Bailouts, bankruptcy and the bonfire of the QUANGOs: the track record of economic development programmes in the South Wales Valleys and Detroit

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Summary

The role of sub-national governments in promoting economic development has increased in salience in an era of increased political decentralisation, advancing globalisation and, particularly, in the aftermath of the global financial crisis. Despite this, the deployment of the specific policy instruments used to promote development by such entities continues to be relatively under-examined and subject to considerable data constraints.

In order to more effectively probe publicly-directed efforts to revitalise the economies of particularly distressed regions pursued by sub-national governments, this dissertation engages in the first comparative overview of economic development initiatives employed within the Valleys region of South Wales and the U.S. city of Detroit. Given broadly comparable economic trajectories; characterised by the deindustrialisation of a hegemonic industry, yet initially divergent political settlements, this provides it with a unique analytical vantage point from which to consider such programmes, their structure, assumptions, objectives and, when possible, effects.

The dissertation therefore reviews and synthesises the relevant, programme-specific, literature while grounding it in the appropriate historical and political context to provide an overview - and conduct an initial analysis of - the primary development initiatives pursued in both areas. In the process of doing so, it investigates, categorises and identifies specific trends which are observable within the city, the region and both.

It particularly identifies variable levels of programme-level data and evaluation, a tendency towards firm-oriented or “supply-side” initiatives, operational confusion regarding the regional and urban scale at which efforts can be directed, distributional and directional issues within their funding and an inconsistent recognition of economic theory and developments within it. It recommends a greater empiricism with regard to programme monitoring and evaluation and a more frequent engagement with academic research and theory by relevant policymakers: especially relating to conditions which these indicate as prerequisites for long-term economic growth.
*Speramus Meliora; resurget Cineribus*: “We hope for better things; it will rise from the ashes”

-Official motto of the city of Detroit.

“There’s still plenty of work to do, but you can feel the difference. You can feel something special happening in Detroit.”

-Remarks by President Barack Obama at the UAW-GM Center for Human Resources, January 20th, 2016

“A choir voice cries it shatters the silence. Where’s the future in this place? The question hangs unanswered”

-The Alarm, “New South Wales”
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BLS: Bureau of Labor Statistics
BRA: Brownfield Redevelopment Authority
CDBG: Community Development Block Grant
CRA: Commercial Rehabilitation Abatement
DEGC: Detroit Economic Growth Corporation
EZ: Empowerment Zone
HOTV: Heads of the Valleys
HUD: Department of Housing and Urban Development
IFT: Industrial Facilities Abatement
MBDP: Michigan Business Development Program
MBT: Michigan Business Tax
MCRP: Michigan Communities Revitalization Program
MEDC: Michigan Economic Development Corporation
MEGA: Michigan Economic Growth Authority
NPP: New Personal Property Exemption
OPRA: Obsolete Property Rehabilitation Act
RSA: Regional Selective Assistance
RZs: Renaissance Zones
SIF: Single Investment Fund
UA: Unitary Authority
WDA: Welsh Development Agency
WVRA: Western Valleys Regeneration Area
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Chapter 1: Introduction

1.1: Development and devolution

The growing significance of sub-national regions within the global economy has increasingly amplified the roles and responsibilities of local and regional governments within their respective economic spheres (Jones, 2012:10) (Huggins et al, 2014:2). The simultaneous advance of globalisation has similarly intensified the notion of regional economic competitiveness. This has resulted in a correspondingly increased focus upon the public policies intended to promote it (Hunt, 2011:8). This emphasis reflects a realisation that “many of the essential determinants of economic performance are to be found at the regional level” (Porter, 2003:550), and is often manifested politically in frequent advocacy for powers to assist economic development (Jones, 2012:10) (Pike & Tomaney, 2010:97). This advocacy has proven particularly vocal in regions of pervasive and longstanding economic decline, particularly within those areas contending with industrial restructuring and the large-scale unemployment which often accompanies it (Jones, 2012:5).

What has therefore emerged in recent decades is something approximating a political consensus on the desirability of regional and local control over efforts to revitalise areas significantly below national economic norms (Jones, 2012:3;11). This notion of an “economic dividend” (Morgan, 2002:797) arising from devolved control is seen to hold significant intuitive power, and is widely promoted as a solution for economic underperformance (Pike et al, 2012:10). Yet there remains stubbornly little analytical consensus on whether such moves carry real, quantifiable benefits (Jeffery, 2006:1) (Jones, 2012:14), and, especially, regarding the precise mechanism through which political devolution is translated into advances in economic performance (Pike et al, 2012:15).

Public domain efforts to promote economic development, defined for the purposes of this dissertation as “government subsidized program[me]s that provide
customized assistance” (Bartik, 1993:1) for the purposes of increasing employment, productivity or performance (as opposed to the broader powers of fiscal and monetary policy (Bartik & Erickcek, 2012:3)), have an established track record in Wales and the United States (U.S.) (Eisinger, 1988:15) (Lind, 2013:40) (Morgan, 2008:19). Given the recent advent of Welsh devolution, control over such initiatives rested outside of Wales until the late 20th Century, whereas development schemes in U.S. states were often undertaken by regional or local governments, with certain exceptions (LaFaive & Hicks, 2005:109) (Bartik, 2012:1). The concept of an economic benefit accruing from political devolution featured prominently in debates surrounding the creation of the National Assembly for Wales (Jones, 2012:5) (Danson et al, 2012:1) (Rawlings, 2007:37), while research into the economic benefits of regional governance have long used U.S.-based models to probe the existence of such a dividend, but have drawn mixed conclusions (Jones, 2012:14) (Rodriguez-Pose & Bwire, 2003:27).

In order to examine these issues in sufficient and penetrable depth, case studies of distressed regions within both countries can be employed. While it remains imperative to qualify any conclusions with the unique characteristics of individual regions, and to specify that inferences drawn from one region are often not readily transferable to another, such “comparisons can serve a useful purpose in …. call[ing] for explanations of why regions and cities differ in economic prosperity” (Kitson et al, 2004:997). These comparisons can be similarly illustrative when analysing regions which have experienced comparable economic and industrial shocks, and which have since proven unable to adequately regenerate. The academic literature on public policy transfers and “lesson drawing” (Stone, 2001:1) (Rose, 1993) has progressed away from identifying and replicating cases of best practice, and increasingly recognises that interregional policy transpositions are not feasible; given that two regions are “never exactly identical” (Rose, 1993:22) (Huggins et al, 2014:184). It has therefore increasingly opted to search for “good practices” (Huggins et al, 2014:184), or merely better ones. Through this, it is possible to better understand the likely impact of implementing similar policies in comparable, though distinct areas (Rose, 1993:22).

Both the South Wales Valleys (hereafter defined in administrative terms synthesised from the Unitary Authority (UA) boundaries utilised by Beatty & Fothergill (2014:14),
Osmond (2008:77) and Foden et al\(^1\) (2014:12)) (Figure 1.1) and the city of Detroit in the U.S. state of Michigan hold strong claims to representing the most acute and highest magnitude instances of economic decline within their respective nations. Home to 29.7% of the Welsh population (Office for National Statistics, 2012), the Valleys stretch westwards from the western regions of Newport to the eastern periphery of Swansea, and extend from the northern suburbs of Cardiff to the Brecon Beacons. They consistently rank below Welsh and United Kingdom (UK) averages across a wide variety of social and economic indicators and their more disconnected northern reaches are viewed as having “the most intractable development problems” (Fothergill, 2008:3;4-5) of any UK region. Detroit and its home state are likewise seen as constituting a “worst case scenario” (Reese, 2014:635) of U.S. deindustrialisation.

\(^1\) Consisting of the UAs of Blaenau Gwent, Bridgend, Caerphilly, Merthyr Tydfil, Neath Port Talbot, Rhondda Cynon Taf and Torfaen
Figure 1.1: Location of the South Wales Valleys region within Wales
Both regions share certain fundamental commonalities, although are distinguished by key differences in both their historical trajectories and their contemporary difficulties. Central to the development of both was a reliance on a hegemonic industry: the automotive and allied industries in Detroit and extractive processes in the Valleys. Both regions experienced the same pattern of initial exponential growth that this brought, riding them through cyclical fluctuations and ultimately to a near-catastrophic decline. Both industries were vulnerable to forces beyond their control and were ultimately convulsed by developments they exerted increasingly little influence over. Decline was punctuated by reprieves, interventions and stays of industrial execution, but the downward trajectory of employment and investment in both industry groups in both areas became progressively undeniable and irrevocable. Realisations of the extent of these economic difficulties came earlier in Wales than in Detroit, and the roots of its decline extend further back. The economic deterioration of both areas has, similarly, been most pronounced over the last 40 years: culminating in the largest municipal bankruptcy in U.S. history in the case of Detroit and the withdrawal of nearly all remaining industry from the Valleys.

Figure 1.2: Map of the city of Detroit

Google Maps (2016)
Responses to economic decline in South Wales as well as Detroit eventuated into a drive for greater regional control, especially over incentives and powers intended to reverse it. The capacity which devolved governance was seen to hold for the economic development of Wales and of its struggling regions in particular was a frequent justification for Welsh devolution (Goodwin et al, 2003:5) (Danson et al, 2012:1). The drive for more localised control over powers to bolster its ailing economy was equally pertinent in Detroit: becoming one of the first Michigan cities to be granted income tax powers (Skidmore and Scorsone, 2015:22), and successive city leaders sought, received and wielded powers to abate or offset taxes to provide the city with as much of a comparative advantage as possible in the face of economic dislocation and municipal crisis (Hill, 1986:110) (Skidmore & Scorsone, 2015:21;23). The variety of economic incentives employed within the Detroit area over the last three decades has generated a “rich laboratory” (Anderson and Wassmer, 2000:3) for a real world experiment into their effectiveness: a question for which, at least until the last two decades, the “jury [was] still out” (McGuire, 1992:457) on.

