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Action for Cities: The Thatcher Government and Inner City Policy

Introduction

In 1985, the Prime Minister Margaret Thatcher personally drove the bulldozer that inaugurated the demolition of the Victorian Broad Street Station in the City of London, making way for new modern office development. In a speech on the occasion she lamented that ‘we live in an era of conservation’ and hoped that we might come to ‘build the best of our own time to match the achievements of Adam and Inigo Jones.’ In the very same week that she was driving a bulldozer into the 1860s ironwork of Broad Street Station, Thatcher also purchased a new neo-Georgian Barratt Home in Dulwich, described in the *Spectator* as ‘vulgar and incompetently designed.’¹ What to make of these two seemingly opposed actions by the same woman in the same week? Perhaps nothing but philistinism links these two events. Then again perhaps this dichotomy of capitalist ruthlessness and bumptious nostalgia is revealing of an uneasy synthesis of the ideals of heritage and enterprise at the heart of Thatcherism.

That cities might provide the key to understanding Thatcherism was a driving force behind three of the most illuminating observers of Thatcher’s Britain. Patrick Wright’s *Journey Through Ruins*, which is ironically dedicated to Lady Margaret Thatcher herself, saw Dalston Lane as ‘an open archaeological site in which the story of the nation’s post-war history can be traced out in unexpected detail’.² In *Theatres of Memory*, Raphael Samuel tried to wrest the concept of heritage away from Thatcherism, seeing it instead as a potentially radical force.³ Lastly, Patrick Keiller’s film *London*, as he put it himself, viewed ‘changes in the detail of the landscape, as

¹ ‘Dulwich Vulgarity’, *Spectator*, 10 August 1985, 5.

² P. Wright, *Journey Through Ruins* (London, 1991), 32.

³ R. Samuel, *Theatres of Memory: Past and Present in Contemporary Culture* (London, 1994).

spectators at some sporting event might watch the opposition winning'.⁴ His narrative was one in which a suburban Conservative Party was effectively at war with cities. It is perhaps peculiar then that in the extensive scholarship on the meaning and progenitors of Thatcherism urban issues are seen as far less central than, firstly its economic approach, and secondly its sense of moral crusade.⁵ The 2012 book of essays, *Making Thatcher's Britain*, for example – has no urban element. A recent four-volume collection presenting the most significant writing about Thatcher also ignores urban issues.⁶ This is despite the fact that the repercussions of Thatcherism on cities and urban communities remain deeply controversial; a recent 'non-partisan' academic conference titled Thatcherism Now held in Liverpool received protests and physical threats.⁷

This article reintroduces the issue of the inner city into the project of understanding the Thatcher government. Through exploring how the Thatcher government formed urban policy in the 1980s, I want to make a contribution to the debate of whether 1979 saw a definite break with past approaches, or whether it is better seen as a continuation of the period of confusion and retreat which characterises much of the 1970s. Furthermore, I want to ask how much new policy ideas really did amount to a particularly Thatcherite, or indeed a neoliberal, urbanism, or whether it was more a case of returning to the admixture of dirigisme and deregulation that had long been at the heart of Tory approaches – albeit dressed up with new terminologies and often in new neo-vernacular styling. These questions are important for a broader issue of how we periodise the changes to cities in the post-war period.

⁴ P. Keiler, *View from the Train: Cities and Other Landscapes* (London, 2013)

⁵ For an overview of recent scholarship see R. Saunders, 'The Many Lives of Margaret Thatcher', *English Historical Review*, 82 (2017), 638-658

⁶ *Margaret Thatcher*, ed. T. Bale (London, 2015)

⁷ <https://www.liverpoolecho.co.uk/news/liverpool-news/thatcherism-conference-planned-liverpool-its-13961587> accessed 15 Jan 2018.

In asking the question of whether there was such a thing as a Thatcherite urbanism, this article reopens a debate, ongoing during the period itself. Many argued that there was a radical break towards a new market orientated approach in dealing with cities; but other commentators held that whatever the government's ideological commitments, these were soon abandoned in the face of the difficulties, and therefore stressed a period of consolidation and continuity with the whole post-war period.⁸ Now is a good time to re-ignite this debate, not least because of the benefit of opened archives. There was a large scholarly literature dealing with the Thatcher government's inner city policy, published through the 1980s and into the 1990s.⁹ This tended to be written from a social sciences background, aiming to assess the effectiveness of urban policy in resolving inner city issues. The cumulative message of these texts was that urban policy had pursued an ideologically driven agenda that had exacerbated the inner city problem. This article uses the archives that have been opened since this first wave of scholarship to explore how the concept of the 'inner city' had in structuring the government's policy and self-presentation – regardless of the putative efficacy of interventions.

The Inner City

⁸ See, A. Thornley, *Urban planning under Thatcherism: the challenge of the market* (London, 1993) for a summing up of the debate.

⁹ P. Lawless, 'British inner urban policy post 1979', *Policy and politics*, 14.2 (1988), 152-174; N. Deakin, and J. Edwards, *The enterprise culture and the inner city* (London, 1993); M. Parkinson, 'The Thatcher Government's inner urban policy, 1979-1989, a review', *Town planning review*, 60.4 (1989), 421-440; *Tackling the inner cities, the 1980s reviewed, Prospects for the 1990s*, ed. S. MacGregor and B. Pimlott (Oxford, 1990); H. Butcher et al., *Local government and Thatcherism* (London, 1990); A. Thornley, *Urban Planning under Thatcherism: The challenge of the market* (London, 1991); K. Shaw, *Action for Cities, A Critical Review of Urban Policy since 1979* (Newcastle, 1989); B. Robson, *Those Inner Cities, Reconciling the Economic and Social Aims of Urban Policy* (Oxford, 1988).

