Public space and urban governance: Public interests, private interests?

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In the last three decades, the model of urban development and the nature of urban planning have dramatically changed. From the dominance of the public sector, armed with comprehensive plans and direct involvement in urban development, there has been a transformation to a more prominent role for the market, supported with strategic plans, conducted through public-private partnerships, and involved in pragmatist, entrepreneurial, selective, area-based planning and large scale urban projects.

This change is part of a larger process of political and economic change. The first model, which involved a compromise between employers and employees, had emerged in response to the economic crisis of the 1930s and the Second World War; but it ran out of steam by the 1970s. In response to the crisis of the 1970s, a second model emerged, based on free markets, privatization and deregulation, globalization and technological change, a model which in turn has been in crisis since 2008. The transformation had not taken place on its own: it largely resulted from the employers’ decisions to relocate their workplaces to other parts of the world to escape high taxes and wages, increasing costs of production, and strict regulations. To deal with the resulting de-industrialization and urban decline, and to bring the investors back, public authorities looked for alternative forms of economic activity, offered incentives, loosened regulations, restructured themselves, and asked for help from the market.

With climate change and globalization, the global financial crisis and its subsequent drop in public funds, ideological pressure for a smaller state, privatization of many activities and assets, and multiplication of agencies and interests, new challenges have emerged for democratic societies: how to form collective actors from a wide and fragmented range of agencies, and how to cater for the common good in the new context of market prominence. These two challenges, of governance and common good, are closely intertwined, revolving around the boundary between the public and private realms, how it is and how it should be set, which finds a clear manifestation in public space.

Public spaces are essential ingredients of the social life, making movement across the space possible, supporting the exchange of information and knowledge, facilitating sociability and enriching the quality of the
urban environment, and making important contributions to political and cultural life. Their main feature is access, and the extent of their publicness is shaped by the extent of their accessibility. Through the question of access, and the power that is exercised to control access to places, activities and information, we can see how the social and the spatial aspects of these major changes and challenges are linked together. I shall limit my discussion to the British experience, but at the end I’ll try to speculate how it might be different in Germany.

By its nature, the public sector is expected to provide, extend and maximize the accessibility of public spaces; and historically it has done so. However, meeting this expectation has come under pressure on several fronts. The local authority develops policy, creates and maintains public space. But the division of labour within public authorities is complex, and the types of public space are diverse. In a local authority, soft landscape and parks are managed by the parks department, streets by the highway engineers, urban development and regeneration by planners, housing areas by housing companies, each with a different set of concepts, methods, and budgets for dealing with their subject matter. For example, while highway engineers are interested in standard street furniture and lamp posts and against any blockage in the flow of pedestrians and cars, planners and designers may want individually designed elements and pavement cafes.

These departments may be brought under one roof in one of the frequent, structural reorganizations, but they rarely develop an integrated approach to public space. More significantly, the merged department may be headed by a manager primarily interested in economic development and cost-saving. Local authorities are encouraged to follow the principles and methods of private sector management, in what is called New Public Management, looking for economic justification of what they do and expect economic return for their activities. Investment in public space, therefore, becomes something for which an economic case needs to be made, rather than be taken for granted as a necessary public service, so adopting a selective strategy. Rather than treating everywhere with the same principles, different parts of the city get different treatments on functional or economic grounds.

Now if we look at the private sector actors who are involved, the picture becomes a lot more complex: landowners, banks, institutional investors, construction companies, architects and planners, and a host of other actors. Here the problems of governance are addressed through the role of the developer, who brings many of these actors together. In the UK, large, national developers dominate the market; they can have large land reserves, borrow from banks at favourable rates, and mobilize significant development capacity unavailable to small-scale, local developers. The same can be said about retail and banking, where a few major players dominate the national scene, to the extent that some critics talk about cloned towns, where diversity of the British High Street is disappearing. When dealing with the
local authorities, these giant players exercise a huge power to influence the shape of the outcome in their interest.