Most recently, the 2015-16 crisis in the remainder of the Welsh steel industry has prompted comparisons between the policy responses of the Federal Government to earlier crises in Detroit's automotive industry and those of UK and Welsh Governments to the ongoing turbulence in Welsh steel production (Sandbu, 2016). There are distinctions of resources, inclination, history and geography between Detroit and the Valleys. However, the ways through which policymakers in both regions have responded to and aimed to address industrial decline and its accompanying pathologies may be of continuing, and increasing, relevance for future restorative efforts in both areas and beyond.
1.2: South Wales and Detroit: Similar roads, different destinations

The Valleys, as with Wales in general, were industrialised “comparatively late” (Williams, 1995:1) relative to the remainder of the UK (Hunt, 2011:5). Following centuries of agricultural dominance, the arrival of heavy industry ensured that the industrial revolution arrived later, yet proceeded at a near breakneck pace once it did (Williams, 1995:14). The coal industry saw exponential growth within the final decades of the nineteenth century, with record increases in both employment and output by the outbreak of the First World War (Williams, 1995:20;40).

Despite this record growth, the seeds of the coal industry's and, with it, the area's decline were soon evident by the commencement of hostilities (Williams, 1995:40). Driven by changing export and consumption trends, the demand for Welsh coal declined precipitously during the post-war years, with Welsh coal exports registering year-on-year declines by the mid-1920s (Lawrence, 2005:12). With its primary industry facing an unprecedented drop in its market share, unemployment in the coalfields rocketed to 36% in 1931, before surging to 47% the following year (Lawrence, 2005:13) and establishing an explicit impetus for government action.

Despite its national, if not global origins, the Depression hit the Valleys particularly forcefully (Wanhill, 1980:4). The extremity of the situation in the Valleys heightened calls for intervention, including the now famous utterance that “something must be done” (Davies, 2007:585) by then King Edward VIII during a visit to one of the hardest hit towns. Government intervention arrived in the form of two Acts of Parliament in 1934 and 1937. Both of these promoted factory construction and incentivised firms to locate, employ and invest in South Wales. Interrupted by the Second World War, their broad provisions persisted, with some variations in individual incentives for decades, as political control underwent a process of gradual devolution (Morgan, 1981:225) (Rowlands, 1972:334) (Hunt, 2011:6).

As with the industrial decline of the Valleys, Detroit's downward spiral has emerged as a longstanding metaphor for the “creative destruction” (Schumpeter, 2010:73) of
economic transitions (Hill, 1986:80). While traditionally a “poster child for deindustrialisation” (Reese & Sands, 2013:1), it has more recently devolved into an illustration of “paranoid dystopian fears” (Borden, 2013:135). The principal drivers of the city’s decline have been the deindustrialisation of its signature automotive industry and its consequent depopulation. The city lost 60% of its population between 1950 and 2010, as the size of its manufacturing workforce decreased by more than 90% (Neill, 2015:1) (Green & Clothier, 2013). Both processes became increasingly marked from the late 1960s onwards although, as with the industrial vulnerabilities of the Valleys, their acute presentation belied chronic issues which had been germinating for decades.

Whereas the Welsh Valleys evolved into the preeminent industrial area of Wales due to the abundance of “king coal” (Jenkins, 2007:177) beneath them, Detroit’s development from a mid-sized city on the Canadian border to a major industrial metropolis owed as much to the car industry and its ebbs and flows. Detroit had seen the similarly rapid expansion of industrial South Wales; beginning with a burgeoning steel industry during the 1840s and soon establishing itself as a production hub for carriages, ships and other forms of transportation by the late nineteenth century (Hill, 1986:83). Within 50 years, it channelled this cluster into a global hub of automotive manufacturing. The gravitational pull of its exponential growth would draw hundreds of thousands to the city’s workplaces and neighbourhoods during the early decades of the 20th century (Martelle, 2014:71) (Nye, 2013:2;20). This decisive comparative advantage then began to erode over time, as U.S. automakers began to economise and relocate in the face of sustained competition from competitively priced German and then Japanese imports from the late 1950s onwards; with the market share of foreign car manufacturers nearly doubling between 1962 and 1970 (Klier, 2009:5). A confluence of escalating racial tensions between residents and African American newcomers, and the growing difficulties faced by the city’s manufacturing base formed a near “perfect storm” (Vicino, 2013) of depopulation and industrial retrenchment. The outbreak of a widespread riot in July 1967 crystallised the scale of the Motor City’s troubles, and is often, though disputably, viewed as the inception of its descent and, more categorically, as the spark which galvanised a handful of municipal and corporate leaders into “doing something” (Hill, 1986:96) (Maraniss, 2015:91) to revitalise it.
Reflecting the more extended nature of its industrial difficulties, the recognition that “something must be done” (Morgan, 1981:230) (Rowlands, 2000:83) had come earlier in Wales: becoming “one of the first [UK] areas” (Pickernell, 2011:3) to benefit from regional development policies. Given the centrality of the Valleys to Welsh industry, policies to boost the Welsh economy in subsequent decades remained “largely bound up with” (Wanhill, 1980:17), if not inseparable, from reviving the economic fortunes of the Valleys. Redevelopment efforts for Detroit would begin in earnest only following the 1967 riot, and appearing to escalate commensurate with the growing difficulties of the city and its home state.
1.3: Regional development: from theory to practice

Initiatives to spur the development of underperforming, below-average or economically distressed regions and cities encompass a range of distinct, yet overlapping approaches, theories and disciplines. Detroit’s decline, and the programmes pursued to counteract it, span the fields of urban studies and, somewhat more contentiously, theories regarding the influence of political regimes in determining urban policy (Reese & Sands, 2013:17) (Orr & Stoker, 1994:48) (Di Gaetano & Klemanski, 1993:367;382) Davies, 2002:1). The Valleys, the transition from centralised to devolved government within the UK and the simultaneous rise in funding from supranational bodies situates its economic development efforts squarely in the intersection between competing institutional approaches towards the study of policymaking and questions of governance (Asare-Donkoh, 2010:12) (Hooghe & Marks, 2001:85) (Bristow & Blewitt, 2001:1083) (Cole & Stafford, 2015:85). Overarching these fields is the theoretical and empirical body of work pertaining to economic growth, its determinants and hindrances. The objective of this section is not an extensive summary of the literature in each of these corollary fields, but rather to outline the central tenets of the most applicable approaches as they relate to the regions under consideration; with a specific emphasis on the latter.

A contested term within the context of public policy, and one which can cover “virtually everything” (Porter, 1997:33), definitions of economic development range from broader wealth-creation efforts (AEDC, 1984:18) to a more restrictive measure relating to the creation of employment and business activity (Porter, 1997:33). As a matter of academic inquiry, the extent to which the field of economic development itself contains a cohesive, dedicated theoretical component is contested (Rowe, 2009:3;4), while the study of economic development is conventionally recognised as a highly multidisciplinary one (Shaffer et al, 2006:59;72). The literature relating to the process of development itself, however, emerges in considerable part from theories regarding international and inter-regional differences in rates of economic growth (Jones, 2015:6) (Thissen et al, 2013:34). The relevant literature has therefore traditionally centred on national economies in works such as Solow (1956), Koopmans (1963) and, at a more preliminary level, Ricardo (1817) (Barro, 1991:407).
Identifying the underlying causes of why certain regions yield sustained growth rates while others enter into or persist in states of stagnation and decline remains a focus both of economic theory and applied policymaking. The juncture of globalisation and a “global devolutionary trend” (Rodriguez-Pose & Gill, 2003:10) (Pike et al, 2006:3) has, paradoxically, heightened awareness of disparities between different regions (Rodriguez-Pose & Gill, 2003:3). This has, in conjunction with recent cyclical and systemic shocks, placed an additional focus on the diversity of economic conditions found within a nation’s borders (Sensier et al, 2016:129).

The specific mechanisms of regional development, and its reversal, are explicated by Myrdal (1957). These place a particular emphasis upon the role of spatial interdependence, and the “vicious circle” (Myrdal, 1957:23) and downward multiplier effects which can be induced by adverse shifts in other, often nearby, regions. Cyclical expansions in the traditional business cycle will see their “most powerful effects” (Myrdal, 1957:37) concentrated in economically advanced regions and, while more peripheral regions may yield returns from the “spread effects” (Myrdal, 1957:31) emanating from a thriving core, these are prone to rapid erosion. The latter regions are therefore likely to be the most vulnerable to inevitable downturns (Myrdal, 1957:37). It is this concentration of activity within the core regions of a nation which untrammelled “market forces” (Myrdal, 1957:26) can be perceived as exacerbating which appears to have informed regional development efforts targeted at distressed regions, and their increasingly widespread adoption following the Second World War (Pike et al, 2006:123).

As the “nucleus of an atom” (Lucas, 2002:59), cities are distinguished from regions not simply by their size, but also in the spatially condensed economic activity which occurs within them and the conventional advantages that this has been seen to confer on them over more geographically sprawling alternatives (Glaeser, 2000:83). Their compact scale traditionally made them more conducive to a “pooling” (Glaeser, 2000:84) of specialist workers and knowledge; a process which was historically expedited by reduced transport costs, although the advent of mass transportation networks is considered to have lessened this particular advantage (Glaeser, 2008:34;156). The primary drivers of differential growth between cities are traditionally comprised of the “predetermined attributes” (Kodrzycki & Munoz,
of their geographic location, economic and industrial history and climatic features. The causes of urban decline in particular are generally wide-ranging, though often include the decline of its traditional industry; particularly in cities whose growth was dependent upon a hegemonic sector - and the often ensuing decentralisation of employment to outlying areas and depopulation (Beauregard, 2003:87) (Cunningham-Sabot, 2014:15). These can then be compounded by often accompanying pathologies such as rates of property and violent crime, and further aggravated by misjudged redevelopment efforts and by lower initial levels of skills and education (Kodrzycki & Munoz, 2013:7) (Glaeser, 2011:42) (Glaeser, 2008:40;186;195). These city-specific properties have been seen to shape not only the economic progress of urban areas, but also the more tailored approaches to redevelop those cities which, like Detroit, have seen their progress stall or head into reverse (McCann, 2001:244).