The inner city is an exceptionally fruitful vantage point from which to try and understand the Thatcherite project, as it was an issue that touched upon so many of the central anxieties about the state and society during the period. The concept of the inner city was a spatially manifested locus for arguments about physical, social and economic decline; a prism modulated by issues ranging from race,¹⁰ the north-south divide, the persistence of poverty and social polarisation,¹¹ to deindustrialisation, and increasingly to law and order,¹² and the perceived breakdown of civil society and the family. Its very indeterminacy as a term made it peculiarly able to act as a shorthand, magnetically drawing to it a whole host of issues. A report on the issue by Department of the Environment (DoE) civil servant Eric Sorensen highlighted the definitional issue of the term ‘inner city’:

‘Inner Cities’ has become the generic term for urban areas with problems. It is often applied to areas which are neither in cities nor in their inner core. It covers a multitude of problems – eg environmental decay, rundown housing estates, industrial decline, very high localised rates of unemployment, social and racial deprivation, drugs and crime. Moreover, the public focus can change, sometimes very quickly as, for example, when there are ‘riots’ and the media seek to identify the ‘underlying causes’. The term ‘inner cities’ has however taken such firm root in the panoply of journalistic clichés that we are probably stuck with it.¹³

Like the word ‘slum’ in previous decades, the term ‘inner city’, through its very indeterminacy, could act both as a rallying cry to galvanise action directed at urban poverty, but it also had the potential to act as a slur, anathematizing sections of the population, especially Black and Asian ethnic minorities. Increasingly ‘inner city’

¹⁰ J. Bourne, “‘May we bring harmony’? Thatcher’s legacy on “race””, *Race and class*, 55.1 (2013), 87-91, D. Feldman, ‘Why the English like turbans: A history of multiculturalism in one country’, in *Structures and Transformations in Modern Britain: Essays for Gareth Stedman Jones* (Cambridge, 2011)

¹¹ I. Gilmour, *Dancing with dogma* (London, 1992), 104-41

¹² S. Farrall and C. Hay, ‘Not so tough on crime?: Why weren’t the Thatcher Governments more radical in reforming the criminal justice system?’, *The British Journal of Criminology*, 50.3 (2010), 550-69

¹³ E. Sorensen, ‘Report on the Inner Cities’, 1987, PREM 19/2463

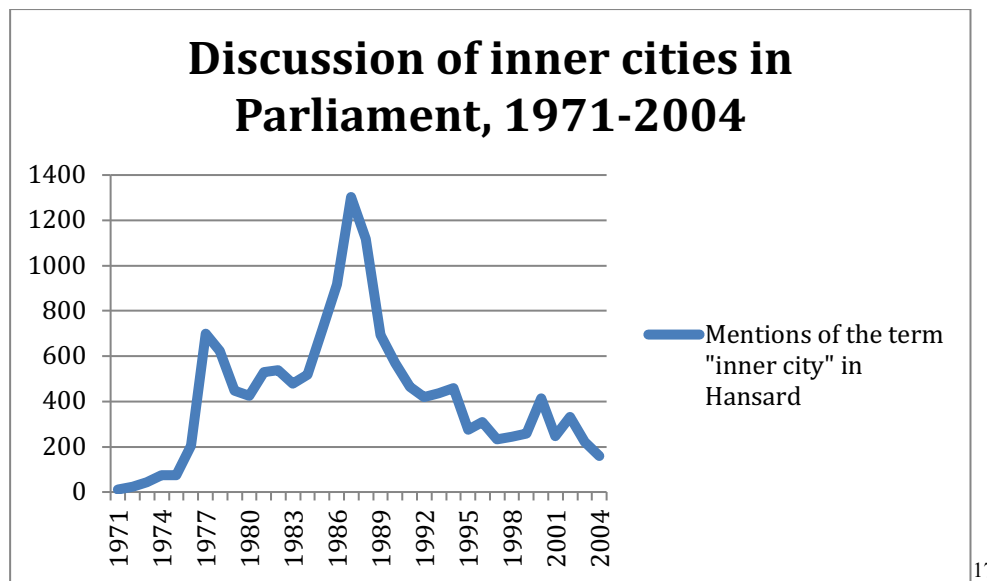
referred not only to the ‘traditional core areas of cities’, but also to what were described as ‘the many large and badly designed council estates’.¹⁴ ‘The period was part of a long term shift in the perceived location of urban problems – from ‘Victorian slums’ and ‘twilight areas’ to ‘concrete jungles’, a shift that arguably culminated in prominent and repeated use of the term ‘sink estate’ by future Labour Prime Minister, Tony Blair.¹⁵ As will be seen, that urban modernism could be construed as amongst the key culprits for urban deprivation was useful for the Conservative party, as it added ammunition to its attack on local authorities.

There were three key moments during the 1980s when the issue of the inner cities flared into national consciousness: following the 1981 and 1985 riots, the former leading to an official report by Lord Scarman and the latter provoking the Archbishop of Canterbury’s 1985 *Faith in the City* report; and after the 1987 election victory, when Thatcher took personal responsibility for the inner cities and inaugurated the Action for Cities policy drive. Searching for the term in Hansard shows its growing pervasiveness from the mid-1970s onwards, reaching its apogee in the mid-to-late 1980s with Action for Cities, and then dropping off in the 1990s.¹⁶

¹⁴ Report of the Home Secretary’s Policy group on law and order, the inner cities and drugs – December 1986. CRD 4/9/56. See D. Sim, ‘Urban Deprivation: not just the inner city’, *Area*, 16.4 (1984), 299-306.

¹⁵ B. Campkin, *Remaking London: Decline and Regeneration in Urban Culture* (London, 2013), 99.

¹⁶ <https://hansard.parliament.uk/search?startDate=1971-01-24&endDate=2004-01-24&searchTerm=%22inner%20city%22&partial=False> accessed 15 Jan 2018.



The issue had gained in influence throughout the 1970s, with cross-party initiatives culminating in the 1977 Inner Area White Paper, and subsequent 1978 Inner Urban Areas Act.¹⁸ During the 1980s there was a continuation of the long-term decline of many of these areas, made more precipitous by the intensification of deindustrialisation following monetarist policies and an inhospitable international economy, and the subsequent spiralling levels of unemployment. Nevertheless, the Thatcher administration were perhaps surprisingly willing to confront issues of the inner city. This was in part because it was construed as a long term, inexorable, and remorseless issue, on which the opposition were relatively weak. It therefore diverted attention from issues on which the Conservatives were more vulnerable such as the economy and unemployment. As a Conservative Party Research Department memorandum put it, ‘I have not noticed any great desire by the Opposition to debate the inner cities, and what a mess some Labour councils are making of them.’¹⁹ The inner city was a useful concept for the Conservatives, as it did not restrict debate to

¹⁷ <https://hansard.parliament.uk/search?startDate=1971-01-24&endDate=2004-01-24&searchTerm=%22inner%20city%22&partial=False> accessed 15 Jan 2018.

¹⁸ O. Saumarez Smith, ‘The inner city crisis and the end of urban modernism in 1970s Britain’, *Twentieth Century British History*, 27.4 (2016), 578-98.