The market economy revolves around the relationship between investment and return, and the balance between risk and reward. An investor places a sum of money into an activity, in the hope of making a profit, so it is very important for the investor to minimize the various risks on the way. This is especially the case for developers, who will invest in the transformation of land and property and cannot move their assets easily from one place to another. It is also the case for the privatized infrastructure companies, such as water, electricity, transport, and communication who invest in fixed capital. Some form of public space is necessary for providing access, but investment in public space is not directly beneficial to an investor, as it cannot be sold or rented out. So the economic value of public space is sought in marketing the development, facilitating private activities, and supporting the property prices. To do so, it needs to be exclusive and semi-public, rather than inclusive, so as to minimize risks and maximize return on investment.

The result is the development of public spaces that are less accessible than before, bearing the charge of the privatization of public space. To ensure a safe return on their investment, market operators tend to limit access to space, reserving it for exclusive users and functions, hence limiting their diversity. Open access, meanwhile, broadens the types of users, who, in the context of social inequality and fragmentation, and in the context of urban regeneration in de-industrialized areas, may not be welcomed by the targeted upmarket clientele, hence increasing the risks for investors and buyers. The extent of access to space, and therefore the extent of its publicness, is curtailed. Investment in urban development and its public spaces continues, but the nature of these new spaces may be radically different from before, becoming an instrument in creating property markets and improving property values, a vehicle of city marketing, an attachment to commerce and entertainment, at the service of white-collar workers now claiming the city from the defeated remnants of blue-collar workers, an ingredient of festivalization and consumption, a pathway for gentrification, tightly watched and controlled, privileging some activities and some segments of the population over others, who may be excluded through social and physical measures, such as guards, security cameras, walls and gates, controlled opening hours, and out-of-reach suburban locations. As the case of Liverpool shows, in a major regeneration programme, Liverpool One, an entire section of the city centre has been taken over by a private company.

The public and private sectors have always worked together in urban development. The balance of power continues to be in favour of the state, but the boundaries between public and private sectors have become blurred, especially when they join forces in public-private partnerships. In public affairs, the general demands for accountability and avoiding corruption favour a clear line between the public and private interests. It is a normative notion, where it is important for all to see that the line is kept clear. In the early 1990s, Lord Nolan was commissioned by the British Prime Minister to investigate the conduct of public officials. He produced a report on Standards in Public Life, which rejected the idea of ‘grey areas’ as ‘a rationalization of morally dubious behaviour’. The report defined seven principles of public life, which all revolved around keeping this boundary clear: taking decisions on the basis of public interest and not private financial or
material gains, keeping the public realm accountable to all and open for scrutiny. However, the controversy is not usually about the corrupt behaviour of public officials, but about the extent to which the state has embraced the market’s values and behaviour, how far private interests influence the shape and quality of the outcome, and how far the outcome is accessible and inclusive.

There are different models of management for public spaces. Public authorities can demand that the private developer delivers some agreed public goods, which does indeed take place. But the power of public authorities is limited in shrinking cities, such as Liverpool. They cannot always control the outcome, even in growing cities, such as London. This is a concern even shared by the Conservative mayor of London, quoted to be concerned about the private management of public space, and reflected in the report from London Assembly, which encourages the mayor and the boroughs to have written agreements with the developers to secure public access and control.

In this context, civil society actors wish to reclaim the public space from rigid orders and narrow interests, engaging in direct action or demanding public participation and inclusive processes, so as to create open and accessible places. But the extent of their success is often limited to small scale interventions, and cannot reach strategic levels. A new campaign has been started to record and map the privatized public spaces in Britain. The privatization of public space can limit the spaces of collective action. This is either through wholesale transition of space to private owners and managers, such as in shopping malls and gated neighbourhoods, or through systems of management such as setting up Business Improvement Districts, all limiting what can happen within certain locations.

Public space may appear to be developed in these private spaces, but there is a substantial difference between these anaemic places and living spaces of the city. They all imitate the real-world urban spaces, with a difference that they are highly sanitized and controlled places. Indeed the theme of public space is very much adopted by many municipalities as part of their city-marketing activities. Places of display are created as part of economic development strategies and their health and strength is closely associated with commercial viability and festivalization of the urban space.