Theories of economic development have expanded, though in a far from linear manner, from Keynesian approaches; which generally include a greater role for public bodies in stimulating demand for a region’s goods and services, and neoclassical approaches; which emphasise the contribution of increases in inputs such as a region’s stock of capital, its labour force and levels of technology (Pike et al, 2006:70:76) (Armstrong & Taylor, 2000:72) to growth trajectories, and which are traditionally consistent with a more discriminating role for public regional development efforts (Pike et al, 2006:68) (Nafziger, 2006:149). Subsequent theoretical developments include the rise of endogenous growth approaches such as those outlined by Lucas (1988) and Romer (1986). These highlight the importance of resources which they defined as endogenous to the economies of the relevant unit and, particularly, its reserves of human capital; often operationalised, though not exclusively, as its “general skill level” (Lucas, 1988:17) in influencing growth rates (Stimson & Stough, 2011:113) (Huggins et al, 2014:13). Out of endogenous growth theories and additional research regarding the linkages between human capital levels and economic growth such as Glaeser (1994), has emerged a greater engagement with the concept of economic competitiveness; with a number of more applied theories stemming from this engagement (Huggins et al, 2014:2).
As a close corollary of development, the notion of regional competitiveness has undergone significant research and refinement from the 1980s onwards (Huggins et al, 2014:1). Despite representing a longstanding “preoccupation” (Porter, 1998:1) of national governments, there was, until the final decade of the 20th century, close to “no accepted definition” (Porter, 1998:xii) of a nation’s and, therefore, a region’s competitiveness. To date, regional competitiveness remains a disputed concept (Huggins et al, 2014:1;10) (Kitson et al, 2004:992) which is difficult to define operationally and to measure empirically (Huggins, 2014:1). “The capability of a particular region to attract and maintain firms with stable or rising market shares” (Huggins et al, 2014:10) represents one of the most recent attempts at its categorisation, however earlier disputes regarding the viability of its measures and its conceptual ambiguity are unlikely to be conclusively resolved (Bristow, 2005:285;294;300). In spite of a degree of conceptual and empirical ambiguity, a series of proposed causal processes behind the competitiveness and, given its linkages, the development of regions have been introduced.

The competitiveness of a given region is said to stem from both its “traditional factors of production, infrastructure and location [and] economic structure” (Malecki, 2004:1108) and the more “ethereal” (Malecki, 2004:1108), less tangible and less quantifiable conditions relating to its social and physical environment. Concentrating upon the former to a greater extent, Porter (1998) identified the four conditions seen to be most determinative of competitiveness. These included its stock of skillsets, human capital, labour and hard infrastructure or “factor conditions” (Porter, 1998:71); the level of demand for its primary goods and services or “demand conditions” (Porter, 1998:71); the presence of competitive, subsidiary industries to its primary industrial units and the normative framework which effectively governs the “strategy, structure and rivalry” (Porter, 1998:71) of resident firms. Regions which perform strongly across all four prerequisites were conducive to the formation of industrial “clusters”: “groups of interconnected firms, suppliers, related industries” (Porter, 1998:xxii) concentrated within a specific area and closely linked to the more formal notion of agglomeration economies explored initially by Marshall (1920) (McDonald &McMillen, 2011:46) (McCann, 2001:55). Agglomeration emphasises the advantages to firms of residence in a proximate and “constant market” (Marshall, 1920:225) of workers and resources and remains “the catchall explanation” (Glaeser, 2008:5) for urban success in particular.
Given the theoretical overlap, cluster-based theories of growth became increasingly identified with more endogenous assumptions regarding human capital and innovation levels with the advance of the 1990s “knowledge economy” (Martin & Sunley, 2001:4-5) (Goldstein, 2009:242) (Amin, 1999:368). The “creative class” theory formulated by Florida (2005) (2012) drew upon elements of endogenous theory, although it stressed the significance of the more “intangible” (Malecki, 2004:1109) social and environmental conditions to a greater extent (Pratt & Jeffcutt, 2009:10). This posits that it is the attraction and retention of human capital and, specifically, a subsection of skilled workers engaged in “creative” industries; defined as those which generate new output (Florida, 2005:34), “that creates regional advantage” (Florida, 2005:50). The key to the attraction of this class to a given region lies partly in its level of amenities and facilities, but more so on less tangible attributes such as its level of social diversity and “tolerance” (Florida, 2005:3;88); emphases which, despite its endogenous lineage, render it operationally closer to “an exogenous [theory]” (Pratt & Jeffcutt, 2009:10). It has been similarly challenged for its overly expansive definition of “creative” activity and for overstating the causal influence of attractive amenities, diversity and other factors it proposes as the primary draws for this class (Markusen, 2006:1921;1924;1938). These methodological critiques have not, however, impeded the adoption of its assumptions by urban policymakers from the U.S. and Europe to Australasia (Stolarick,2014:243) (Marlet & Van Woerkens, 2014:138)

While regions' and cities' competitiveness relative to others correlates considerably with their economic development, they are distinct concepts (Huggins et al, 2014:67; 68). Regional competitiveness, to the extent it can be operationalised, may represent a necessary condition and an intermediary means to an end for its sustained, long-term prosperity, however regional and urban policymakers have, at least traditionally, viewed economic development policy as holding specific and more immediate goals such as improving its labour market indicators and influencing the movement of industry and employment to it (Armstrong & Taylor, 2000:232).

There are, additionally, a number of distinctions between economic development policies pursued for regions and those pursued for cities (Table 1.1). Regional and
urban development policies are distinguished most explicitly by the level at which they are directed; with the former distributed “over a much greater” (McCann, 2001:243-244) area than the latter, but also by the goals and formats of the programmes employed. Urban initiatives conventionally focus upon making urbanised areas more receptive to investment (McCann, 2001:245), whereas regional efforts hold the geographically more extensive goal of accomplishing this for regions, often economically distressed ones, as well as for reducing inter-regional economic disparities (Armstrong & Taylor, 2000:166)(McCann, 2001:257). Targeted incentives to induce migration to specific downtown areas or gentrification will, if successful, realise impacts too “localised” (McCann, 2001:244) to be practical over a wider region such as the Valleys (McCann, 2001:244). Major incentives to attract firms to a region, similarly, may not be as effectively deployed within a narrowly delimited space such as the city of Detroit: as their impact would likely extend significantly beyond the city limits (McCann, 2001:244). A further implication of this seemingly granular, though functionally significant, distinction is therefore an institutional one. Regional efforts are likely to span multiple administrative units, whereas urban equivalents would, conventionally, be the preserve “of a single urban municipal” (McCann, 2001:244) government.

Table 1.1: Urban and regional development policy

<table>
<thead>
<tr>
<th>Regional</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scale: wider geographic regions.</td>
<td>Scale: cities or surrounding suburbs.</td>
</tr>
<tr>
<td>Potentially encompassing multiple sub-regional units.</td>
<td></td>
</tr>
<tr>
<td>Objectives: increasing the incentives for investment and employment across specific regions.</td>
<td>Objectives: attraction of investment and employment to urban areas.</td>
</tr>
<tr>
<td>Sectors: manufacturing</td>
<td>Sectors: real-estate and other property related industries. The service sector and those most responsive to locality-specific costs and tax rates.</td>
</tr>
</tbody>
</table>

(McCann, 2001:243-5;250;257;258)
Attempts to categorise disparate economic development initiatives into a programmatic typology include Eisinger (1988), who distinguished “supply side” (1988:10) incentives which aim to attract and incentivise business location, from “demand” ones which try to proactively shape and facilitate the emergence of new markets, residents, businesses and employers (Eisinger, 1988:10). Demand-side policies involve “discover[ing] or point[ing] out” (Eisinger, 1988:299) the advantages of a region for investors, whereas supply-side efforts aim to directly “establish a comparative cost advantage” (Eisinger, 1988:201) for prospective employers and investors over other regions. At a more fundamental level, supply-side efforts seek to attract exogenous activity, while demand-side initiatives explore bolstering endogenous factors (Huggins et al, 2014:13). The tenability of this binary distinction has been scrutinised; particularly regarding the crossover between initiatives such as publicly-funded training schemes, and the boundary between promoting business creation on the demand-side and incentivising its location on the supply-side (Wolman & Spitzley, 1996:122). It, however, remains a parsimonious and frequently employed binary distinction for categorising development policies according to their underlying assumptions and modes of operation (Reese, 1997:28). A more general segmentation can similarly be extracted from Malecki’s (2004) distinction of “low road” (2004:1104) approaches; wherein a region’s attractiveness depends on its lower labour costs, from the more operationally challenging “high road” (Malecki, 2004:1108) policies of promoting entrepreneurship, upskilling and technological progress. Regional development efforts are conventionally drawn from the supply-side of the equation (McCann, 2001:258) and, while efforts in both Detroit and South Wales have either attempted, or sought to attempt initiatives drawn from both sides, it is these approaches have tended to represent the most frequently employed in both regions.
Table 1.2: Eisinger’s typology of development policies

<table>
<thead>
<tr>
<th>Supply-side</th>
<th>Demand-side</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assumptions</strong></td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td>Regions compete for investment and location decisions</td>
<td>Regional development stems from harnessing and capitalising upon existing advantages and resources</td>
</tr>
<tr>
<td><strong>Strategy</strong></td>
<td><strong>Strategy</strong></td>
</tr>
<tr>
<td>Reduce business costs through financial inducements and lower tax rates</td>
<td>Spur the creation and development of new and expanding markets for regional products</td>
</tr>
<tr>
<td><strong>Financial assistance</strong></td>
<td><strong>Financial assistance</strong></td>
</tr>
<tr>
<td>Expansive eligibility. No sectoral discrimination.</td>
<td>Restricted by predetermined conditions.</td>
</tr>
<tr>
<td><strong>Role of government</strong></td>
<td><strong>Role of government</strong></td>
</tr>
<tr>
<td>Reactive: respond to and support the activities and preferences of existing firms</td>
<td>Proactive: pursue and expand markets, product lines and sectors.</td>
</tr>
</tbody>
</table>

