses on the processes of decision taking and is close to a narrow understanding. Here, governance is seen as a way of managing urban development including actors besides traditional government. This research supports some general positions and also contests some of the claims made within the debate around the narrow understanding.

A positive perception of urban governance is that of a multi-actor approach to urban development. In this way, the current research reaffirms the baseline agreement identified by Stoker describing governance as referring to "the development of governing styles in which boundaries between and within public and private sectors have become blurred" (Stoker 1998: 17). Urban governance can be characterised by the openness of political systems to allow for other parties to become involved in or to take care of formerly state-dominated tasks and duties on the local level. In some cases, such processes might also be purposefully supported by state actors to compensate for the inability of the state to deal with all local problems. The absence of the state has facilitated a number of non-state, non-hierarchical solutions to local problems which can be seen as interlinked with processes of governance instead of government.

The term urban governance does not refer to one particular established way of regulation or steering. Rather it includes a broad range of approaches to urban development emphasising the changing nature of the urban political scene. Such changes can also be seen in the towns subject to this study. In all towns, there are processes towards collaborative planning and implementation processes.<sup>137</sup> In Schwedt, industry has been clamouring for more influence in urban development, particularly when it comes to infrastructure but also with regard to the region's growth pole concept. In Wolgast, both, borough and county council, try to activate the business sector to take a more active role in local development – with little success so far. In Blyth, the local council follows the paradigm of

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<sup>137</sup> See governance arrangements of the four towns in part 5.



community-led regeneration. As a result, some important regeneration functions are now in the hands of local communities. In Barrow, central development functions have been given to external agencies – often with the support of national government. A number of public (and semi-public) agencies and partnerships carry out the main regeneration programmes and initiatives.

Although the applied governance perspective has helped to identify changes in the local political scene and to define the objects of the study, it did not provide satisfying answers to the introductory research questions. Reviewing the results of this research project, one has to be highly critical about some of the connotations and claims out of the governance debate. The results of this study contest a number of major claims made by advocates of the regime perspective on urban governance (see 1.2.3), in particular. Governance should not be understood as a coordinated totality of local decision taking being advanced to government. Urban governance should rather be seen as a predominantly incoherent amalgam of different networks and forms of collaboration of public, semi-public and private actors, overlapping and diffusing at the same time. There might be, however, a relatively stable core of decision takers playing a vital role in such networks and forms of collaboration e.g. linked to local socio-economic regeneration policy.

I disagree with the understanding of governance as "an attempt to manage and regulate difference and to be creative" (Kearns, Paddison 2000: 847). It might be an attempt of the national government in the UK to do so, but this is not suited to form a general statement on governance. Concerning the results of this study, there are no hints that specific forms of local governance have directly led to local initiatives as a response to local problems. Regeneration initiatives can rather be seen as the output of powerful (and financially well equipped) regeneration agencies and specific funding opportunities implemented and offered by the nation state. At least the initiatives analysed in this study cannot be seen as an output of specific forms of governance or partnership.

As for Jessop's (1998: 29f) discussion of governance in the sense of (interpersonal, inter-organisational and inter-systemic) heterarchy, there is little evidence of this occurring in the cases studied. None of the inter-organisational forms of governance which have been touched in this research can be seen as heterarchical.<sup>138</sup> All of them are either dominated by one group of actors (such as business actors in the case of IHK Nord), by the national government (such as Barrow Task Force via NWDA) or by local councils (such as Blyth Valley Strategic Partnership). I have not come across "self-organizing, interorganizational networks" (Rhodes 1997: 53) either. Maybe there are examples that conform to such criteria somewhere. However, my findings (and

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<sup>138</sup> Already the definition of the partners who are involved in a formal partnership or informal collaboration (and those who are not) is a clear element of hierarchy.

also the critical review of the recent governance literature, see 2.2.1) indicate a different nature of observable changes in the local political scene in England and Germany.

#### Doing institutional analysis

Local decision taking is strongly influenced by informal coalitions and collective understandings (DiGaetano, Strom 2003: 365ff) or systems of values, norms, beliefs, and practices (Pierre 1999: 375). Institutional theory has opened up relevant perspectives and has helped identify a number of factors leading to or supporting local socio-economic initiatives (see above).

Developing and applying a new institutionalist research perspective has been rewarding and difficult at the same time. Rewarding, because this study points towards normative orientations and dominant paradigms among key decision takers as shaping key mechanisms for the emergence of local initiatives. Such factors are totally underestimated and under-researched in urban governance studies. In this respect, the research framework produced useful results. It has been difficult because new institutionalism as a concept is too abstract and too diverse to be directly translated to a clear analytical approach. Rather, it opens up a broad field for investigation, which to some critics appears to be unspecific and to a certain extent arbitrary. In this study, the openness of the approach has helped me to conduct the analysis in an inductive way. It has been seen as a chance to fine-tune the research focus during the empirical phase. In this way, the search area was narrowed during the process. Proceeding like this prohibits the researcher from being biased by focussing on pre-determined aspects of the phenomena one wants to explain. In the end, most of the identified key mechanisms supporting the emergence of local initiatives have been unexpected. The application of a narrower research perspective from the beginning would probably have produced less interesting findings.

To some extent, as suggested by new institutionalists, informal institutions have been in the centre of interest in this research. Looking at the identified supporting factors, there seems to be a balance between formal and informal institutions characterising these factors. However, those factors being dominated by informal institutions ('weak' factors) also seem to underpin the 'hard' factors. It would seem that 'weak' factors are more relevant for the emergence of local initiatives than 'hard' factors. In the context of the local initiatives subject to the study, informal institutions have also been more relevant than organisations. Informal institutions transcend organisational boundaries. Across different organisational contexts, key decision takers have shared central attitudes and normative orientations shaping their relation to the identified regeneration initiatives. Such institutions are key elements of locally specific institutional environments that define key factors supporting (or hindering) the emergence of local socio-economic initiatives.