¹⁹ CPA, CRD 4/8/14.

mono-causal or macro-economic issues: ‘The Labour Party wish to restrict discussion to unemployment and Government spending. I feel that we should keep the debate as wide as possible, in order to show there are no easy solutions, and also to force attention away from our obvious Achilles’ heels...’²⁰ It is notable that the Church of England’s report *Faith in the City* was a far more sustained and damning indictment of Government action and inaction in inner city areas than anything that came from the political left.²¹

All in all the inner city issue dominated a vast amount of legislative and ministerial effort, taking up a significant proportion of the intellectual energy, if not necessarily the resources, of most domestic Ministries. As *New Society* argued,

The political will to do *something* we must assume to be real enough. However uninterested ministers might sometimes appear to be to the plight of the urban poor, the government has no vested interest in the continuation of inner city deprivation and decline. Indeed, Mrs Thatcher at least has vested considerable personal capital in her crusade to do something about the inner cities.²²

Nicholas Ridley made a similar point when he argued that, ‘Even those who cannot find it in their hearts to credit us with good intentions might at least rise to the cynical view that no political party deliberately sets out to alienate vast chunks of the electorate by pointless exercises in malign neglect.’²³ Inner city effort was spread across central government, so that by 1989 it was possible to identify at least thirty-five separate schemes impacting on the inner city – administered by at least nine departments or quangos.²⁴ Although the multiplicity of departments involved was

²⁰ M. Kohler to T. Hutt, 28 July 1981, CPA, CRD/D/8/24.

²¹ *Faith in the City, a Call for Action by Church and Nation* (London, 1985)

²² ‘Tackling the inner cities’, *New Society*, 11 March 1988, 3.

²³ TNA, PREM 19/2462, ‘Draft on speech on Inner city issues to Greater London Area Conservative political centre 6 July 1987’.

²⁴ P. Lawless, ‘Urban policy in the Thatcher decade’, 19.

open to criticism for the lack of co-ordination it entailed, it is also evidence that the issue ran through all domestic areas of Thatcherite policy.

Neoliberalism

Much writing on British neo-liberalism has been concerned with exploring its intellectual roots. Keith Joseph is a key figure for many such narratives, which seek to understand the intellectual constellation of ideas leading to Thatcherism – due to his somewhat unusual interest in ideas and his demonstrable influence. There is a case to be made that he had something of this role in the field of urban policy. It is remarkable that Joseph had been Minister of Housing and Local Government during the high point of Harold Macmillan’s Conservative-led government, overseeing the move to more high-rise flats and radical city centre redevelopment.²⁵ His conversion against urban modernism paralleled his conversion against Keynesianism. He congratulated Michael Heseltine on being appointed to the Department of the Environment with the words, ‘Well done. You’ll find lots of problems in your new job. I caused many of them.’²⁶ Issues of urban planning and architecture had been crucial for many on the New Right during the 1970s, and the rejection of architectural modernism was often proclaimed as exemplary of larger battles.²⁷ Joseph’s 1980 *Bibliography of Freedom* contains a prominent section on urban policy. Urban policy was an area in which, according to Joseph, ‘the failure of interventionist policies and planning has been conspicuous’.²⁸ The list of books is heavily weighted towards titles

²⁵ O. Saumarez Smith, ‘Central government and town centre redevelopment in Britain, 1959-1966’, *Historical Journal*, 58.1 (2015)

²⁶ B. Harrison, ‘Joseph, Keith Sinjohn, Baron Joseph (1918–1994)’, *Oxford Dictionary of National Biography* (Oxford, 2004)

²⁷ R. Scruton, ‘The architecture of Stalinism’, *Cambridge Review*, 97 (26 November 1976), 36-41; P. Hutber, *The decline and fall of the middle class and how it can fight back* (London, 1977). Thatcher herself had been lent a copy of David Watkin’s *Morality and Architecture* although she found it tough going, C. Moore, *Margaret Thatcher: The Authorised Biography, vol. One: Not for turning* (London, 2013), .

²⁸ *A bibliography of freedom* (London, 1980), 20.

from America, notably two books by Jane Jacobs: *The Death and Life of Great American Cities* and *The Economy of Cities*, described by Joseph as ‘two brilliant studies of the failure of central planning and the virtues of the decentralized and spontaneous order.’ It also included books such as Martin Anderson’s *Federal Bulldozer*²⁹ and Edward Banfield’s *The Unheavenly City Revisited*.³⁰ Cumulatively the list shows how the perception of the failure of transatlantic modernist urban renewal policy, helped to delegitimise a whole gamut of approaches.³¹

An indicative book on the list, and one that would be echoed in many texts issuing from British right wing commentators, was Edward Banfield’s *The Unheavenly City Revisited*.³² It is well known in the field of economics how a set of radical ideas emanating from a transatlantic coterie of academics entered the blood stream of British mainstream political thought.³³ Edward Banfield is perhaps now a peripheral figure in the pantheon of the New Right, but he was deeply embedded in the academic networks of the period.³⁴ His diagnosis of the American urban crisis in *Unheavenly city* (1970) and its revision, *Unheavenly city revisited* (1974), can be seen to have acted as a blueprint for the way many in the Conservative party talked about urban issues. Banfield was sanguine about a supposed urban crisis in American cities, pointing to the much worse poverty in the countryside, and argued that any inequalities or problems of urban life in cities would resolve themselves naturally, and that government intervention, far from resolving issues, actually served to exacerbate

²⁹ M. Anderson, *The Federal bulldozer* (New York, 1964), See S. Conn, *Americans against the city* (Oxford, 2014) for a discussion of Anderson’s influence on the New Right into the 1980s. 157-163.

³⁰ E. Banfield, *The Unheavenly city revisited* (Boston, 1974).

³¹ C. Klemek, *The transatlantic collapse of urban renewal, postwar urbanism from New York to Berlin* (Chicago, 2011).

³² E. Banfield, *The Unheavenly city revisited* (Boston, 1974).

³³ D. Stedman Jones, *Masters of the universe* (Princeton, 2012).

³⁴ A fascinating first-hand account of Banfield and his place in neo-liberal intellectual networks can be found in O. Letwin, *Hearts and minds* (London, 2017).

them. He also, controversially, argued that African Americans were not substantially the victims of racial prejudice.

Although Banfield's ideas came from a different context, they found an echo in a wide range of Conservative publications, across the 1980s.³⁵ Perhaps it was Alfred Sherman who first applied such arguments to a British context.³⁶ We might take Anthony Steen's *New Life for Old Cities* as indicative of these kinds of arguments. In the book he argued:

Nor should we presume that the inner cities' problems have arisen because of previous benign or malign neglect – for they haven't. On the contrary the cities have been recognised for a long time as posing special political, social and economic problems. It was because of these that increasing sums of money were pumped into declining areas, in the erroneous belief that this would provide the answer – but it didn't. It has merely led to further problems and a mistaken diagnosis which ensured the wrong medicine continued to be administered in ever increasing doses and not surprisingly the patient has now taken a turn for the worse.