(Eisinger, 1988:12)
Table 1.3: Principal theories of economic growth relative to primary policy instruments

<table>
<thead>
<tr>
<th>Keynesian</th>
<th>Neoclassical</th>
<th>Endogenous</th>
</tr>
</thead>
<tbody>
<tr>
<td>• “Automatic” regionally-based subsidies.</td>
<td>• Discretionary business support grants.</td>
<td>• Targeted financial support for businesses and funding for innovation.</td>
</tr>
<tr>
<td>• Restrictions on developments outside of distressed regions.</td>
<td>• Selected local and regional tax incentives.</td>
<td>• Investment in skills and education</td>
</tr>
<tr>
<td>• Major public works or infrastructure projects.</td>
<td></td>
<td>• Initiatives to attract and retain skilled workers.</td>
</tr>
</tbody>
</table>

Pike & Tomaney (2010:98)

The impact of economic theory upon economic development policy is, absent explicit tie-ins, harder to ascertain. This is partly due to a general compartmentalisation between the, by definition, academic pursuit of theory to unify and elucidate real-world phenomena and the resolutely applied pursuit of development initiatives by policymakers (Rowe, 2009:3) (Pike et al, 2006:61). The latter are, by contrast, more often informed by experiential considerations or “fashionable ideas or recent successes” (Koo, 2005:100) (Pike et al, 2006:61) (Rowe, 2009:3). Regional and urban development initiatives in the U.S. and Wales have, however, been consistent with, if not always been intentionally instructed by, multiple theories of economic development. Initial efforts within the UK coincided with the rise of Keynesian theory, and the parameters of UK regional efforts for decades reflected, with certain revisions, the basic interventionist precepts of the
post-war consensus (Amin, 1999:365). Subsequent regional aid efforts, with certain specific exceptions, have not featured linkages to economic theory which are this explicit, although the rise of discretionary tax incentives across the U.S., and of selective grant assistance to businesses in the UK would be consistent with neoclassical assumptions (Pike et al, 2010:5) (Table 1.3). Later urban regeneration schemes would bear varying genealogical connections to endogenous growth and its applied variants; with the strength of this tie-in depending on their emphasis on local skillsets and human capital, as well as the specific policy instruments used to pursue their objectives.

In addition to the geographic level at which they are directed, the basic structure of their operations and the underlying theory behind them, the final variable likely to appreciably influence the impact of development programmes relates to institutional factors. The composite effects of devolution and governance arrangements, as well as the level of resources available to the relevant regional or local units and the specific attributes and industrial history of the region involved are therefore all likely to affect programme effectiveness (Ascani et al, 2012:18). The capacity of sub-national governments across specific levers of public policy within historically unified and centralised nation-states will be more constrained, while lower government units in states with a historical degree of decentralisation will be greater. The centralised nature of UK regional financing, with funds to the constituent nations still largely distributed by means of formula-based grant allocations rather than through the exercise of their own revenue-raising powers, militates against the exposure of less prosperous regions to the depletion of revenues, though it simultaneously raises its own issues of distributional equity (Rawlings, 2003:74; 78) (Rodriguez-Pose & Gill, 2003:31) (Independent Commission on Funding & Finance for Wales, 2009:15) (Cole & Stafford, 2015:62).

Effective sub-national institutions are, irrespective of the design of individual programmes, seen to be something of a prerequisite for effective economic development policies (Rodriguez-Pose, 2010:9) (Woolcock, 1998:153). In their absence, any successes are likely to hinge significantly upon the deployment of economic incentives (Rodriguez-Pose, 2010:13): an approach which can, when pursued without adequate constraints, lead to an endemic deficiency of trust and legitimacy in political institutions, “high transaction costs [and] widespread rent-
seeking” (Rodríguez-Pose and Storper, 2006:14) (Rodríguez-Pose, 2010: 13; 14). One of the primary theoretical outlines of the advantages of decentralised over centralised policymaking is represented by Oates’ “decentralisation theorem” (2006:3). This proposed that the optimal provision of public goods is delivered as, or more efficiently by sub-national governments for their populations than by a central government across the nation as a whole (Oates, 1972:35). Notably, however, this theorem related explicitly to the devolution of fiscal, rather than simply political powers, and its more sweeping conclusions have since been qualified by the author (Oates, 2006:2).

The hypothetical benefits which sub-national control are said to hold for economic development specifically are the proximity of legislators to taxpayers, exclusivity of focus and the capacity for specialisation due to the localised knowledge of policymakers (Rodriguez-Pose & Gill, 2003:25). These are, however, by necessity, informed and endogenously shaped by the region’s overall level of economic development, the extent of sub-national powers and the level of resources committed to sub-national authorities (Rodrik, 2004:2) (Rodriguez-Pose & Gill, 2003:7;8). In the most problematic instances, regional and local governments are provided with “increasing expenditure responsibilities on a static and often narrowing financial base” (Bennett, 1997:330) and with inadequate resources relative to their responsibilities (Ascani et al, 2012:15) (Rodriguez-Pose & Gill, 2003:26). As the benefits of devolved control are considered to be more widely understood than its costs and limitations (Rodriguez-Pose & Gill, 2003:24), these circumstances can create a tendency towards reduced transparency and repetitive, costly “zero-sum” (Malecki, 2004:1112) and low-road “territorial competition” (Rodriguez-Pose & Gill, 2003:28;34) against other regions: trends which can be intensified by the usage of financial incentives (Rodriguez-Pose & Gill, 2003:28).

Wales and the U.S. differ considerably in the configuration of these arrangements. The former is a constituent nation of a historically highly centralised, unified and politically and legally assimilated state (Bradbury & Le Gales, 2007:203) (Armstrong & Taylor, 2000:336) (Mitchell, 2009:8). Since the move towards devolution in all devolved nations during the late-1990s, the structure of British public administration has been “fundamentally recast” (Cole & Stafford, 2015:2). Despite this, the clarification of Wales’ devolved institutions and the gradual accretion of greater
powers to them, Welsh devolution remains “relatively weak” (Cole & Stafford, 2015:10), particularly relative to its Scottish counterpart (Cole & Stafford, 2015:6). The U.S. is, by contrast, a historically highly decentralised system (Armstrong & Taylor, 2000:336) which has experienced a renewed drive towards state-level policy experimentation since the 1970s (Rodriguez-Pose & Gill, 2003:12). These have influenced the progression of economic development programmes for both regions accordingly: making them insightful counterpoints from an institutional perspective, as well as from one of industrial and economic history.
1.4 The state of sub-state level economic development

Whereas the Valleys experienced a period of protracted deindustrialisation, with roots as early as the 1920s, Detroit saw a restructuring and retrenchment of its primary industry occur later but with a greater rapidity, as it struggled to sustain a competitive footing in an increasingly competitive market. Demographic and socioeconomic challenges which had been simmering for several decades exploded virtually simultaneously, added greater strain to the city’s ailing public finances by leaving a depopulated city and a depleted tax base. Correspondingly, these somewhat divergent trajectories of socio-economic decline have manifested themselves in modestly differing approaches to economic development in South Wales and Detroit.

Reflecting the “first wave” (Table 1.4) generally recognisable in U.S. economic development policy, efforts in Detroit progressed from limited tax incentives to encourage redevelopment, to a series of costly public investments in the 1970s and 1980s and a number of expanded tax incentives in the mid-1990s, before heading to a more targeted range of incentives within recent years. While varying somewhat over the previous two decades, Detroit’s redevelopment efforts have tilted towards the supply-side in programmatic terms, and neoclassical theory in theoretical ones. Redevelopment initiatives in the Valleys commenced earlier and largely paralleled the rise of theoretically Keynesian and programmatically supply-side approaches, experimenting with grants and other incentives to encourage investment and job creation within demarcated areas since the 1930s. These saw reforms in the 1970s, retrenchment during the 1980s and the devolution of many of the remaining programmes to the National Assembly for Wales with its creation in 1999 (Godfrey, 2012:156;158). The administratively “hierarchical” (Rawlings, 2003:361) approach to regional development prior to devolution and the traditional “grants culture” (BBC Wales, 2010) of the assistance itself have since been modified by successive Governments, as they progressively sought to craft an indigenous, Welsh approach to economic development: transitioning towards repayable loans and regionally-targeted tax incentives and integrating their administration into the apparatus of devolved government (Rawlings, 2003:361) (BBC Wales, 2010) (Goodwin et al,
Given that the latter initiatives in particular structurally resemble those attempted in Detroit for two decades, the proposal for the devolution of further tax powers and the ability to exercise them for development purposes (Cole & Stafford, 2015:8), a comparative overview of redevelopment approaches across both regions will likely be of increasing relevance during the coming years and ongoing debates.

Table 1.4: Trends in U.S. economic development policy

<table>
<thead>
<tr>
<th>Period</th>
<th>First Wave</th>
<th>Second Wave</th>
<th>Third Wave</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theory</td>
<td>Neoclassical</td>
<td>Endogenous</td>
<td>Endogenous and applied variants</td>
</tr>
<tr>
<td>Supply/demand-side</td>
<td>Supply</td>
<td>Demand</td>
<td>Demand</td>
</tr>
</tbody>
</table>
| Policies      | • Tax incentives  
• Loans  
• Job training  
• Subsidised sites and facilities | • Specialised investment for existing businesses  
• Business incubators  
• Increased venture capital funds  
• Investments in education | • More of a broad “policy direction”  
(Bradshaw & Blakely, 1999:243) than a collection of specific instruments |
| Objectives    | • Attract firms, investment and employment  
• Construction of major facilities | • Increasing indigenous economic activity and strengthening existing firms and sectors | • Facilitate the development of industrial clusters.  
• Promote sectors with significant growth potential |
The task of actually evaluating the impact of development initiatives such as these is, however, a complex one. While multiple means of assessing a programme’s impact exist, they vary widely in their scale, sophistication and reliability. The primary approaches, as outlined by Bartik & Bingham (1995:1), consist of “process” oriented evaluations and “impact” evaluations. The former focus on the manner of a programme’s delivery and enumerate outcomes, while the latter seek to ascertain the programme’s impact on the public policy challenge at hand (Bartik & Bingham, 1995:2). Process evaluations are logistically tractable, yet their analytical advantage is more restrictive. Their effectiveness lies in determining strengths or weaknesses within programme administration or delivery rather than in evaluating the causal relationship between initiatives and changes in economic outcomes or concluding whether such interventions were cost-effective (Bartik & Bingham, 1995:2;3). The most detailed investigations, capable of addressing causality and gauging cost-effectiveness, are often costly to undertake and time-consuming to pursue; generally resulting in lower levels of usage (Bartik & Bingham, 1995:3).