But are these observations valid in both states? The relevance of informal institutions for local socio-economic regeneration (or local economic and employment promotion) seems to be in particular true for Germany. In the UK, there is a more distinctive formal regulatory framework for socio-economic regeneration. With a strong central state, local activities can be micro-steered, leaving less scope for independent informal orientations. The stronger the given framework, the smaller the local room for manoeuvre. In Germany, the given formal context seems to be less dominant regarding socio-economic regeneration. In terms of the overall normative orientation, however, the German context is highly dominated by the different values placed on social and formal economy approaches. In this respect, discourses on the role of the state are different and probably much more stable and influential than expected. These different models indirectly shape local action by strongly suggesting particular arguments.<sup>139</sup>

#### How do institutions work?

A clear problem of institutional theory is its simplified description of the way institutions work. It remains to some extent unclear where they come from, how they change and why particular institutions or sets of institutions gain relevance while others do not. The initial understanding of the way institutions work applied for this research has been worked out with the help of a literature review (see 2.2-3). From this review, it is clear that interrelated sets of institutions – or institutional environments – can be seen as a frame of reference structuring local agency. Collective norms, routines and practices constitute instituted behaviour; in similar situations, actors come to similar decisions due to a common frame of reference.

Throughout the course of the research, the initial understanding of the way institutions work has been further developed – building on the foundation of the studied literature. The totality of institutions can be seen as a complex institutional environment, which shapes and mediates local action. Institutional environments are locally specific but also relate to regional and national frameworks. In the cases studied, the institutional specificities of each town have been demonstrated (see 6.3 and 7.1.1). In particular the basic policy orientation of key decision takers is a result of such institutional environments. These environments relate to super-ordinated levels by adopting key debates on topics such as the social economy that are taking place at the national level (see 6.3.2 and 7.1.2). Actors and organisations at the local level are embedded in such systems of institutions. Local action is always formed through interfacing with

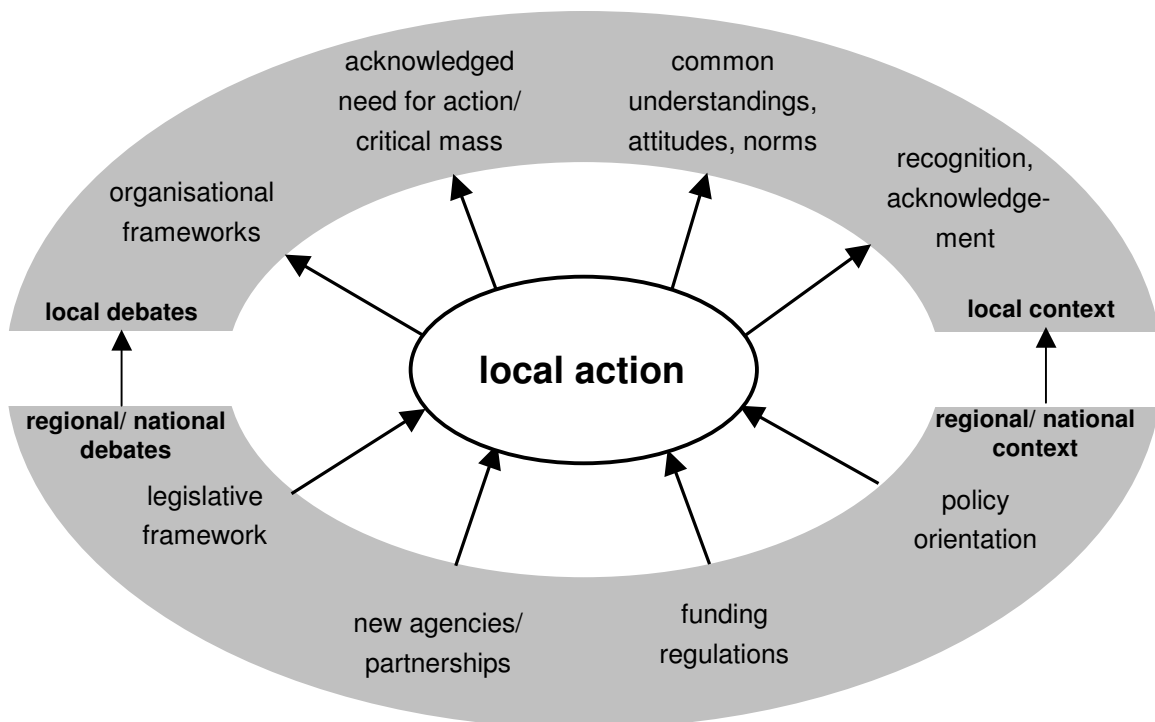
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<sup>139</sup> Moreover, they inevitably also shape the way in which the results of empirical studies are achieved and presented. In the context of my 'German' institutional environment, I am influenced by the German discourses on the role of the state and draw different conclusions from my own material due to this background. I do not believe in the opportunity to completely escape from such paradigms as suggested by Keating (1991: 2).

these environments in multiple processes. Local actors 'generate' ideas within and 'test' them against these environments.

Such as institutions, these environments change over time, and are in a constant state of flux. This is clear in the case study of Blyth, which experienced institutional re-orientation following a critical phase of development (see 6.3.2 and 5.5). Institutional conflict (see 6.3) is a part of reality. There are always sets of institutions that are complementary and conflicting with others. In theory, it is said that institutions are specific in place and time (Lowndes 2001, Jessop 2001). But they are also mobile with the agent and they can also travel over time. Dominant institutional orientations of local agents can also change over time. Further, in local decision taking processes, there is usually a choice: different groups of actors follow different sets of institutions. Parts of these sets can become locally dominant for a certain period of time. It would be misleading, however, to ignore 'minority positions' (e.g. in the case of LILA, there is still minor support although the main view is that such initiatives are not very useful, see 6.3.2). Such alternative institutional orientations are important elements of institutional conflict and can lead to a change in dominant institutional systems in the long run.

**Fig. 54 Institutional environments linked to socio-economic regeneration**



Informal institutions (such as widely acknowledged norms and attitudes, e.g. towards the social economy) as well as formal institutional contexts (such as higher level interventions, e.g. the introduction of regeneration agencies or the organisation and distribution of funding) shape local activities. The regional and national institutional context thus forms the specific local institutional environment more than the other way round (e.g. in form of prevalent national discourses and

policies). The way in which institutional environments become relevant for local action is identical in Germany and in England. However, there are different institutional orientations that can also be seen as linked to the specific relationship between local, regional and national levels. In both countries, the local level might be more flexible, whereas regional or national contexts are more sluggish.

## **7.2.2. Practical implications**

### Supporting local socio-economic initiatives

It should be an objective of urban regeneration to leverage response to local problems in all possible ways. The whole of local individual and collective actors being public, semi-public or private, being business or community driven, can achieve more and better results than one single actor or the local state alone. It is difficult to develop general recommendations based on these findings. Solutions to local problems will always have to be developed out of the specific local context. For that reason, the following section is limited to some general ideas about the support of local initiatives. These general ideas will have to be translated to more concrete recommendations in each individual case.