Arguments like this were especially adept at gaining traction amongst commentators because they fitted into two other metanarratives about the post-war period. One was the perceived failure of urban modernism; the other was the purported sclerosis, venality and inefficiency of local government. Steen outlined a narrative where the 'initial culprits' had been the planners, 'whose sheer folly it was to have believed that wholesale clearance of inner city neighbourhoods could bulldoze away the city's problems.'³⁷ Policies of dispersal and slum clearance had led to 'the Exodus' of people and jobs. Meanwhile, local authorities had stockpiled local land, and encouraged small businesses to move out of the inner city to greenfield sites. The case against urban modernism and local authorities, whether it was accurate or not,

³⁵ For example K. Clarke, *A Free Market and the Inner Cities* (London, 1987); F. Mount, *Property and Poverty, an agenda for the mid-80s* (London, 1984); A. Steen, *New Life for Old Cities* (1981).

³⁶ E.g. A. Sherman, 'Counting the cost of new towns', *Daily Telegraph*, 10 August 1973, 14.

³⁷ See also, 'What went wrong with the inner cities', *The Economist*, 10 April 1982, p. 37 Saumarez Smith, 'The Inner City Crisis'.

carried huge force, because such arguments were pervasive and largely unchallenged, and were as likely to come from left-wing as right-wing sources. At the heart of a neoliberal attitude to cities then, was a belief that the very process of government intervention was the culprit for urban decline. ‘Benign neglect’ might therefore be ‘less wasteful and damaging’ than costly intervention as it risked destroying ‘an areas “immune system” and thus its ability to recover on its own accord.’³⁸ Such arguments were increasingly enunciated in the moral terms of how ‘dependency culture’ was caused by state intervention, and how an ‘entrepreneurial spirit’ would flourish when it was taken away:

For in my opinion it is precisely in our inner cities that free market solutions have not been properly applied for fifty years. It is in those areas more than any other where the elements of individual enterprise, competition and consumer choice have been most lacking. It is there more than anywhere else that the culture of dependence has survived under the dead hand of municipal socialism.³⁹

III. Enterprise Zones, Development Corporation, and Right to Buy

That such neoliberal ideas were certainly being discussed is clear, but how far they succeeded in gaining traction presents a messier picture. After the 1979 election Keith Joseph pushed for a wide-ranging rethink of inner city policy. But Joseph was unable to steer the course of Government so easily towards new ideas – and we should be cautious about seeing too direct an influence of neoliberal ideas in this area. The Government were unwilling to move away from the approach set down by the 1977 White Paper, especially as this itself had grown from a bipartisan movement, having been initiated by Peter Walker in the early 1970s. As it was argued against Joseph, ‘Any new review of the interaction of public policies in the context of the inner cities would be complex and prolonged.’⁴⁰ Michael Heseltine’s first statement

³⁸ CPA CAB 164/1548, Policy Unit on ‘It took a riot’, 3 September 1981.

³⁹ K. Clarke, *A Free Market and the Inner Cities* (London, 1987).

⁴⁰ Vile to Pattison, 7 October 1979, TNA PREM 19/577.

on inner city issues was written in direct contradistinction to Joseph's suggestion for a 'thorough review'⁴¹ and in spite of Geoffrey Howe's protestations that Heseltine was proposing an 'uncosted extension of public sector activity' that was out of tune with the 'thrust of our philosophy'.⁴² Heseltine argued that in most cases 'existing machinery, streamlined and adjusted, will be capable of carrying developments forward in the inner cities'⁴³ – but in special cases, most notably in Liverpool and the London Docklands, Enterprise Zones and Urban Development Corporations would be deployed.

In common with many other areas of the welfare state where expenditure continued to expand under Thatcher's auspices, many of the interventionist policies inaugurated in the Inner Urban Areas Act (1978) continued to grow during her premiership. The Urban Programme had an increase in funding from £93 million in 1978-9 to £338m in 1984/5, whilst overall the programme cities receiving funding doubled from £1 to £2 billion pounds between 1979 and 1985, an increase of 6 per cent in real terms even taking inflation into account. The money directed to partnership areas similarly increased from £700 million to £1,400 million in those six years. The derelict land grant doubled in size, - and could show off that it reclaimed an area the size of Grimsby every two months. There was also a very significant increase in the granting of Housing Improvement Grants – 105,000 houses belonging to councils were improved in 1984 compared with 74,000 in 1978.⁴⁴ Even taking into account the fact that the Rate Support Grant was being dramatically reduced at the same time, all of this suggests that the Government were not abandoning many of the interventionist policies of the previous administration.

⁴¹ T 380/865 Lord Trenchard to Michael Heseltine, 3 September 1979.

⁴² G. Howe to Heseltine, 7 September 1979.

⁴³ M. Heseltine, 'Statement on Inner City Policy' 6 September 1979, TNA, T380/865.

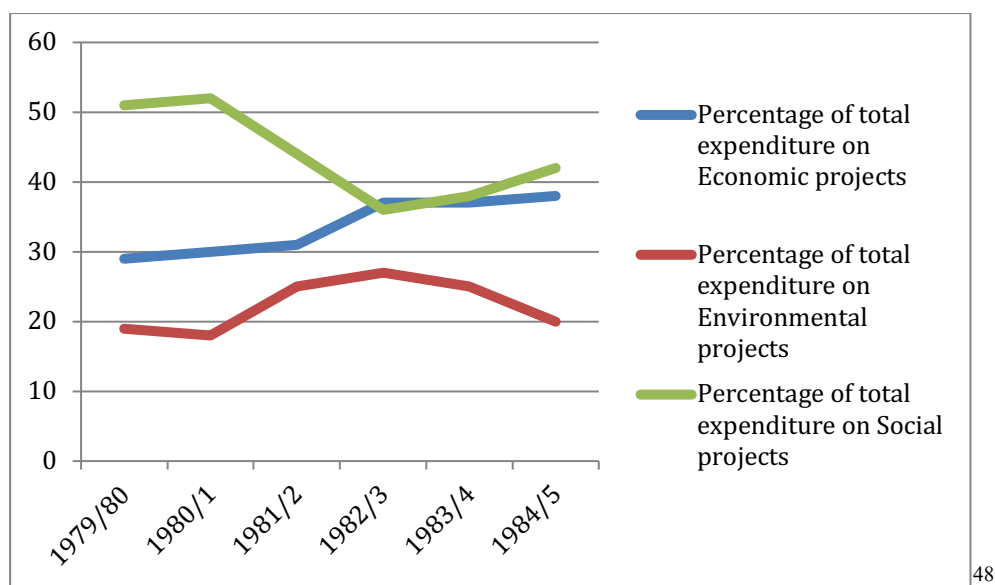
⁴⁴ 'Urban Cities Brief', 11 December 1985, CPA CRD/B/11/4.