The results, particularly in the U.S., are conclusions such as “in spite of billions spent annually, states prefer not to evaluate tax incentive programs in any way” (Buss, 2001:93). There are, however, a multitude of practical as well as political factors which explain this disinclination (Imbascio, 2004:77). Such evaluations require a level of data which is often simply unavailable. A suitable indicator or proxy must first be identified for assessing the programme’s impact. This represents a “difficult art” (Bartik & Bingham, 1995:7) in most circumstances, yet one which is notably harder when the intervention itself is relatively limited and the outcome it aims to remedy is measured at a wider geographic level (Mossberger, 2000:380) (Bartik & Bingham, 1995:7). Indeed, there is little consensus academically or politically “on the appropriate definition of success for economic development policies” (Reese, 2014:628) and a multiplicity of data constraints when one is identified.
To a significant extent, robust evaluations are simply “not possible” (Bartik & Bingham, 1995:16) for many initiatives given the disparity between expenditure relative to geographic scale (Bartik & Bingham, 1995:16). Nor are interventions in more demarcated regions such as individual cities immune from these and additional statistical impediments. While an online database for Federal funds to all U.S. states is available for the years 2008 onwards, this is disaggregated by government agency or department, rather than by function, and while breakdowns by recipient are available, the database is less readily searchable by city (USASPending.Gov, 2016). Detroit’s Comprehensive Annual Financial Reports, published online from 2002 onwards, do provide figures for municipal expenditure economic development (Table 1.5), although it is less immediately apparent how this expenditure is classified, nor does it, apparently, include funding from state-wide authorities (City of Detroit, 2015:12).

State of Michigan budgets itemise expenditure for its economic development agencies, though these figures contain funds dedicated to functions other than development and do not identify allocations to individual municipalities (State of Michigan, 2015:B-57). Both the New York Times and the public interest group Good Jobs First have attempted to establish databases for state and local government economic development funding: reaching respective estimates of $6.65 billion statewide as of 2012 (New York Times, 2012) and $14.2 billion to date (Good Jobs First, 2016). Details of the individual city to which specific awards were granted are also not listed regularly within the latter database until 2009, and only consistently after 2012. While data on Federal expenditure to Michigan more generally, and state and local expenditure on economic incentives is therefore available, there remain notable gaps in both the extent and detail of this coverage: gaps which this project will aim to address.
Table 1.5: Expenditure on economic development functions by the City of Detroit, 2002-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Economic development expenditure ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>82,327,000</td>
</tr>
<tr>
<td>2003</td>
<td>102,939,000</td>
</tr>
<tr>
<td>2004</td>
<td>102,680,000</td>
</tr>
<tr>
<td>2005</td>
<td>114,865,000</td>
</tr>
<tr>
<td>2006</td>
<td>95,462,000</td>
</tr>
<tr>
<td>2007</td>
<td>93,706,000</td>
</tr>
<tr>
<td>2008</td>
<td>87,717,000</td>
</tr>
<tr>
<td>2009</td>
<td>73,307,000</td>
</tr>
<tr>
<td>2010</td>
<td>61,907,000</td>
</tr>
<tr>
<td>2011</td>
<td>87,938,000</td>
</tr>
<tr>
<td>2012</td>
<td>73,600,000</td>
</tr>
<tr>
<td>2013</td>
<td>81,455,000</td>
</tr>
<tr>
<td>2014</td>
<td>59,702,000</td>
</tr>
<tr>
<td>2015</td>
<td>70,890,000</td>
</tr>
<tr>
<td>Total</td>
<td>1,188,495,000</td>
</tr>
</tbody>
</table>

(City of Detroit Comprehensive Annual Financial Reports; various years)

A combination of cost, time and data constraints may explain the relative absence of detailed studies for such initiatives in Wales, let alone the Valleys. This results in an evaluative footprint which is substantially lighter in Wales than in many U.S. states or even other devolved nations. The last exclusive, independent and econometric evaluation of a Welsh economic development initiative appears to have been completed in 2008 (Criscuolo & Martin, 2008b), while the most recent study of this kind within Scotland was published in 2013 (Bonner & Hart, 2013). Scotland’s primary development agency additionally runs a freely accessible website exclusively focused on evaluations of its initiatives (Scottish Enterprise, 2016b). Wales, at present, lacks a comparable website.

Many studies of UK regional policy are aggregated up to the national level (Taylor, 2002:177), however a number of Wales-specific studies have been conducted.
Assessments of initial UK regional policy across Wales have included Wanhill (1980), while the role of economic development expenditure with regard to Wales’ post-devolution economic performance is considered by Godfrey (2012) and an overview of development efforts within Wales since the 1930s is provided by Pickernell (2011). Analyses of Valleys specific programmes, as well as the impact of national development policies upon the area are largely drawn from academic dissertations (Owens, 2012) (Todd-Jones, 2010), with the notable exception of Victor Hausner & Associates (1993).

Whereas studies of Michigan’s economic development initiatives have been more frequent, more sustained and rigorous evaluations focused on their strategic efficacy and cost effectiveness remain under-represented, especially with regard to city of Detroit itself. Despite their frequency relative to the number of pertinent studies for Wales, (Bartik & Erickcek (2010), LaFaive & Hicks (2005), LaFaive & Hohman (2009) Anderson et al (2010), only three detailed studies of Michigan’s initiatives appear to specifically address their effects upon the city of Detroit at length (Wassmer, 1992) (Clark, 2013) (Wolkoff, 1985), and only two of these involve an exclusive focus (Clark, 2013) (Wolkoff, 1985). Broader studies regarding economic development within the city have tended to be project-specific (Bachelor, 1985), focused on one individual initiative (Schuring, 2006) (Dewar, 2003) or concentrated upon earlier decades (Hill, 1986) (Jones & Bachelor, 1993). The primary exceptions are represented by Thomas’ (2013) and Darden et al’s (1987) historical overviews of its redevelopment efforts.

Annual expenditure on economic development by U.S. states and localities has been estimated between $40 and $80 billion. (Peters & Fisher, 2004:32) (New York Times, 2012), while the level of scrutiny, oversight and evaluation towards it might most accurately be considered variable (Buss, 2001:92-93). While the amount of expenditure itself, according to the available measures, is appreciably lower than this within Wales (Table 1.6), considerable limitations in the accessible data has resulted in what appears to be an even more variable volume of empirical scrutiny within the Principality. This is a more specific function of a far broader gap in Welsh public spending figures; namely, the “glaring absence of official government publications that quantify Welsh public expenditures and revenues” (Wales Governance Centre, 2016:7) since devolution. This, along with a broader lack of
“economic intelligence” (Crawley, 2015:3), makes Wales a clear outlier in terms of its compilation of economic and financial data: both nationally and internationally (Crawley, 2015:4).

These omissions present an inevitable obstacle to further analysis of economic development initiatives and one which has been partially, though not entirely offset by more recent research. An initiative by Cardiff University’s Wales Governance Centre which aimed to quantify levels of expenditure within Wales arrived at a figure of £534 million for economic development expenditure during the 2014-15 financial year (Table 1.6). This amounted to 1.4% of Wales’ total managed expenditure for that year and 2.3% of Welsh and local government expenditure (Wales Governance Centre, 2016:49). As a devolved field under the Government of Wales Act 2006 (Assembly Research Service, 2008:1), the Welsh Government and Welsh local authorities have accounted for the vast majority of this expenditure. The proportion met by UK Government sources has however increased in recent years, from 10% in 2011/12 to 21% in 2014/15 (Wales Governance Centre, 2016:60).

Table 1.6: Public expenditure on enterprise and economic development within Wales, 2010-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total (£ millions)</td>
<td>703</td>
<td>431</td>
<td>455</td>
<td>552</td>
<td>534</td>
</tr>
</tbody>
</table>

(Wales Governance Centre, 2016:49)
Table 1.7: Public expenditure on enterprise and economic development within Wales, 2010-2015, by institution.

<table>
<thead>
<tr>
<th>Year</th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welsh</td>
<td>712</td>
<td>386</td>
<td>329</td>
<td>411</td>
<td>420</td>
</tr>
<tr>
<td>Government</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and Local</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>-9</td>
<td>45</td>
<td>125</td>
<td>141</td>
<td>114</td>
</tr>
<tr>
<td>Government</td>
<td></td>
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<td>Total</td>
<td>703</td>
<td>431</td>
<td>455</td>
<td>552</td>
<td>534</td>
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(Wales Governance Centre, 2016:60)

The figures calculated and collated by Government Expenditure and Revenue Wales (GERW) provide a clear and rigorous overview of the amount of expenditure dedicated to the field of economic development within Wales, however a disaggregation of this spending at the level of individual regions or local authorities is unavailable. In the absence of a more detailed regional breakdown, the task of analysing efforts for the Valleys is rendered commensurately harder. It is attempting to close this deficit on expenditure-related data, in addition to scrutinising the programmes upon which it was spent, to which a considerable proportion of the Welsh component of this project will therefore be dedicated.
1.5: The rationale

The responses of the relevant public actors in relation to the increasingly post-industrial malaise of Detroit and South Wales merit consideration in greater depth on a number of different analytical fronts. Primarily, they permit us to analyse the role sub-national governments serve in setting and implementing economic development policies. With a sizeable degree of political and fiscal devolution the norm in the U.S., individual state and local governments have traditionally held greater latitude in the areas of fiscal policy, while political devolution of any decision-making capacity to Wales itself did not occur until 1999. While the debate over further devolution of tax and other fiscal powers to Wales continues (HM Government, 2014:3), Detroit offers an instructive comparison for considering how effectively a greater degree of local and regional autonomy can address economic decline. The Welsh Government, whose most senior officials have identified economic development as its “most important task” (Goodwin et al, 2006:480) (Jones et al, 2016:2), is experimenting with differential tax rates in certain areas in order to stimulate investment and recent proposals for fiscal devolution explicitly identify the importance of incentives for economic growth (Silk Commission, 2012:40) (Welsh Government, 2016).