It is important for all levels of policy making to acknowledge the regeneration potentials of non-state initiatives. It is not sufficient to create new partnerships and new forms of strategic governance when it comes to supporting local socio-economic initiatives. Factors of success must rather be seen in relation to other issues and local regeneration strategies, emphasising the creation of new forms of governance are likely to fall short in terms of producing policy outcomes. The identified key mechanisms supporting the emergence of socio-economic initiatives bear some practical implications concerning the support of local initiatives in old industrial towns experiencing decline in East Germany and North England. About half of the supporting factors or sets of related factors summarised above (see 7.1.2) apply to the majority of initiatives:

- the capacity to apply for funding,
- the existence of locally active community organisations,
- the integration in (external) ideological support networks or the achievement of ideological fit with local key decision takers,
- the integration in or compliance with local regeneration strategies or overall visions for regeneration,
- the relation to prevalent and acknowledged European, national or regional debates and regeneration agendas.

Related to these factors, a number of central recommendations can be drawn which are mainly directed at local actors in both Germany and the UK:

- At least in their initial phase, practically all researched initiatives depend on external funding. For initiatives to be implemented, it is crucial that there is awareness of funding opportunities and appropriate information and consulting to take advantage of these opportunities.
- Community organisations were responsible for a number of socio-economic initiatives in this study. Hence, the existence of locally active community organisations can be seen as a key factor supporting the emergence of such initiatives. Supporting the development of the community sector in general and to acknowledge, further encourage and strengthen community activities towards local regeneration is crucial.
- Local initiatives are probably less likely to emerge if they are not embedded in (ideological) support networks. Initiators of initiatives should try and achieve ideological fit with and direct support from local key decision takers. If this is not possible, they should link up with networks of support on a regional, national or international level.
- In order to activate private actors, local regeneration strategies and overall visions for regeneration should be made explicit in local development documents and actively communicated and discussed. Local decision takers should be open to initiatives responding to these strategies and visions. From an initiative's perspective, the integration in or compliance with local visions and strategies can be seen as a factor of success.
- If local initiatives follow objectives or methods which are totally disconnected from prevalent debates, success will be very difficult to achieve. In order to be successfully implemented, there is a clear need to relate to acknowledged European, national or regional debates and regeneration agendas. It seems to be in particularly difficult to arrange for funding without such relations.
- The model of implementation oriented development agencies, which is more prevalent in the UK than in Germany can be regarded as very successful and effective. Setting up specialised agencies on the local level can help supporting the emergence of local initiatives. For example Sozialagentur Wolgast and Furness Enterprise have been central agents bringing about a number of initiatives.

There are also a number of recommendations directed to national and regional level actors which are partly country specific:

- In particular in the UK, local actors have to lobby for national regeneration support (and funding). It seems that the system of financial distribution to the local level in the UK has led to a minimisation of the local room for manoeuvre – not allowing the facilitation of independent regeneration

initiatives. In the UK, the local level seems to be more dependent on the national level than in Germany, and thus more inflexible. Further, there seems to be a lack of coordination of funding programmes in terms of their content. Hence, there should be a coordinated representation of interests of local authorities at national level – such as the associations representing communal interests at national level in Germany (see 4.1.1 and 4.3).

- Decision takers on regional and national levels should acknowledge the need to develop responses to socio-economic problems based on the specific local context. There is a risk that national policy frameworks prohibit creativity and innovation regarding socio-economic initiatives on the local level instead of supporting it. Hence, more power should be given to the local level in terms of getting local ownership of local initiatives. The introduction of thematically open local budgets with a high degree of local responsibility could be one way to do so.
- In contrast to the situation in the UK, social economy initiatives seem to be disadvantaged in Germany due to the biased priority treatment of the formal economy in national and regional debates and policies. The different position of the social economy on a national level is also a prime example for the influence of the nation state when it comes to local initiatives. In Germany, local initiatives could better contribute to socio-economic regeneration if the national level would more clearly support the social economy.
- In contrast to the situation in Germany, there is a wealth of strategy processes and strategic partnerships in the UK with very little impact (see 6.4.2). The numerous guidelines and directives imposed by the central state must be regarded as counterproductive and hamper local regeneration rather than supporting it. In particular the idea of compulsory partnerships must be criticised as ineffective.

There are many opportunities to provide support for local initiatives at local, regional and national levels. It is impossible to guarantee that initiatives will emerge. But the conditions for local socio-economic initiatives could be much better than they are today in both, the UK and Germany. The following section draws an ideal type for the support of such initiatives.

#### An ideal type for the support of local initiatives

Looking at the identified supporting factors (see fig. 53) once again, invites us to draw an ideal type for the support of local socio-economic initiatives. One can imagine a case uniting all identified 'mechanisms' leading to and supporting the emergence of local initiatives. In such a town, economic development functions, and funding mechanisms would be devolved to specialised local agencies with a

clear responsibility and the funding to support new initiatives. Raw models could be agencies like Furness Enterprise in Barrow or Sozialagentur in Wolgast.<sup>140</sup> Probably, formal economy initiatives and social economy initiatives should be handled by separate agencies. Such single purpose agencies would be more effective in promoting local initiatives than if these functions were integrated into the local councils. However, the ideal case would also have active councils, acknowledging and supporting social as well as formal economy initiatives and working hand in hand with specialised agencies.

Further, in the ideal town there would be active community groups involved in wider networks of ideological support and professional exchange. Key decision takers on a local level would encourage and acknowledge local initiatives in all fields leading to socio-economic regeneration. Not only path contingent activities would earn support. Ideally, support for local initiatives would be an explicit part of local regeneration strategies. Also, local visions and long-term development objectives would integrate or facilitate such initiatives and encourage innovation. An open society would enable broad ownership and acceptance of projects and lead to direct support for such initiatives from a number of groups and actors.

Local actors (agencies, councils, community groups) would also have the capacity to apply for funding for local initiatives. Funding would be provided by the European, national and regional level as well as non governmental organisations supporting non-mainstream activities. Funding opportunities would be open and flexible enough to support all different kinds of local initiatives facilitating socio-economic regeneration. Regeneration funding programmes would leave the best way leading to socio-economic regeneration open. Regional, national and European funding schemes would encourage local level actors to innovate rather than limit funding opportunities. Instead of dominating local regeneration activities in a hierarchical way, regional and national actors would support and facilitate local level activities.