The problem was that the goal was ever receding, as jobs drained out at an ever-more precipitous rate, much quicker than any intervention could keep up with. In many ways inner city aid ended up functioning as a stand in for the regional policy of the post-war period.⁴⁵ As a review of the interventions of the Thatcher period summed up, ‘It is a curious comment on Thatcherism, however, that the administration most committed to a reduction in the role of the state, and in the need for an independent private sector, has spent more on *specific* urban regeneration and employment schemes and incentives to private investment in urban areas than any other in recent history.’⁴⁶ Within this expenditure there was a perceptible shift in focus, away from financing social projects, towards those intended to stimulate the economy and job creation, as for example in the Urban Programme.⁴⁷ Nevertheless, in doing so, the government were not diverting from the thinking developed during the 1970s: which stressed that inner city decline resulted from external economic processes, and not because of changes happening to the population.

⁴⁵ ‘Regional policy under the axe’, *the Economist*, 19 February 1983, 21.

⁴⁶ *Tackling the inner cities*, 9.

⁴⁷ Department of the Environment, *The Urban Programme Fact Sheets 1985/6* (London, 1985)



The difference with the approach set out in the 1977 White Paper was not in the commitment to area-based programmes of economic renewal, but in a pronounced effort to bypass local authorities. It was acknowledged, at least behind the scenes, that ‘the major change from the 1977 Inner Cities White Paper which saw local authorities as the key agents in the delivery of urban policy. They are now, in some areas, part of the problem.’⁴⁹ The other difference was that there was an acknowledgement, at least behind closed doors, that money spent was not necessarily going to reverse decline, but that policy should be directed at trying to ‘ease the pains of change, not attempt to reverse the process.’⁵⁰

The same contradictory and ambiguous outcomes with regard to a supposed neo-liberalism is also to an extent true of the more overtly novel urban policies rolled out during the early Thatcher years. Enterprise zones were attempts to encourage private investment into inner city areas by offering exemptions on bureaucracy, taxation and, planning regulations. The idea was brought to public attention by a 1978

⁴⁸ Department of the Environment, *The Urban Programme Fact Sheets 1985/6* (London, 1985), 44

⁴⁹ E. Sorensen, ‘Inner Cities report’, TNA, PREM 19/2463.

⁵⁰ Letter from Robert Young to Margaret Thatcher, 12 October 1984, TNA Prem 19/1615.

speech at a special Bow Group dinner at the Waterman's Arms in the Isle of Dogs by Geoffrey Howe (although Joseph had posited something similar earlier⁵¹), and show some influence of left-field planning ideas of Peter Hall (although Howe himself could not have been clearer that Hall's Freeport proposal was far too dramatic and 'not the one I am putting forward'.⁵²) Stephen Brooke sees enterprise zones as having 'physically [written] neo-liberalism into the language of some British cities',⁵³ whilst Sam Wetherell views them as 'arguably neo-liberalism's purist policy expression'.⁵⁴

As implemented through legislation passed in 1980, initially in seven inner city areas⁵⁵, enterprise zones were rather less radical than Howe's initial proposal, and indeed were criticised by many from the Right, including Anthony Steen, for the way that they were an intervention into the free market in favour of areas where the private sector had manifestly failed. They did include significant tax exemptions, including a holiday on rates for the first ten years – but, crucially, the local authority was reimbursed for the lost revenue directly from the Treasury.⁵⁶ Proposals to withdraw regional grants and subsidies from businesses located in enterprise zones were dropped after pressure from industry and unions. As businesses in the area continued to receive all the benefits of public services, what tax exemptions that did occur amounted to little more than public subsidy. As it was argued in 1984, enterprise zones 'became, instead of an experiment in free enterprise and non-intervention, an

⁵¹ *The regeneration of local economies*, 84.

⁵² Sir G. Howe, 'Liberating Free Enterprise: a New Experiment', Speech to the Bow Group, 26 June 1978, Margaret Thatcher Archive, 2/1/1/39.

⁵³ S. Brooke, 'Living in "new times": historicizing 1980s Britain', *History Compass*, 12.1 (2014), p. 20-32.

⁵⁴ S. Wetherell 'Freedom Planned: Enterprise Zones and Urban Non-Planning in Post-War Britain', *Twentieth Century British History* (2016).

⁵⁵ Not all enterprise zones would be in inner city areas or areas of dereliction, see for example Wellingborough.

⁵⁶ S. M. Butler, 'Enterprise zones: pioneering in the inner city', *New tools for economic development: the enterprise zone, development bank, and RFC* (New Brunswick, 1981)

instrument to encourage the location or relocation of industry in selected areas by means of a spatially-discriminatory fiscal regime and a heavy promotional effort.⁵⁷ There was some limited planning deregulation, much diluted by the time it came to the legislation, including a streamlined procedure for applying for permits.⁵⁸ This did not however amount to anything like the much more far-reaching deregulation of building licenses in 1954.⁵⁹ Peter Hall's own view was that enterprise zones were 'a particularly poignant example of the way that, especially in Britain, radical ideas are taken on board by the establishment, only to be sanitized into something completely harmless.'⁶⁰ The cost, both direct and indirect, to government was substantial.⁶¹

Urban Development Corporations (UDCs) are another area where it would be a mistake to overplay either their novelty, or see them as a symbol of a new ideologically neoliberal approach to cities.⁶² For one thing the UDCs were openly modelled on the post-war New Town development corporations, which had been set up by Attlee's Labour government in 1946 – hardly a neoliberal exemplar:

One of the most notable examples of positive planning in Britain during this century has been the New Town Programme.... What is now proposed is the use of a management mechanism similar to the one used to create New Towns to redress the problems of inner cities and utilise their existing infrastructure which is at present running at well below its capacity.⁶³

⁵⁷ M. Keating, A. Midwinter and P. Taylor, 'Enterprise zones: Implementing the unworkable', *Political Quarterly*, 55 (1984), 78-84; see also D. Massey, 'Enterprise zones: a political issue', *International Journal of Urban and Regional Research*, 6.3 (1982), and H. Butcher et al. *Local Government and Thatcherism* (London, 1990); I. McDonald and C. Howick, 'Monitoring the Enterprise Zones', *Built Environment*, 7.1 (1981), 31-37.