The extent to which the difficulties which continue to haunt both regions result from the magnitude of their economic decline or reflect more programmatic issues, wherein inadequate and misjudged responses compounded the already uphill struggle to redevelop them is, expectedly, a point of contention. Regarding Detroit, the dispute remains whether “the political response to the city’s decline only made things worse” (Glaeser, 2011:58) or whether its economic troubles were of an order which may not have been politically remediable. The analytical debate surrounding eight decades of assistance aimed at remedying the maladies of the Valleys has been marked by more understated assessments; with the responsibility for sluggish economic progress often attributed to their dependence on now obsolete industries, their geographic isolation and a shortage of viable transport links (Fothergill, 2008:4). While this project will not purport to resolve these debates with any degree of finality, it does aim to inform them, and to consider in greater and appropriate
detail the role policymakers have played in counteracting, or attempting to counteract their further economic decline.

Whereas development initiatives targeted towards the Valleys have been longer in duration, Detroit and its home state offer an apposite case study regarding how a sub-national government should, or should not pursue the business of redeveloping its distressed areas. Detroit and the Valleys, in addition to their similar trajectories and increasingly convergent approaches to economic development, offer further insights into economic development policies at the sub-national level. Efforts in Wales had to emanate from central government, whereas the Federal Government was one of several actions among Detroit's redevelopment efforts. Detroit also benefited from significant tax devolution and control over policy levers which Wales' devolved authorities did not (Pickernell, 2011:14) (Scorse & Skidmore, 2015:21). The drawback of this was that Detroit's local government would often be charged with overall responsibility for revitalising the city, although the level of resources provided to it for doing so may not always have been proportionate to the task.

Exploring the background to these programmes, considering their basic structure relative to the aforementioned theoretical and structural classifications and estimating, to the extent which is practicable, the amounts dedicated to their primary redevelopment initiatives will constitute some of the central objectives of this research. Its primary aim is to contribute to the wider understanding of an “important but understudied” (Busso & Kline, 2007:1) area of public policy and of devolved governance. One with clear ramifications for public and fiscal accountability, while also providing more tentative conclusions regarding individual programme efficacy. Through this joint review of the academic literature on initiatives to revitalise both regions, consideration of the relevant political and policymaking context and the compilation and initial analysis of programme-level data, this dissertation seeks to augment an ongoing discussion regarding economic development, the role and responsibility of regional and local governments in addressing economic decline, and their powers and capacity to do so in one of the most longstanding Federal political unions in the world and one particularly evolving one.
1.6: The road map:

The remainder of this project will combine a review of the literature for both regions supplemented and informed by academic writing within the field of economic development whenever necessary. The applicability of the aforementioned programmatic frameworks, and of selected economic theories to the initiatives undertaken in Detroit and South Wales will also be considered, as it will aim to broadly categorise the initiatives undertaken within both regions and identify general trends in regional and urban development policy. It will incorporate programme-level data gained through individual inquiry, Freedom of Information (FOI) requests to relevant public bodies or synthesised from existing research and then scrutinise it light of the conclusions of its review of the literature. As with the city of Detroit, the project will aim to ascertain, identify and itemise the amount of spending within the Valleys area whenever practicable. Its objective will be to have collected a sufficient body of data for individual programmes from which certain conclusions can be rendered regarding their design, funding, distribution and implementation. More definitive judgements regarding their overall effectiveness will, however, lie beyond the parameters of its research.

Chapter 2 will briefly outline the progress of the South Wales Valleys, from representing the industrial epicentre of Wales to being one of the nation’s most emergent cases of economic deprivation through several decades of intermediate and evolving development policies. It will also consider the parallel trajectory of Welsh political devolution: culminating in the eventual granting of legislative - and economic development - powers to Wales. The remaining sections of this chapter will summarise and provisionally assess the strategies which devolved Welsh governments have sought to employ to tackle the economic isolation of the Valleys.

Chapter 3 will accomplish comparable goals for the city of Detroit. Though, reflecting the complexity of the city’s demographic and economic challenges, as well as its recent financial difficulties, it will engage at further length with the background to the city’s redevelopment efforts. It will review the appropriate literature regarding its tumultuous transformation from Motor City to “Zombie City” (Neill, 2016:11-12),

- 32 -
and assess the implications of this transition for initiatives employed to revive it. Finally, it will provide a chronological overview of these redevelopment programmes, informed by the available data and appropriate programmatic and theoretical taxonomies, to reach tentative conclusions regarding their operation.

These judgements will be synthesised and summarised in Chapter 4, which concludes this project, with a particular emphasis on areas of commonality between redevelopment efforts in both areas, instances of better practice in either, along with trends or aspects which may serve to complicate future efforts. It will conclude with a consideration of the future in the post-industrial heartlands of South Wales and the largely deindustrialised Motor City, and will address how the conclusions of this project may benefit future research, policy and decision-making with regards to the economic development of both regions.
Chapter 2: The South Wales Valleys

2.1: 1930-1972: “Something must be done”

An analysis of development efforts in the Valleys must begin with an overview of the pathologies which necessitated them in the first instance: a series of economic difficulties stemming from a dependence on heavy industry and the tumult which ensued from its restructuring (Harris, 2012:87). As such, the challenges facing the Valleys are closely related to the economic changes which have engulfed Wales in recent decades. These have left the Valleys as the poorest region of one of the poorest nations of the United Kingdom: “an industrialized region which has lost much of its industrial base” (Mackay, 1992:97). Economic development initiatives in the region originated with the advent of government assistance to distressed areas in the UK itself, making it the “largest long-lasting” (Osmond, 2008:1) such intervention in the country. This came with the classification of regions as Special Areas under the Special Areas Act of 1934: “the first official attempt by central government” (Alden, 2013:129) to combat unemployment and regional economic disparities. Wales was one of four initial areas given this designation (Alden, 2013:129), with the range of incentives provided to businesses locating within these areas soon expanded by a supplementary second Special Areas Act in 1937 (Pope, 1989:165).

The factors leading up to and precipitating these interventions had their roots in the inbuilt vulnerabilities of the region’s extractive economy, with these resulting in the differential impact of the marked downturn of the 1930s upon it. Industrialisation would commence later west of Offa’s Dyke, yet its arrival was sudden, disruptive and voluminous (Williams, 1995:1) as Wales entered the “take-off” (Rostow, 1991:36) phase of economic growth. During the 60 years between 1851 and 1911, the number of men working in Welsh mines and quarries increased by 200,000; taking the sector’s share of the workforce from less than a fifth to almost a third (Williams, 1995:20). 30% of employed Welsh men were engaged in coal mining by 1911 and the coalfield would produce its highest ever level of output 2 years later: 56.8 million tons (Williams, 1995:40). The sheer volume of production prompted speculation that output and demand would grow virtually exponentially to “about 100
million tons” (Williams, 1995:40) over the coming decades. Neither would match these expectations, nor even come close to matching the peak output of 1913. As with Detroit’s carmakers 30 years later, the return of peace did exert a momentary, though ameliorative effect on Welsh heavy industry. The peacetime demand for coal however exerted major strain on the declining infrastructure of Welsh coal mines, with their annual output by 1920 more than 11 million tons below 1913 levels (Williams, 1995:40).

Costly to extract, Welsh coal was historically expensive and “overwhelmingly” (Williams, 1995:50) dependent on demand from overseas markets. King coal was, however, rapidly losing its ability to command these regal prices, as oil began to replace coal-powered ships and foreign buyers began to search for more affordable providers (Williams, 1995:49). There were glimmers of revival visible by the early 1920s, buoyed by the disruption of overseas markets in France and North America (Lawrence, 2005:12), yet these were too fleeting, and the competitive disadvantage at which the Valleys found themselves was increasingly too great to generate a sustained industrial recovery. The development of alternative forms of fuel and the rise of global competitors during the 1920s amounted to something close to a death knell for the region’s industrial prosperity, with the effects felt almost immediately (Lawrence, 2005:12) (Williams, 1995:45). Exports fell from 4.18 million tons in April of 1924 to 3.43 million in June of the same year to just 1.08 million by 1938 (Lawrence, 2005:12). The impact of this decline upon the Valleys was similarly immediate. Its effects were observable both in terms of depopulation; with an estimated 50,000 migrating out of the Rhondda between 1924 and 1939 (Welsh Academy Encyclopaedia, 2008:748) and the labour market; with Wales registering the highest unemployment rates of any UK region by 1934 (Alden, 2013:129) (Wanhill, 1980:4). The criticality of the situation soon amplified calls for government intervention.

As pronounced as unemployment was across Wales by the early 1930s, the situation amounted to a “chronic depression” (Wanhill, 1980:4) in the Valleys. The number of miners across the South Wales coalfields fell by 140,000 between 1921 and 1936, as 241 mines ended their operations (Hunt, 2011:6). The unemployment rate across the coalfield was estimated at 47% in 1932 (Lawrence, 2005:13:14). The overall rate however obscured disparities of impact within South Wales itself,
with the emergence of unemployment “blackspots”, particularly in Brynmawr and Dowlais, with rates of 62% and 51% respectively (Second Industrial Survey of South Wales, 1937:39). Edward VIII summarised the overriding pressure which gave rise to the government’s efforts with the simple statement that “something must be done” (Morgan, 1981:230), reportedly uttered during his visit to Dowlais in 1936. In sentiments which would be reiterated in differing, at times more tactful forms, over the coming decades, a Board of Trade commissioned survey of the Valleys diagnosed the region’s central difficulty as an absence of “any people with the capital or business experience to start any new industry” (Second Industrial Survey of South Wales, 1937:207).