In reality, such an ideal type of town would never exist. However, actors on all levels could work towards structures and proceedings coming closer to such an ideal type. Changing or installing mechanisms leading to and supporting the emergence of local initiatives is a very difficult thing. However, the results of this study point to some directions where action would be possible.

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<sup>140</sup> In contrast to Sozialagentur, the problem with FE is, they do not have an own budget at their disposal.



### **7.3. Concluding remarks**

#### Core findings

Socio-economic regeneration is an important topic in British urban policy. However, regeneration is process-driven in England rather than outcome-driven. While there is a wealth of strategy work on regeneration there is little outcome in terms of local socio-economic initiatives. The continuous change of governance frameworks and organisational structures as well as legislative responsibilities in the UK is a further constraint for the development of local regeneration initiatives. Whereas in the UK there seems to be an over-regulation of local regeneration, in Germany the topic of socio-economic regeneration (Wirtschafts- und Beschäftigungsförderung) is under-represented in local public policy both regarding strategy and outcome. In both countries, the outcome-oriented work of specialised local regeneration or development agencies (such as Sozialagentur in Wolgast or Furness Enterprise in Barrow) is a positive example for the support of local regeneration initiatives. In Germany, socio-economic regeneration is often advocated by county, Länder and European levels. Despite constraining policy contexts in both states, even some of the most deprived places – such as the towns studied in this project – have local socio-economic initiatives aiming at job creation and social inclusion as a response to local problems.

The potential overall role of local initiatives is limited. All initiatives studied could only marginally compensate for job losses in the local economy. The following quote from the executive of a local business development agency demonstrates this: "With a lot of work, a lot of hard work, and with the raw materials, you CAN make a difference. But, it isn't ... you're putting on jobs in the 10s, the 20s and the 30s; in the 1990s we lost them 1000, 2000, 3000" (IL 20). It is obvious that a change from large scale industrial structures – which prevail in the cases studied – to small scale entrepreneurial and community based structures is a hard and long way to go. It is unrealistic to expect quick solutions to the identified problems. All initiatives studied also contribute to a change towards a different form of the local economy offering long-term alternatives to large scale industrial production. These initiatives should, however, be considered as important elements in a wider transformation of the economy.

The emergence of local socio-economic initiatives can mainly be seen in the light of specifically local institutional environments and regional as well as national frameworks. The existence of specific forms of governance is only indirectly important. Local institutional environments integrate both specifically local and superordinate factors to a unique system of institutions, which can be supportive or constraining to the emergence of a local initiative. The main differences between the nation states are not so much in the formal policy context but in the informal policy orientation, for example with regards to the social economy. Despite different national policy frameworks, local actors act similarly with regard

to local initiatives. In this context in both countries there are a number of common key mechanisms leading to or supporting the emergence of local initiatives. Thus, there are common themes regarding local actors and their relations despite very different formal frameworks.

Besides the dependency of initiatives upon external funding the building of coalitions or networks of support and the achievement of a strategic fit can be considered as central features for the emergence of local initiatives. Coalitions based on shared ideas and values at the local, sub-regional, regional, national or European level can help to implement local initiatives. In order that local initiatives are able to emerge and be successful it is crucial both that key decision takers in local governance as well as the overall national policy framework are supportive of such initiatives. The absence of support at a local level, however, can be partly compensated for by supra-local coalitions.

There are two central ideas emerging from this study: first, in every area there are actors who are waiting to contribute their abilities and ideas to socio-economic regeneration. The concrete shape, openness and flexibility of local institutional environments play a key role in determining which opportunities are realised and which not. In this way, local factors have the most crucial role to play in shaping supportive institutional environments towards local initiatives. The role of local factors therefore is clearly underestimated. In practical terms the towns studied showed particular forms of response to socio-economic challenges at the local level. Setting up a local business development agency in Barrow was a clear response to economic decline. Furness Enterprise was tasked to run projects to recover the local economy and create new jobs. In Blyth, the clear decision to make local policy community based also implied a strong focus on community projects. In Wolgast, it was a decision at county level to implement Sozialagentur. The agency opened up new opportunities to initiate projects. The central role of the business sector in Schwedt is also supported by local policy. In Schwedt, local political priorities are clearly in favour of cooperation with the business sector.

Second, in the UK and Germany the national level plays its most influential role by dominating the public debate by means of introducing and giving importance to policy themes. The national level therefore pre-defines what kind of initiative deserves support and what does not. This applies in particular to the social economy, which is at the top of the national policy agenda in the UK, but more or less neglected in Germany. This leads to a positive acknowledgement of socio-economic initiatives in the UK whereas such initiatives are undervalued in Germany. This does not mean that such supra-level frameworks can easily override local institutional orientations. On a local level there could still be opposition to social economy initiatives in the UK, and there can still be space for social economy initiatives in Germany – as demonstrated in this research. National policy discourses give orientation to local debates. These discourses

influence but do not determine local institutional environments. Dominant national policy discourses must also be seen as a long term result of deeply interiorised assumptions and paradigms of economic development throughout the whole society.

### Open questions

The findings of this research are primarily valid for the four towns studied and they are likely to be also valid for all old industrial towns in North England and East Germany which was the population of cases out of which the four case studies were selected (see 3.1.2). Governance arrangements, funding opportunities and policy frameworks as well as institutional environments might be different in other regional contexts. It is likely, however, that most of the identified factors supporting the emergence of local initiatives are also valid for other towns and cities in Germany and the UK. The transferability of the results of this study to other regional contexts or other types of initiatives should be considered as a matter for further research on a broader empirical basis.

The main intention of this research was to identify factors leading to and supporting the emergence of local socio-economic initiatives. This has been achieved in the context of four old industrial towns in North England and East Germany (see 7.1). However, a whole set of further questions emerged during the course of this project. Looking at the identified factors raises a key question, and this is, to what extent an initiative will emerge when all supporting factors were in place. None of the studied initiatives in this research covered all factors. Another interesting follow-up question is about the role of the identified factors in the *success* of local initiatives. It has not been the intention of this research to analyse the effects of local initiatives. Hence, are socio-economic initiatives more successful if the identified factors are present? In particular, what is the role of strategic and ideological fit with and support of local decision takers in relation to the success of local initiatives?