⁵⁸ H. Morison, *Regeneration of local economies* (Oxford, 1987), 85-6.

⁵⁹ O. Marriott, *The Property Boom* (Abingdon, 1989).

⁶⁰ P. Hall, *Cities of tomorrow* (Oxford, 1989), 357, see also P. Hall, 'The British enterprise zones', *Enterprise zones, new directions in economic development*, ed. R.E. Green (Newbury Park, 1991).

⁶¹ PA Cambridge Economic Consultants, *An evaluation of the enterprise zone experiment* (London, 1987) & R. Tym etc. *Monitoring enterprise zones: Year three report* (London, 1984).

⁶² See S. Brownhill and G. O'Hara, 'From planning to opportunism? Re-examining the creation of the London Docklands Development Corporation', *Planning Perspectives*, 30.4 (2015), p. 537-570/

⁶³ 'Urban Enterprise Corporations', CPA CRD 4/9/48.

The idea of using new town mechanics to redevelop inner city areas had been mooted as far back as the 1960s, by groups such as the Society for the Promotion of Urban Renewal.⁶⁴ Godfrey Hodgson had suggested a version of the idea under the moniker of an ‘Old Town Renewal Agency’ in *Crossbow* as far back as 1962 – an article that influenced Geoffrey Howe.⁶⁵ The concept had certainly been kicking about in central government departments,⁶⁶ and Michael Heseltine was able to dust off the concept from his prior stint as parliamentary undersecretary at the DoE under Peter Walker when he took over at the department in 1979.⁶⁷ The 1977 White Paper had posited them as a possibility, but criticised their ‘lack of accountability to the local electorate.’⁶⁸ As one commentator put it, ‘Urban development corporations are powerful quangos, more symptomatic of Heath-style corporatism than what is usually understood by Thatcherism.’⁶⁹ The *Daily Telegraph* went even further, complaining in 1987 that they were ‘more of a socialist concept than a child of a Tory administration.’⁷⁰

Of course the efforts of the UDCs (as with the enterprise zones) were intended to ‘pump prime’ for private development, rather than primarily carrying out development by the state. This was in part inspired by the American example, especially the redevelopment of Baltimore harbour.⁷¹ Urban development grants,

⁶⁴ J. Gold, ‘A SPUR to action: the Society for the Promotion of Urban Renewal, ‘anti-scatter’ and the crisis of reconstruction’, *Planning Perspectives*, 27.2 (2012), pp. 199-223.

⁶⁵ Sir G. Howe, ‘Liberating Free Enterprise’, 15. I have not been able to locate the original *Crossbow* article, but that such ideas were countenanced by the Bow Group can be seen from their publication, T. Knight etc., *Let our cities live* (London, 1960)

⁶⁶ Suggested for example in *Thirteenth Report from the Expenditure Committee, New Towns*, House of Commons paper 616 (London, 1975).

⁶⁷ M. Heseltine, *Where there’s a will* (London, 1987), 134.

⁶⁸ *Policy for the Inner Cities* (1977), 8.

⁶⁹ *Local Government and Thatcherism*, 107.

⁷⁰ Quoted in P. Hall, *Cities in Civilisation* (London, 1998), 913.

⁷¹ P. Stredder, ‘Inner city policy: Lessons from the American Experience’, 18 September 1987, NA PREM 19/2462.

based on the American urban development action grants, designed to attract private investment into inner city areas by making grants available to support capital investment projects developed jointly by local authorities and the private sector. £60 million was available in 1983-4.⁷²

Right to buy has been well-served in the historiography, but the way that it was a key facet of the Government's approach to the inner city crisis has not been stressed. Tim Barron, a property developer advising the Conservative party, spoke for many Tories in his zealous belief 'that home ownership is not only good for the soul but is an utterly essential ingredient if we are to restore to our inner area populations a sense of pride, a feeling of responsibility to others and a desire to improve and preserve their environment and living standards all of which are needed if they are to become fit places to bring up children and enjoy a healthy family life.'⁷³ A belief in the active benefits of the gentrification in these inner areas was also at play, whereby 'attracting back the better off middle classes, who would help give the communities greater stability, who demand better standards of education and other services and, who would help make the inner areas an attractive alternative to suburbia.'⁷⁴ Conservative MP Nirj Deva-Aditya also saw home ownership as an effective palliative for the issues brought about by the 1981 riots, arguing that 'the most effective way of curbing racial tension is to encourage the formation of a property and capital owning black minority with a vested interest in preserving and improving the urban fabric of our inner cities.'⁷⁵ Projects of improvement were actively aimed at

⁷² 'Inner cities policy group report, 1983', CRD 4/9/54.

⁷³ T. Baron, 'The Scope for the Private Developer', 1980. CRD 4/9/60.

⁷⁴ 'Inner city housing demand and land availability', CRD 4/9/60. See also Home office and inner cities policy group, 'the inner cities', 29 September 1986' CRD 4/9/55.

⁷⁵ N. Deva-Aditya, 'Race and Politics: the Missed Opportunities', 1981, CRD 4/9/48. On the Conservatives attempts to appeal to ethnic minority voters on the issue of home ownership see Matthew Francis, 'Mrs Thatcher's peacock blue sari: ethnic

‘drawing in middle and higher income families too - people who can turn their skills in leading and organising to community benefit. In this way run-down areas have a better chance of stepping off the downward spiral of depopulation, dereliction and dependence and of clambering aboard a virtuous circle of improvement, investment, owner-occupation and repopulation.’⁷⁶ Right to buy however would only have limited effect in the inner city. This was in part because flats made up 30% of council dwellings, more in urban areas, but accounted for only 4% of council house sales.⁷⁷ In an area such as Tower Hamlets local authority accommodation continued to account for more than 80% of housing in 1986.⁷⁸

Housing was the one exception to the general phenomenon that the Thatcher governments failed, as Nicholas Ridley ruefully admitted, in ‘controlling, let alone cutting, expenditure on public services.’⁷⁹ The cuts to local authority housing schemes amounted to a remarkable 75% of the government’s total spending reductions between 1980/1 and 1983/4. During the Thatcher decade the expenditure total for housing fell in real terms from £7.3 billion to £1.9 billion.⁸⁰ Nevertheless, there are reasons to downplay the radicalism of the Thatcher government even in this area. As many have argued, policies such as right to buy had a long ancestry within Conservative thought.⁸¹ Peter Walker, hardly a neoliberal, had a more far-reaching

minorities and the Conservative Party, c. 1974’, *Contemporary British History* 31.2 (2017), 274-93.