Faced with such a precipitous decline in employment, the challenge the Special Areas legislation were charged with addressing was immense. Assistance provided to the area under the remit of the Acts enabled the construction of major industrial complexes such as the Ebbw Vale steelworks, factory complexes in Dowlais, Dinas, Brynmawr and Cyfarthfa, and the Treforest Trading Estate (Wanhill, 1980:5). While retrospectively seen as insufficient and halting, they did represent the embers of a new, proactive approach of “taking work to the workers” (Howell & Baber, 1990:309) in areas of especially high unemployment. The immediate impacts of the initial 1934 Act were considered “modest” (Morgan, 1981:225) though positive, with a fall of 14,000 in the region’s unemployment numbers between 1934 and 1935 (Morgan, 1981:225). The overall commitment of funds however remained slight in volume compared to the region’s difficulties: the Act’s provisions were largely restricted to distributing grants to select human service organisations, while generally prohibiting direct aid to private firms (Stevenson & Cook, 2013:75-76). While the Act did encourage select developments such as the Ebbw Vale steelworks, its stringent conditions lent themselves to at times vehement criticism. Aneurin Bevan declared it to be an “empty farce” (Stevenson & Cook, 2013:76) and the scheme’s commissioner conceded in late 1936 that “no appreciable reduction” (Stevenson & Cook, 2013:76) in unemployment across any of the assisted areas had occurred.

The apparently limited effect of the 1934 Act would prompt the passage of a more wide-ranging set of incentives in the form of the 1937 Special Areas (Amendment) Act. This permitted tax remittances and other reimbursements to enterprises locating within the assisted areas and specifically promoted the creation of
designated trading estates (Pope, 1989:165) (Stevenson & Cook, 1937:76). The new estate at Treforest near Pontypridd would be a particular beneficiary of this promotion, with more than 60 firms employing 2,500 workers on the estate by Autumn 1939 (Morgan, 1981:226). Theoretically, the provisions of these initial Acts complied to a considerable extent with still-crystallising Keynesian theories of economic growth, and, particularly the role of governments in substituting for a robust private sector and stimulating demand for the purposes of equilibrating and increasing employment levels (Higgins & Savoie, 2009:254) (Lloyd-Jones & Lewis, 2003:148). Embryonic development policies across the region aimed to generate employment and investment within the Valleys: developments which, effectively by default, would be derived through their attraction away from other UK regions (Wanhill, 1980:18). The Acts therefore helped to establish a redistributionist supply-side approach to regional development efforts which would persist for decades.

The construction of new sites of industry outside of the main trading estates had, however, proceeded slowly, if at all during the mid-1930s (Morgan, 1981:226). When they did occur, there were initial imbalances between government-supported developments and regional unemployment which resulted in the concentration of employment growth along the coastal corridor (Morgan, 1981:226) (Rowlands, 2000:151). The impending collapse of Europe’s fragile peace heightened the drive for rearmament, and overrode the ingrained scepticism of Whitehall officials regarding South Wales’ compatibility with the government’s needs. In economic terms, war brought “salvation” (Rowlands, 2000:152) to the upper reaches of the Valleys, with the construction of a methanol production plant in Dowlais approved the day prior to the UK’s declaration of war (Rowlands, 2000:152). The war generated an intense demand for mass production and the necessary mobilisation of manpower that required, with the result that Welsh “unemployment practically disappeared” (Wanhill, 1980:6), as production facilities were built throughout the coalfield (Rowlands, 2000:156-157).

The continuing need for regional development efforts had been strengthened by the publication of the 1940 Barlow Report, which had noted the growing disparity between areas of concentrated traditional industry and the more modern and diversified base of Greater London (Daniels, 2005:210). These conclusions would find some implementation during peacetime, particularly with the Distribution of

Over the next decade and a half, government grants and loans were provided to businesses relocating to or expanding within designated Assisted Areas and 112 factories were constructed with government assistance across South Wales between 1945 and 1949 (Morgan, 1981:312) (Davies, 2007:597). The level of assistance to which the Valleys were entitled, and the severity of its classification, would vary. Between 1945 and 1960, South Wales was classed as a Development Area, before being redefined as a Development District under the 1960 Local Employment Act (Hall & Tewdwr-Jones, 2011:88). Districts were defined as regions which had averaged an unemployment rate of 4.5% or higher for a sustained period - a threshold which much of South Wales easily cleared - even during the relative abundance of the early 1960s (Hall & Tewdwr-Jones, 2011:88). The boundaries of Wales’ Assisted Areas would undergo further revision in 1966; expanding to include all of Wales with the exception of Cardiff, Newport and Flintshire (Hall & Tewdwr-Jones, 2011:94). Firms investing within the Development Districts of Wales were eligible for a grant to cover 40% of the value of their investment (Hall & Tewdwr-Jones, 2011:94). While gauging the success of these initiatives and incentives is difficult, Wales did benefit from a series of “inward moves” (Daniels, 2005:212), with around a third of the overall increase in manufacturing jobs in Wales attributed to relocation from regions of England (Daniels, 2005:212). The momentum of this progress would slow by the 1970s, with initiatives in the Assisted Areas ceasing to “exert a measurable impact” (Keeble, 1980:955) on the geographical makeup of manufacturing employment, and 41,000 people would migrate out of the coalfields region between 1951 and 1966 (Glamorgan County Council, 1970:35)
In spite of these shortcomings, the 1960s would see one of the most significant developments in UK Government regional policy towards Wales through the establishment of the Welsh Office in 1964 (Hunt, 2011:6). While opinion in Whitehall favoured a “guard-dog” position with minimal resources or autonomy, incoming Secretary James Griffiths threatened resignation unless the new office was provided with more substantive resources and responsibilities (Davies, 2007:641). A month after his appointment, Prime Minister Harold Wilson announced that the new office would bear responsibility for local government, housing and roads within Wales (Davies, 2007:641) - areas with close linkages to economic development. This contested start provided Wales with Cabinet level representation, with the office assuming responsibilities for the administration of urban assistance, higher education and agriculture by the mid-1970s and responsibilities for regional assistance evolving with the programmes themselves (Davies, 2007:641).

While economic development initiatives in Wales began with the former coalfield, the territory covered by an ever-expanding assisted area status soon encompassed “over half the country” (Wanhill, 1980:16). With simulations estimating the number of jobs created or retained due to regional assistance across Wales at between 90,000 and 110,000, the economic development initiatives of successive UK governments between the 1930s and 1970s were judged to have broadly succeeded in their most basic goal of creating and retaining employment (Wanhill, 1980:146;39). In the absence of these interventions, the Welsh economy would have struggled if not failed to retain employment at 1950s levels following the conclusion of the boom (Wanhill, 1980:146), while actively increasing employment beyond these levels would “not have been possible” (Wanhill, 1980:146) without direct government assistance.
Regional policy during the 1960s could be justifiably considered “active” (Moore & Rhodes, 1973:88) (Mackay, 1992:101); with estimates of the number of jobs created by such policies across the UK ranging from 90,000 to 300,000 (Hall & Tewdwr-Jones, 2011:85). This trend towards greater activity would largely persist throughout the following decade. The early 1970s saw the creation of one of the most substantial regional assistance programmes since the inception of regional aid in the form of Regional Selective Assistance (RSA). The Heath Government (1970-1974) had attempted to reform the existing assistance programmes within the Assisted Areas by abolishing grants for investment and reorienting towards targeted tax relief for participating firms in 1971: a reform which the Government estimated would yield £400 million in savings (Hall & Tewdwr-Jones, 2011:94). This brief experiment met with a sharp increase in the cost of administering the programmes and, with unemployment in the eligible areas increasing, the change was abruptly cancelled (Hall & Tewdwr-Jones, 2011:94). Largely in response to the difficulties faced in phasing out the grants for investment the year before, RSA was authorised by the Industry Act of 1972. This focused on supporting capital investment and job creation by providing eligible companies with grants for expenditure on capital projects (Hill & Munday, 1994:68). Its specific remit was to distribute assistance to “provide, maintain or safeguard employment in any part of the Assisted Areas” (Industry Act of 1972, Part II, 7.1.a). These would, as expected, encompass notable swathes of Wales. Given the more discretionary nature of RSA awards, the incentive has often been categorised as adhering to neoclassical assumptions of economic growth in its aim of reducing costs for specific activities undertaken by specific firms, rather than the more expansive form and automatic eligibility which Keynesian-inflected grants would take (Pike & Tomaney, 2010:98) (Begg, 1993:85). It therefore remained squarely on the supply-side of Eisinger’s typology outlined in Table 1.2.

A drive to encourage inward investment within Wales specifically would also soon be underway, beginning in earnest with the Labour Government of 1974-1979 and represented most notably by the formation of the Welsh Development Agency (WDA) in 1975. The WDA was an executive body or quasi-autonomous non-
governmental organisation (QUANGO) dedicated to attracting inward investment to Wales and one of the first such development agencies in Europe (Morgan, 1998:231). Its establishment coincided with a strengthening of the powers of the Welsh Office, and its respective Secretary; a position then held by John Morris. The Secretary was granted control over the WDA and its corollary agencies, namely the Development Board for Rural Wales (DBRW) and the Welsh Land Authority (WLA). A very limited though significant form of fiscal devolution occurred with the Government’s decision, in response to extensive lobbying by Morris, to provide the office with a block grant (Davies, 2007:641). This “wholly crucial” (Davies, 2007:641) development ensured that control over these funds rested with the Secretary of State for Wales himself and, by 1979, the office bore responsibility for some £1.5 billion in funds (Davies, 2007:641).