This research has only looked at socio-economic regeneration initiatives. In the context of urban decline local initiatives in other fields are also relevant to regeneration. It would be worthwhile to analyse the role of the supporting factors for other types of local initiatives such as physical regeneration projects. This leads to questions about the facilitation of collective regenerative capacities of local private and grassroots actors. In this research, many initiatives and their advocates were disjointed from local governance arrangements, but these initiatives do still contribute to local regeneration. So how can local governments actively support such local regeneration actors and their activities and better utilise them for a coordinated and broader approach to regeneration? Another open question in this context is how much the networking or team-playing capacities of key decision takers (such as mayors, chief executives of councils and regeneration companies or regeneration officers) affect the coordination of socio-economic regeneration activities. This is also a question of power and how

these networking roles are taken over or given to particular actors. In this respect, the role of local government seems to be under-researched as a result of the focus on local governance.

One of the central findings of this study is the high relevance of local development agencies such as the Sozialagentur in Wolgast or Furness Enterprise in Barrow, which are both very supportive of local socio-economic initiatives. What exactly makes such agencies effective in promoting local initiatives? Which models of such agencies exist elsewhere and how were they designed? Maybe such models can be transferred as best practice examples for the activation of local regeneration capacities.

Another topic for further research is the relation between the local and the national level and the implications of this relation for the support for local regeneration initiatives. This might be in particular a question of national interventions regarding funding programmes as well as organisational and administrative structures and responsibilities. It remains unclear to what extent local level actors influence national urban policy. This seems to be particularly interesting when it comes to the design of funding programmes targeted at local regeneration. The need for funding is often a barrier to implementing local socio-economic initiatives. This is particularly true when the underlying concepts of local initiatives are not in line with the regulations of the available funding schemes.<sup>141</sup> How could funding be made more flexible and accessible for socio-economic initiatives following alternative development models? Are there models of local or sub-regional funding allocation that also devolve the responsibility for contents to these levels?

### Achievements

In theoretical terms the empirical results of this research contest a number of claims about the potentially positive effects of partnership-based forms of governance. Policy outcomes – such as local socio-economic initiatives – cannot be regarded as simple results of particular forms of governance. By focussing on existing forms of policy response to local problems in this research, a concrete discussion of the factors leading to such forms of response was possible.

Most of the present work on urban governance is conducted from the perspective of regime theory. The findings of this research, however, support an understanding of urban governance which is more loose and diverse and does not follow the basic assumptions of regime theory. Using urban governance as an analytical concept has helped to place the emphasis on both public and private individuals and organisations involved in socio-economic regeneration.

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<sup>141</sup> In this context it would also be worth researching the financial benefits of local socio-economic initiatives offering local jobs for local people compared to other forms of economic development support and employment promotion.

The general lack of theoretical depth of the governance perspective, however, had to be compensated by developing a theoretical inventory which includes some major new institutional ideas. In particular the focus on informal institutions has helped to understand the role of 'soft' factors when it comes to developing policy responses to local problems. The local initiatives analysed in this research also tell a story about the inflexibility of local institutional environments. But also the nation state's importance must not be underestimated, as it provides the relevant formal frameworks for socio-economic regeneration and dominates central policy debates and thus also local institutional environments.

The design of the research as a bi-national comparative case study has been difficult but rewarding. It has been possible to analyse the German cases inspired by a British perspective, and the British cases from a German point of view. This triggered questions which would not have appeared otherwise. In particular, these questions produced results which other designs would not have produced.

In practical terms, the main achievement of this research is an account of the role of dominant norms and values within specifically local institutional environments for the emergence of local initiatives versus the dominance of national discourses and policy contexts. In both fields in particular the relation to social economy initiatives is contested. In the UK this is the case because the national level intensely supports the social economy. In Germany this is the case because the national level does *not* provide particular support for social economy initiatives. There is consequently a chance for mutual learning in both countries. The German government should provide better support for local initiatives aiming at a reduction of local unemployment. Despite a recent recovery of the German economy there is still a high level of long-term unemployment which needs to be acknowledged. Current British national policy to a large extent hinders output-oriented local response to processes of decline. This seems to be a matter of over-regulation and micro-steering of local government as well as a matter of some policy initiatives which led to a fragmentation of local government functions.

In both practical and theoretical terms this research has made an important contribution to the current governance debate related to urban regeneration. In particular, the role of governance factors for the emergence of local initiatives has been under-researched so far. This research provides new insights into the mechanisms leading to and supporting such initiatives transcending current governance paradigms.



## Appendices

## ***Appendix 1: The macro regions***

On request from author.



## Appendix 2: Sampling of towns

Fig. 74 Pre-selection of towns in the Northern Region

		Ec. Structure		votes	deprivation	population	
County	Town	Popu- lation 2004	infr. Metrop.		number of SOAs in least/ most depr. quintile 2004	pop. dev. district 81-03	pop. dev. LA 96-2003
NWC	Barrow-in-Furness	47200		6	0/22 (50)	yes	-2,75%
NEN	Blyth	35700	~	4	5/15 (52)	no	1,62%
NEN	Wansbeck	27900	?	3	2/16 (41)	yes	-0,81%
NED	Derwentside	19000	?	3	0/15 (55)	yes	-0,81%
NED	Sedgefield	10800		1	0/21 (56)	yes	-1,58%
NED	Derwentside	20700		1	0/15 (55)	yes	-0,81%
NWC	Copeland	25000		1	1/9 (49)	yes	-1,56%
NWC	Allerdale	11500		0	5/12 (60)	yes	0,00%
NWC	Allerdale	21500		0	5/12 (60)	yes	0,00%

Fig. 75 Pre-selection of towns in East Germany

Sub-region	Town	Popu-lation 2002	infi. Metropol.	Ec. Structure	votes	deprivation	population	
						Employed 2002	Unemployed 2000-2004	pop decl. 2002-1996
B UB	Schwedt/ Oder, Stadt		*	Industrie	**	-	-	-*
MV MSVP	Wolgast, Stadt	13.362		Industrie	4	-	+	-
B HF	Luckenwalde, Stadt	*	?	Industrie	4	-	-	-*
B UB	Eberswalde, Stadt	43.669	?	Industrie	4	-	-	-
B LS	Großräschen, Stadt	12.402		Industrie/ Bergbau	3	-	+	-
B LS	Guben, Stadt	24.165		Industrie	3	-	-	-
B PO	Wittenberge, Stadt	21.513		Industrie	3	-	-	-
B LS	Forst (Lausitz), Stadt	23.839		Industrie	2	-	-	-
MV WM	Boizenburg/ Elbe, Stadt	10.684		Industrie	2	-	+	-
B OS	Eisenhüttenstadt, Stadt	40.180		Industrie	1	-	-	-
MV WM	Parchim, Stadt	19.842		Industrie	1	-	-	-*
B HF	Rathenow, Stadt	28.476		Industrie	0	-	-	-