⁷⁶ TNA, Prem 19/1615, Robert Young to Margaret Thatcher, 28 June 1984.

⁷⁷ Inner Cities Policy Group, ‘Handling ‘multicultural Britain’ in the manifesto’, 1986, CRD 4/9/56.

⁷⁸ ‘Report of the Home Secretary’s policy group on law and order, the inner cities and drugs – December 1986’, CRD 4/9/56.

⁷⁹ N. Ridley, *My style of government, the Thatcher years* (London, 1991), p. 85.

⁸⁰ A. Murie, ‘Housing and the environment’, *The Thatcher effect, a decade of change* (Oxford, 1989). p. 215.

⁸¹ A. Davies, ‘Right to buy’: The development of a conservative housing policy, 1945-1980’, *Contemporary British History*, 27.4 (2013); M. Francis, ‘“A crusade to enfranchise the many”: Thatcherism and the “property owning democracy”’, *Twentieth Century British History*, 21.3 (2011), p. 275-97.

conception of the policy than could be countenanced by Thatcher.⁸² Right-to-buy was extensively countenanced by Wilson and Callaghan's Policy Unit.⁸³ More importantly, the approach to council housing also built on the long-term trend away from modernist renewal towards rehabilitation, forcefully signalled in the 1977 White Paper.⁸⁴

The estate Cantril Farm, in Knowlsey on the eastern outskirts of Liverpool was a flagship scheme for the Conservatives. This scheme provided the blueprint for the Conservative backed attempts at diversifying tenure and privatising management, which would culminate in the Estate Action initiative from 1985. Cantril Farm was bought from Knowlsey council for £7.5 million by a consortium of Barclays Bank, the Abbey National and Barratt's development, and renamed Stockbridge Village. A five-year development programme was underwritten by an investment package of private and public funds. Owner occupation increased from 2 to 15 per cent, and *Shelter* noted that 'featureless blocks of low-rise housing have been transformed into a suburban idyll of quiet cul de sacs, complete with planter boxes, coach-lamps and freshly painted Georgian front doors.'⁸⁵

Although neoliberal ideas were certainly approved of and discussed by many Conservatives, when one turns to actual policy the picture is messier. With the exception of housing, most aspects of Thatcher's urban policy involved an expansion of the state. What all aspects of this urban policy do have in common though, is the way that they were diminishing the power of local authorities. If one were looking for

⁸² P. Walker, *Trust the People, The collected essays and speeches of Peter Walker* (London, 1987) 55-91.

⁸³ B. Donoghue, *Downing Street Diaries: With Harold Wilson in No. 10* (London, 2006), 525.

⁸⁴ Cmnd. 6845, *Policy for the inner cities* (London, 1977), 26.

⁸⁵ 'Selling of the slums', *Shelter*, March/ April 1984.

overarching theme for what was new about urban policy in the years after 1979, it should not be neoliberalism, but the viciousness of the attack on local authorities.

Bernard Ingham advised Thatcher to answer the question, ‘Is not your entire inner city policy designed to marginalise local government?’, with the response:

No. But equally we cannot allow anti-enterprise, spendthrift, irrelevant local government to condemn urban areas to deprivation for which the Government is then blamed. The attachment of some local authorities to high rates, gay rights, Nicaragua and nuclear free zones does not offer much hope to their residents. For too long some local authorities have conducted a guerrilla war against the Government at the expense of their rate-payers. It has got to stop.⁸⁶

Although this was ostensibly a denial that inner city policy was calculated foremost to subvert local authority power, it nonetheless inadvertently revealed the sheer antipathy towards local authorities. It was perhaps unsurprising then, as *New Society* argued, cumulatively inner city policy ‘adds up to something which more closely resembles a war on Labour local authorities than on urban decay.’⁸⁷

Action for Cities

Towards the Government’s third term there was a recognition that there needed to be a renewed attack on inner cities, with the Conservatives looking to tie together the disparate parts of the approach so far taken. There was recognised to be a ‘lack of coherence’⁸⁸ in inner city policy, and it wasn’t completely clear what was the answer to the questions: ‘Is our approach bottom up, top down or a mixture? Is it deregulatory or is it interventionist through grants and tax incentives?’⁸⁹ As with much policy formation in the third term, there was also the difficulty of balancing the need to show that the party was not, as Thatcher herself put the problem, ‘stale and

⁸⁶ ‘Inner Cities Launch – Presentation’, 6 March 1988, TNA PREM 19/2465.

⁸⁷ ‘Taking over the Inner Cities’, *New Society*, 11 March 1988, 3.

⁸⁸ Meeting held at 10 Downing Street, 27 July 1987.

⁸⁹ TNA, PREM 19/2462, H. Booth & N. Blackwell to PM attaching Sorenson’s paper & Sir Robert Armstrong’s proposals, 22 September 1987.

running out of ideas’, whilst also protecting themselves ‘against the jibe: if these ideas were so good, why haven’t you introduced them before.’⁹⁰ Furthermore, there was a feeling that the Government were ‘not receiving sufficient credit for what has been achieved or what is underway.’⁹¹ The way inner city policy was interconnected with hostility towards local authorities also became increasingly direct, as the government moved the crosshairs of their focus onto local authorities in their last term: ‘The next major institution to be reformed by the Government – the first two having been the trade unions and the nationalised industries – should be local government.’⁹² This was also the term of the poll tax and Thatcher’s downfall.

In the policy discussions that led up to the resulting Action for Cities programme, a fissure is discernible between the political need and desire to be seen to do something, and the free market belief that intervention should not even be countenanced. Norman Blackwell and Hartley Booth were Thatcher’s advisors pushing most strongly for a clear ideologically defined position, and they were ‘nervous that the result may simply be a re-hash of the traditional DoE approach’:

We are in danger of losing sight of our basic philosophy – that local leadership is the key source of initiative, while Government’s role is primarily to create the climate to release enterprise (not to ‘solve’ inner city problems through top down intervention).⁹³

The main reason the focus of inner city policy was moved to the cabinet office, with Kenneth Clarke appointed Minister with special responsibilities for the inner cities, was that Thatcher felt the need to appear ‘a “hands on” Prime Minister so far as inner cities go’⁹⁴ But it was also because Nicholas Ridley at the DoE, which had tended to

⁹⁰ M. Thatcher, *The Downing Street Years* (London, 2012).