There are many on-going campaigns for public spaces, such as de-cluttering streets, shared space, guerrilla gardening, some of them driven by the British tradition of Picturesque, others inspired by trends in other countries; some of them driven by local authorities, others by civil society groups. The challenge for civil society actors involved in public space creation and animation is to see whether they would feed the trend of festivalization and city-marketing, or they feed the development of civil society’s capacity to enrich urban social and cultural life. Do they encourage meaningful encounters or only superficial, transient and passive co-presence? Are they interventions from outside that would disappear as soon as we have left the scene, or are they part of the local dynamics of a
place, which can linger and lead to capacity development?

The question that needs answering is: what is the practical implication of this change for people? If it delivers better places, why are we worried about it? The famous 18th-century squares in London’s Bloomsbury were developed as part of an early model of speculative development by the private sector and were under private ownership and management. Many of the new public spaces, even if they don’t stand up to the measure of accessibility, are places of enjoyment for many. If we have a better experience of the city, why shouldn’t we support it?

The answer would be separating the individual, better-off experience from the social and political implications of a situation. A public is not a homogeneous entity. In the context of growing social inequality and pluralism, if there are people who are displaced, priced out, or feel on the margins of these changes, then there should be some concern, as there would be a sense of injustice and resentment. If there are growing explicit or implicit layers of control in places and activities, they cannot be claimed to be open and democratic. We can also question the instrumental aesthetics of commercialism, and the social and environmental impacts of consumerism. This is part of a bigger question: can public goods be delivered by private companies? In what ways would a public good be reshaped to meet their demands, as they would inevitably look for private gains? This is a continuing debate, especially in the context of the new age of austerity. But the answer may be different for different societies, and we shouldn’t rush to generalize on the basis of other countries’ experiences or be driven by the literature.

Without wishing to invent a false dichotomy, there are at least five major contextual variations, which could lead to differences in the way public-private relationships work in different countries: philosophical outlook, political economy, welfare regime, spatial structure, and urban culture. Holism, which has found strong and lasting expression in German philosophy, argues against breaking
the whole into parts. Meanwhile, for the empiricist approach, which has characterized the British thought, the existence of such wholes needs to be proven first. This philosophical distinction is directly linked to the other contextual differences. In a corporatist political economy, the relations between different stakeholders is often managed through negotiation and collaboration, and there is a long tradition of such collaboration in Germany. In the UK, however, the historic laissez-faire model, which was partly revived through neoliberalism, was based on adversarial politics and economic competition in a free market, organized through the division of labour and the so-called invisible hand of the market. Third, these differences are translated into somewhat different types of welfare regimes that are in place in these two countries, the so-called conservative and liberal models of welfare provision, resulting in different perceptions about the role of the state in the economy. If there are existing precedents for cooperation between different stakeholders, the result would be different from a situation where all the frameworks have to be invented or renewed. The fourth element is the spatial structure, by which I mean the distribution of economic and political power across the country. In the highly centralized system of the UK, companies have lost their local connections. Local branches of London-based or international companies do not have the same level of interest or commitment to a locality. When investment is primarily mediated through the stock market and non-local banks, the relations between investors and their investment becomes very loose and tangential, where little symbolic value is attached to such a link. In Germany, however, the regional structures of power have remained much more effective, and rootedness and commitment to a locality can still be found in banks and major companies. The fifth element is the urban culture, or in other words the approach to the city. In the UK, the ideal of a human settlement is a village, and historically the city is mistrusted by the better-off, which is the basis for suburbanization, and the resulting public spaces that are more like village greens rather than urban squares. In some other European countries, in contrast, the poor are sent out to the suburbs and the city is where the better-off live, with public spaces that are well liked and looked after. This is of course a large-scale picture, drawing on clumsy stereotypes, where there are many variations that would undermine such easy distinctions; but if it includes some elements of truth, it may be worth examining. The combination of a holist philosophy, a corporatist model of political economy, a stronger role by the state, a more dispersed and locally-attached structure of political power and economic interests, and a cultural preference for urban living may result in a different pattern of collaboration between the public, private, and civil society stakeholders in urban development, and a different way of providing for common goods such as public spaces.