\* no exact figures for 2002; but population decline 1998 compared to 1990 \*\* for towns in MV max. 5 votes, in B max. 6 votes

## **Appendix 3: Questionnaire, actors and initiatives**

### **Questionnaire key decision takers/ important actors**



### **Institutional perspectives of development in industrial towns experiencing decline – a comparative study outside of agglomerations in East Germany and North England**

Many small and medium sized towns in the North of England currently still have to cope with ongoing processes of structural transformation, urban decline and social deprivation. In particular industrial towns and cities outside of the big agglomerations need to re-define their development objectives and find new strategies to cope with the difficult framework conditions. What are the opportunities for these cities in the face of over average unemployment, high deprivation and under average population development? How can they react to the challenges of structural change? How can they participate in the generally positive economic development trends in England? How can decision takers make use of local potentials and how do they cope with local problems?

These are the questions in the centre of a current research project of the German Institute for Regional Development and Structural Planning in Erkner in cooperation with Durham University, Department of Geography. We are comparing social and economic strategies and projects in Schwedt (Brandenburg), Wolgast (Mecklenburg-Vorpommern), Blyth (North-East) and Barrow-in-Furness (North-West).

It is a central objective to the research project to develop policy implications for such towns and cities facing social and economic challenges. We have chosen a qualitative methodological proceeding because certain questions can only be answered with regard to recent social processes such as decision processes and the formation of strategic priorities. Qualitative interviews with central decision takers are of central importance for the success of the project. To identify these decision takers we need your help! Please allow a few minutes of your time to fill in the table attached. Thanks a lot!



#### 4. Socio-economic projects and initiatives supporting the development of Barrow for working and living

Finally, we would like to know if you are aware of any recent projects or initiatives with social and economic objectives being important for urban regeneration of Barrow. This might be projects that endeavour:

- to maintain locally rooted and endogenous economic structures,
- to strengthen the local and the social economy,
- to foster social stability (in terms of social and economic integration of the local population) and to reduce social and economic disparities.

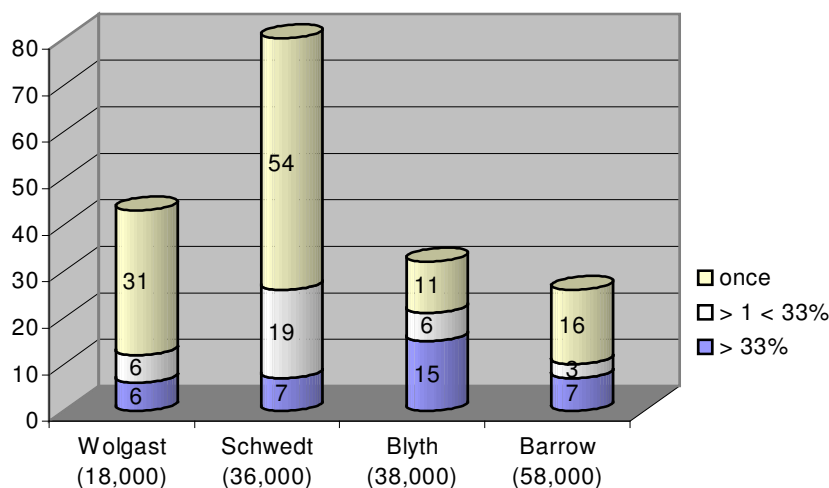
Project	Main objective	Contact

Please add new lines if necessary!

Thanks a lot for your time. If you have any questions please do not hesitate to contact me!

## Appendix 5: Actors, organisations and urban governance

**Fig. 57** Number of actors named once, more than once and with a recognition of at least 33%



**Fig. 58** Actors involved in urban governance according to sector<sup>142</sup>

	Barrow	Blyth	Schwedt	Wolgast
Public Sector	4/ 7 (5/ 10)	7/ 15 (11/ 21)	3/ 7 (13/ 26)	4/6 (9/ 12)
Community Sector		1/ 15 (1/ 21)	0/ 7 (1/ 26)	
Business Sector		2/ 15 (2/ 21)	3/ 7 (7/ 26)	2/6 (2/ 12)
Semi-public agencies (e.g. RDA, URC, Housing Companies)	3/ 7 (5/ 10)	5/ 15 (7/ 21)	1/ 7 (5/ 26)	0/6 (1/ 12)

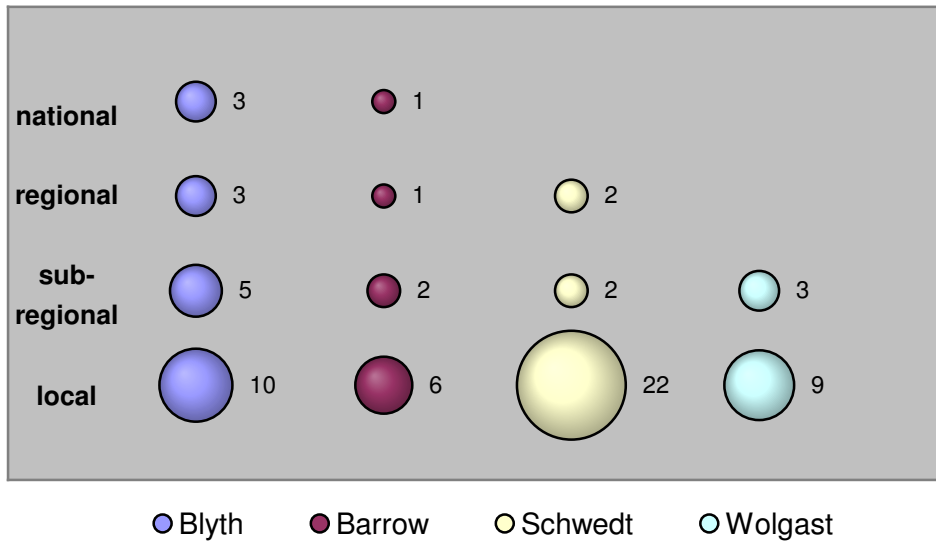
**Fig. 59** Local and non-local actors in urban governance<sup>143</sup>

	local	sub-regional	regional	national
Blyth	8 (10)	3 (5)	2 (3)	2 (3)
Barrow	5 (6)	1 (2)	1 (1)	0 (1)
Schwedt	7 (22)	0 (2)	0 (2)	
Wolgast	4 (9)	2 (3)		