⁹¹ PREM 19/2462

⁹² A. Howarth, Points on Law and Order and the Inner Cities, 8th December 1986, CRD 4/9/56.

⁹³ ‘PMs notes for Inner Cities Meeting, 30 November 1987, by Norman Blackwell and Hartley Booth’, PREM 19/2463.

⁹⁴ B. Ingham, ‘Inner Cities Launch – Presentation’, 6 March 1988.

lead on inner city policy in the past, was scornful of the very idea that there should be an inner city policy as such at all:

His Private Secretary says that Mr. Ridley believes there is no such thing as inner city policy. There is only policy towards housing, transport, social services, blacks and so on... If local firms can win business by being fully competitive so much the better. But if they can't, the Government should not interfere with market forces in order to help them... The same beliefs explain why he is sceptical about any ideas for coordinating inner city policies and presentation.⁹⁵

There was a contradiction at the heart of Action for Cities. The government felt the need to be seen to be proactive in tackling the inner city problem, so much so that Thatcher made it a centrepiece of her third term, and vested considerable personal capital in the crusade. This was obviously at odds with the belief that there was a limited amount that Government could do, and that intervention was often counterproductive. That the results were largely more of the same, albeit repackaged was freely admitted: as Thatcher put it herself at the press conference launching the initiative: 'I don't think there is a single new policy here, and there is not a great deal of new money.'⁹⁶ It was in large part promotional, advertising what was being achieved:

Although much has been done by Departments to ensure that Government gets credit for its effort and investment in inner cities, people are still largely unaware of the extent of its contribution. I would like to see our contribution to inner city projects acknowledged by Departments using prominent Action for Cities signboards on all their projects within the £3bn total and for all related Press Notices to be in the standard Action for Cities format.⁹⁷

Rather than a new White Paper the government published a glossy brochure. As Labour MP Donald Dewar complained, 'what have we been given, apart from a gathering of bric-a-brac from the past ingeniously packaged to give the impression of generosity?'⁹⁸ Such presentational efforts could be defended as having

⁹⁵ Letter from Norgrove to Thatcher, 23 September 1987, PREM 19/2463.

⁹⁶ 'Thatcher blueprint for the inner cities', *New Society*, March 1988, 23-4.

⁹⁷ Clarke to Thatcher, 31 March 1988.

⁹⁸ D. Dewar, Hansard, 29 March 1988.

an important role in challenging stereotypes, and ‘selling a message of motivation and hope’.⁹⁹ Something similar was happening with Lord Young’s concurrent massaging of the unemployment figures. A centrepiece of Action for Cities were a series of breakfasts around the country, where businessmen were encouraged to invest in inner city areas, in a long tradition of civic boosterism, but with local authority figures notably excluded.¹⁰⁰ It is nevertheless difficult to escape the feeling that all the propulsive talk about inner cities didn’t amount to much. At its worst, Action for Cities’ concentration on producing results that could be trumpeted involved something worryingly close to the creation of Potemkin Villages for the enterprise culture: ‘In due course we will want to be able to demonstrate that our policies have had a significant impact on specific locations. New initiatives therefore need to be targeted on a relatively small number of areas where we can expect to see improvement.’¹⁰¹

Conclusion

Thatcher herself struggled to find the right tone in presenting issues about the inner cities, and she too easily risked ‘sounding patronising and uncaring’, as her advisors warned her.¹⁰² The years of her premiership nevertheless saw a vast amount of effort expended on the issue. The inner cities were important to her and her administration. It isn’t so much that inner city issues superseded other domestic concerns such as the economy, inequality, race relations, social breakdown, or the devastation of manufacturing jobs, but rather that the inner city was an important arena in which

⁹⁹ Booth and Blackwell to Thatcher, 22 September 1987, PREM 19/2462.

¹⁰⁰ D. Lawson, ‘Newcastle Brown Study’, *Spectator*, 6 August 1988, 14-16.

¹⁰¹ Kenneth Clarke to Margaret Thatcher, 31 March 1988.

¹⁰² PREM 19/2462.

these issues could be seen to be grappled with. Many of these issues might well have been approached in ways that tackled them without giving any weight whatsoever to *where* they occurred. A coherently neoliberal approach would see any policy in favour of one area over another as reinforcing failure. The very concept of a ‘neoliberal inner city policy’ is therefore potentially oxymoronic. Fundamentally the government found it useful to approach domestic issues through the lens of the inner city, because the blame for society’s ills could be laid upon long-term processes, and on local government.

The resulting efforts of central government were muddled. Driven by a desire to reduce the state it arguably ended up consisting as much an attack on local government, as it was on urban deprivation. Split between the contradictory impulses of a free market ideology and the political necessity to be seen to be intervening productively, inner city policy became increasingly about presentation and spin. What had emerged most clearly in the decade separating the 1977 White Paper on inner cities and 1987s Action for Cities programme is not a clearly defined neoliberal approach to cities, but the end of the meliorist belief that the inner city problem might be solved through government intervention. That this loss of belief didn’t in fact result in less intervention is a paradox.

There was a clearly defined, and frequently enunciated neoliberal philosophy widespread within Conservative circles within central government, stating that the inner city problem had come about because free market solutions had not been tested. We should however be cautious about seeing this period as presenting a new neoliberal polity. From the perspective of those in government neoliberal ideas were very far from being enacted, and the approach to the issue remained much more piecemeal. There is evidence for a number of explanations for this failure of neoliberal ideas gaining traction, whether it is the continued influence of ‘wets’ as

well as ‘drys’ within government, Heseltinism as well as Thatcherism, a civil service committed to old modes of thinking, or the political impossibility of non-intervention, especially following urban riots. Whatever the answer, historians clearly need to be cautious about deploying an ideologically motivated programme as the overarching explanation for urban change in this period.

Inner cities were the places where many of the larger processes negatively effecting British society could be seen most vividly, whether it was unemployment, deindustrialisation, social polarisation, or antagonistic race relations. This article has argued against the primacy of ideology as an explanation for urban change in this period. The still nascent historiography of 1980s urban Britain will need to pay attention to longer-term historical processes, and be cautious of neat periodizations.¹⁰³ This article has focused on the internal urban policy formation of the Thatcher Government, but its ultimate conclusion is that we will need to look elsewhere if we are to form a full understanding of urban change in the 1980s.

¹⁰³ M. Hilton, C. Moores and F. Sutcliffe-Braithwaite, ‘New Times Revisited: Britain in the 1980s’, *Contemporary British History*, 31.2 (2017) 145-165.