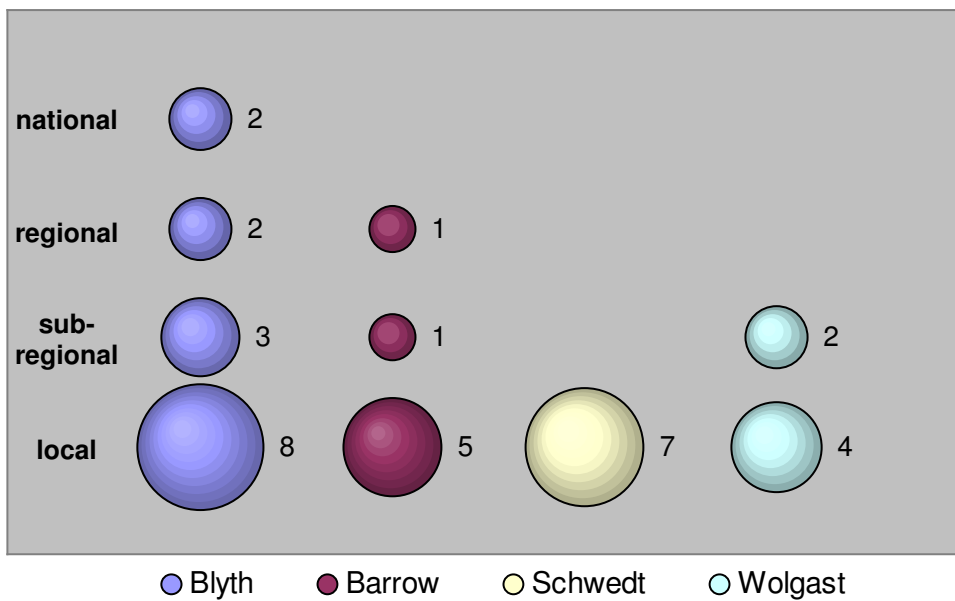
<sup>142</sup> From all people named more than once in the snowball surveys.

<sup>143</sup> Actors with a recognition of more than 33% and (in brackets) from those named more than once.

**Fig. 60 Actors important for local socio economic regeneration according to their political level (number of actors with > 1 naming)**



**Fig. 61 Actors important for local socio economic regeneration according to their political level (>33% recognition)**



**Fig. 62 Organisations with "important" actors<sup>144</sup>**

	<b>Barrow</b>	<b>Blyth</b>	<b>Schwedt</b>	<b>Wolgast</b>
<b>national</b>	House of Commons ODPM	ODPM <b>English Partnerships</b>		
<b>regional</b>	GO NW NWDA	GONE <b>ONE</b>	Brandenburg parliament <b>infrastructure ministry</b>	regional ministries
<b>sub-regional</b>	Cumbria Counstabulary <b>West Lakes Renaissance</b>	NSP SENTRI <b>Northumberland County Council</b>	County Council Uckermark	Usedom railway company Social Security Office Ostvorpommern <b>County Council Ostvorpommern</b>
<b>local</b>	elected council Furness Enterprise <b>Exec. Council</b>	ICCQ Riverside Regeneration BV CVS Port of Blyth Ferguson's elected council <b>Exec. Council</b>	social centre community dev. consultancy UPM paper housing cooperative infrastructure company public bank housing company LEIPA GmbH elected council <b>PCK Exec. Council</b>	Gewerbeverein Peene-Shipyard elected council <b>Exec. Council</b>

<sup>144</sup> For Barrow, Blyth and Wolgast: 2 and more namings, in the case of Schwedt: 3 and more namings. Type size according to number of naming (type size 8pt: lowest; 22pt highest).



**Fig. 63 Barrow's organisations' ranking**

Points	No. of listings	Most important	Number of contacts	Organisation
31	18	13	5 contacts	Barrow BC
11	8	3	2 contacts	West Lakes Renaissance
8	6	2	2 contacts	Furness Enterprise
8	6	2	2 contacts	Barrow BC (political level)
6	5	1	2 contacts	NWDA
4	4		4 contacts	London, ODPM
3	3		2 contacts	MPs
2	2		2 contacts	Cumbria Constabulary
2	2		2 contacts	GONW

**Fig. 64 Blyth's organisations' ranking**

points	Most important	Number of naming	Number of contacts	Organisation
29	7	22	6 contacts	BVBC
12	2	10	5 contacts	ONE
10	2	8	3 contacts	Northumberland County Council
9	1	8	3 contacts	English Partnerships
8		8	2 contacts	BVBC, political level
8	2	6	1 contact	SENNTRI
7	2	5	1 contact	NSP
5	1	4	1 contact	Ferguson's Transport
4		4	1 contact	Port of Blyth
3		3	1 contact	BV CVS
3	1	2	2 contacts	ODPM
2		2	1 contact	Blyth Riverside Regeneration
2		2	1 contact	Government Office NE
2		2	1 contact	ICCC

**Fig. 65 Wolgast's organisations' ranking**

points	Most important	Number of naming	Name	Rolle
26	6	20	11 Kontakte	Stadt Wolgast
11	2	9	5 Kontakte	LK
7	1	6	5 Kontakte	SVV
6	2	4	2 Kontakte	Peene-Werft
4	1	3	2 Kontakte	Sozialagentur Ostvorpommern
3		3	1 Kontakt	Gewerbeverein
2		2	2 Kontakte	Land
2		2	1 Kontakt	UBB

**Fig. 66 Schwedt's organisations' ranking**

points	Most important	Number of naming	Number of actors	Organisation
32	5	27	9 Kontakte	Stadtverwaltung Schwedt
16	5	11	4 Kontakte	PCK
11		11	9 Kontakte	SVV
9	1	8	6 Kontakte	MIR
8	2	6	2 Kontakte	LEIPA GmbH
6	1	5	3 Kontakte	WOBAG
5		5	2 Kontakte	Stadtsparkasse Schwedt
5	1	4	1 Kontakt	Stadtwerke Schwedt
4		4	2 Kontakte	Wohnbauten Schwedt
4		4	1 Kontakt	UPM Papierfabrik
3		3	1 Kontakt	Beer Consultant
3		3	1 Kontakt	MDL für die Ostuckermark (SPD)
3		3	1 Kontakt	Diakonisch-sozialpädagogisches Zentrum „Am Talsand“, Leiterin
3		3	1 Kontakt	Landkreis Uckermark
2		2	2 Kontakte	ZukunftsAgentur Bbg. (ZAB)
2		2	2 Kontakte	Landesverband der Musikschulen Brandenburg
2		2	1 Kontakt	Agentur für Arbeit, Bereichsleiterin Uckermark
2		2	1 Kontakt	OderCenter, Managerin
2		2	2 Kontakte	Investitions- und LandesBank Brbg. (ILB)
2		2	1 Kontakt	ZOWA
2		2	1 Kontakt	Uckermärkische Bühnen, Intendant

## Appendix 6: Local socio-economic initiatives

Fig. 67 Initiatives in Barrow

potential initiatives	Main objectives	success	maintain local structures	reduce social and economic disparities	funding provided by	staff	run by	cat.	job creation
SE: Community Action Furness	Social inclusion, jobs and training, ca. 20 sub projects	x	x	x	60% self		C	SI	150
FE: Entrepreneurial Culture development Programme/ Linkstart	Raising awareness of opportunities as self-employed/ Encouraging business start ups and extent survival rate, priority wards	x	x	x	SRB, single programme		LA	EC	140
SE: Social Enterprise Initiative The Box	Boost social enterprise sector, starting 2006	?	x	x			LA	EC	
SE: Community Business Support Network	Encouraging community business start ups		x	x		5	LA	EC	2
FE: Craven House/ the Workshop	Training, support and help for unemployed	x		x	URC, SRB		LA	QI	
SE: Shoreline Films	Producing films and documentaries, training		x	x		7	B	SI	
SE: Energy4all	Energy Cooperative and Consultancy		x			8	C	SI	?
FE: Canteen	Private Media and Arts Centre, creative industries		x				B	BP	
FE: Point (Cumbria)	Business start up scheme		x				SR	EC	
FE: Waterside House	Newly built managed office space		x				LA	EC	

B= business; BP= business promotion; C= community; EC; entrepreneurial culture; LA= local public organisations; QI= qualification initiative; SI= social initiative; SR= sub-regional public organisations

**Fig. 68 Initiatives in Blyth**

potential initiatives	Main objectives	success	maintain local structures	reduce social and economic disparities	funding provided by	staff	run by	cat.	job creation
FE: Community Enterprise Centre, Quayside Blyth	Managed office and workshop space for 30 local firms	x	x	x	SRB	2	C	EC	60
SE: Briardale Community Centre	Resource and Training Centre; community service provision (sports, gardening, café)	x	x	x	SRB	2	C	CC	5 training
SE: REVIVE – furniture Recycling Project Blyth	Recycling and selling furniture with low prices, qualification and training		x	x		3	C	SI	1+9 training
SE: Blyth Valley Food Co-operative	Supplying local food for local people; regional supply does not work out		x	x		3	C	SI	
SE: Blyth Star Enterprise Ltd.	Charity to train, support, accomodate and rehabilitate people with mental health problems	x	x	x			C	SI	
SE: Small Tasks and Repair Service (STARTS)	handyman service for elderly people doing small tasks and repairs		x				SR	SI	
FE: NaREC – OneNE centre of excellence	Promoting New and Renewable Energy projects and incubation		x			60	R	BP	
SE: Neighbourhood Management Pathfinder – ICCQ: Improving Croft and Cowpen Quay	join up delivery of local services, reduce inequalities across education, health, crime and worklessness themes.	x		x	government	2	LA	QI	
SE: Blyth ATC	Social enterprise offering lunch and catering in Blyth.	x		x			C	SI	
FE: Kick Start Northumberland	help people in employment or become self-employed		x				SR	EC	

**Fig. 69 Initiatives in Schwedt**

potential initiatives	Main objectives	success	maintain local structures	reduce social and economic disparities	funding provided by	staff	run by	cat.	job creation
SE: LILA - lokale Initiativen für lokale Aktivitäten	promoting self-employment for long term unemployed	x	x	x	ESF	12	C	EC	10 projects
FE: Biofuels Initiative	Attract biofuels businesses, complement local industry	x	x	x			B	BP	150
FE: LOS lokales Kapital für soziale Zwecke (neighbourhood management)	promoting employment with local projects but missing own targets			x	ESF		LA	QI	
FE: Technologie- u. Gründerzentrum (TGZ)	local incubator		x				LA	EC	?
FE: Service- und Beratungszentrum SBC	supporting business contacts with Poland		x		EFRE	2-3	SR	BP	?
FE: Biogascluster/ Barum 111	networking		x				B	BP	
FE: Solarinitiative Schwedt	supporting solar energy in Schwedt		x				B	BP	
FE: Patenmodell Arbeit durch Management	supporting young enterprises	x	x				B	BP	
SE: Forschungsgemeinschaft für Techn. Umweltschutz und Logistik e.V.	training and employment for former research employees of PCK	x					B	QI	
SE: Freiwilligenagentur Schwedt	finding honorary jobs for local people						C	QI	
FE: Wirtschafts- und Bürgernetzverein impulse	promoting internet-use						C	QI	

**Fig. 70 Initiatives in Wolgast**

potential initiatives	Main objectives	success	maintain local structures	reduce social and economic disparities	funding provided by	staff	run by	cat.	job creation
FE: Centrepoint (sub-regional)	Support females starting up in business in sub-regional centres	x	x	x	ESF	2	C	Ec	30 p.a.
FE: Perspective 50plus (sub-regional)	Support self-employment	x	x	x	Nat. labour ministry	15	Sr	Ec	80
SE: Production-School	Train and motivate young unemployed	x	x	x	Social security office	8	C	QI	33
SE: Sozialladen	Shop with used furniture (starting 2006)	?	x	x	IM labour market	2,5	SR	SI	
FE: Existenzgründerzentrum (local)	Workspace; support for new and young enterprises	x	x	x	ERDF	2-3	LA	Ec	250
SE: Baltic e.V. Community Centre (Weiberwirtschaft)	Support women and families, consulting, rooms to rent			x	IM labour market	6	C	CC	
SE: Red Cross Used furniture and clothes	Collect and re-distribute used items	x		x	German Red Cross		C	SI	
SE: LMAA	Integration of unemployed			x			C	SI	
SE: Community Centre (SHIA e.V.)	Social work and leisure activities				IM labour market	17	C	CC	
SE: BQG Usedom West	Qualification and training	x			IM labour market	?	SR	QI	?

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