That these powers and resources were sorely needed was undeniable, as Wales and the Valleys region in particular were contending with the full-blown effects of deindustrialisation: a process which would be more pronounced there than arguably anywhere else in the UK. Wales and its primary industrial areas were especially vulnerable to the decline in competitiveness and employment within its traditional industrial sectors; with productivity in the South Wales coalfields consistently below their English counterparts (Johnes, 2012:248). Almost 100 collieries would close over the course of the 1960s, with the number of coal miners falling by 53,000 (Johnes, 2012:248). A 1967 Government White Paper on the Welsh economy intended to address the coming decline in its traditional industries was arguably not hyperbolic in describing the changes enveloping the Welsh economy as proceeding at a rapid and historically unprecedented pace (Alden, 2013:129). Sites which had produced a fifth of the UK’s total coal output prior to the First World War were producing output at levels close to those of the 1850s by the mid-1970s (Thomas, 1976:3). The South Wales coalfields, which had employed more than 232,000 men over 620 mines in 1913, employed just over 31,000 across 122 sites 60 years later (Thomas, 1976:3). The pace of this decline led some to conclude that in no other UK region had the industry’s decline “been so keenly felt” (Williams & Jones, 1990:92) as in South Wales. The Education Director of Mid-Glamorgan County Council would summarise this trend in four words in a letter written to the Welsh Secretary in 1974: “the Valleys are dying” (Johnes, 2012:127).
These difficulties became especially embedded from the 1970s onwards, as a “far-reaching restructuring of the economic base” (Mackay, 1992:98) occurred. The depth and pace of change in sectoral employment; a symptom of Wales’ reliance on the traditional industries of coal and steel, was virtually unparalleled within Europe (Mackay, 1992:98). Figures on the sharp decline in employment are stark, with an estimated half of all jobs in the Welsh steel industry ending between 1977 and 1980 alone (Mackay, 1992:98). The total number of individuals in employment in Wales fell by 16% between 1979 and 1987 (Mackay, 1992:98). The number of men in employment had fallen by 22% between 1979 and 1987, while the number of women in full-time employment had decreased by 19%. More significant than the direct job losses, however, was the loss of major employers themselves. The number of manufacturing enterprises employing more than 1,000 workers fell by 64% between 1979 and 1986 (Mackay, 1992:99). This downward trend was similarly observable in levels of Welsh industrial output, which remained below 1979 levels as late as 1987 (Mackay, 1992:98).

Occurring simultaneously with the cataclysmic impact of deindustrialisation, the 1980s saw considerable reductions in the primary public policies intended to ameliorate its impact. Expenditure on regional assistance fell from £842 million in 1979 to £540 million in 1983 (Hall, 2007:15). The period from the late 1970s to late 1980s has therefore been categorised as one of “reduced regional policy” (Mackay, 1992:101), with the value of regional aid falling by two-thirds in real-terms between 1975 and 1985 (Mackay, 1992:101). Regional assistance to Welsh industries declined by 58% during the 1980s (Johnes, 2012:321). This was in line with a conscious evolution in government policy “away from automatic capital grants towards a more selective, discretionary, system” (Harrison & Mason, 1993:194): a trend initiated by the formation of RSA during the previous decade and which was solidified with the 1988 abolition of automatic grants for regional development purposes (Hill & Munday, 1994:68). This was undertaken with the broader goal of a further “regionalisation” (Harrison & Mason, 1993:194) of regional policy and developing the “indigenous potential” (HM Government, 1988:29) of assisted regions for the purposes of spurring their sustainable growth. This indicated an, at least rhetorical, openness towards a demand-side approach to regional development, even as the primary instruments of regional policy remained resolutely, if not increasingly, supply-side oriented. The period also witnessed the reorientation of development policy towards urban areas through initiatives such as
the Cardiff Bay Development Corporation (CBDC) (Hall & Tewdwr-Jones, 2011:95) (Hall, 2007:14). The shift in responsibility from the UK Government to the European Economic Community (EEC) and its successor was equally stark.

UK Government spending on regional policy was £287 million by 1993-4 and, while this represented a substantial decline from previous decades, UK regions were receiving £980 million from the European Community’s Regional Funds (Hall, 2007:15). The amount of RSA distributed to Wales and its percentage of the declining regional assistance budget fluctuated considerably in the decade prior to devolution, ranging from £131 million or 24% of total UK RSA expenditure in 1989, to £98 million or 28% of the UK total in 1995, before rising to £172 million or 40% of the UK total in 1997/8 (Hall & Tewdwr-Jones, 2011:87). The Thatcher and Major Governments did not, however, disengage from Welsh economic development efforts as much as this downward funding trend could imply. A number of major infrastructure investments would take place within Wales during the late-1980s and into the following decade, including the upgrading of the A55 and A470 roads, the extension of the M4 and the opening of the second Severn Bridge (Johnes, 2012:318).

This period of, at least nationally, reduced regional policy expenditure coincided with one of atypically robust growth rates in Welsh manufacturing productivity (Armstrong & Taylor, 2000:75). The Total Factor Productivity (TFP) of the Welsh manufacturing sector grew by 5.3% between 1979 and 1991: the highest rate of growth of any UK region, and a significant increase upon the 0.2% growth rate it yielded between 1969 and 1978 (Harris & Trainor, 1997:493). The causal influence of reductions in regional policy spend, if any, as with so many interventions within periods of substantial economic change, remains difficult to disaggregate from simultaneous trends such as the sizeable contraction of the Welsh manufacturing labour force and increases in the number of foreign-owned plants: with both trends holding intuitive and empirically plausible claims to causality (Armstrong & Taylor, 2000:75).

The Valleys would also be the subject of a Welsh Office regeneration initiative, the Programme for the Valleys (PFV), which was launched in 1988. With a price tag
approaching £800 million, it could be identified, with some justification, as “the most extensive programme of social, economic and urban regeneration undertaken in Wales” (Central Office of Information, 1995:65) (House of Commons, 1993:228;448W) (Waddington et al, 2001:164). Reflecting sentiments expressed in the Second Industrial Survey five decades earlier, and in the Welsh Government’s strategy for the area itself two decades later, former Welsh Secretary Lord Crickhowell identified the scheme’s imperative as “creating the conditions which would attract successful businesses and entrepreneurs” (Crickhowell, 1999:83). The Catch-22 of the Valleys’ economic redevelopment was a feedback loop between their deep challenges and the negative perceptions held by those most needed to invest and employ within it. By the late 1980s, the region as a whole appeared economically depressed and physically dilapidated. This deterred the activity needed for economic revitalisation, however this “activity was dependent upon them being cheerful attractive places” (Crickhowell, 1999:84).

In a bid to break the political inertia and economic malaise, the initial regenerative impetus - along with some funding - would come from the Welsh Office. The aspiration would be that, in turn, local councils and groups would soon seize the initiative and assume responsibility for regeneration (Crickhowell, 1999:84). In a similar vein to subsequent regeneration efforts, the initial tranche of funding was aimed at remediating town centres such as Aberdare, Maesteg and Tonypandy (Crickhowell, 1999:84). A modest commitment of £7 million was authorised for the Programme’s initial year, with the principle that every pound of public funds would “generate a multiplier from the private sector” (Crickhowell, 1999:84). Cultural issues, such as “parochial jealousies” (Crickhowell, 1999:85) and resentment of the perceived preferential treatment granted to the more notable CBDC were cited as the largest obstacles to the Programme by its political progenitor (Crickhowell, 1999:85), however ex post, independent, analyses have faulted systemic issues relating to its design and delivery.

Victor Hausner & Associates’ investigation (1993) represents one of the most localised assessments of regional assistance to the Valleys region for much of the preceding 80 years. Commissioned by the Welsh Office, this most closely resembled the process evaluations identified in Bartik & Bingham’s typology and focused on listing the definable and measurable outputs of the scheme relative to its
own targets. It was constrained by a number of acknowledged data omissions and qualified its conclusions accordingly (Adamson et al, 2012:32). In spite of optimistic assertions of “record levels” (Welsh Office, 1991:2) of investment and construction in the area, question marks were placed not only on the scheme’s success, but also on the validity of the figures cited in defence of government claims and the level of public resources dedicated to the programme. The latter conclusions echoed earlier assertions by Mid Glamorgan Council that much of the eventual £772 million consisted of repackaged or redirected funds, rather than de novo funding streams from Whitehall (Mid Glamorgan Council, 1990:1).

In eschewing “Welsh Office solutions” (Crickhowell, 1999:84), the Welsh Office may have underestimated the public commitment needed, and overstated the capacity of these local entities to address challenges that had been consolidating for more than half a century. Its intentionally decentralised structure placed the onus upon local government partnerships which proved inadequately equipped for the tasks expected (Victor Hausner & Associates, 1993:iii). Responsibilities between authorities were unclearly codified, intra-departmental and intra-authority communication was seen to be insufficient, while the primary objectives of the Programme were often found to be ambiguous (Victor Hausner & Associates, 1993:iii). Deficient monitoring would become an overriding and crosscutting limitation, with the data needed to gauge progress against occasionally vague objectives collected infrequently and of variable quality (Victor Hausner & Associates, 1993:iii;64). Data limitations may have been less consequential however, than the way in which this data was utilised by policymakers; being “used predominantly” (Victor Hausner & Associates, 1993:iii) to modify expenditure and specific targets, rather than for adjusting, recalibrating or terminating poorly performing projects (Victor Hausner & Associates, 1993:iii).

While the disparity between unemployment in the Valleys and the UK average did close somewhat over the course of the scheme, driven by a 1.0% increase in UK wide unemployment, and a fractional 0.2% decrease in the Valleys rate, this was accompanied by an increase in male unemployment and a slide in wage rates from 99.7% of the UK average to 88.8%: ensuring that “overall improvements in prosperity remain[ed] elusive” (Victor Hausner & Associates, 1993:iii:77). The Programme’s more apparent strengths lay in the diversification of industry, along
with the attraction of around £700 million in private investment and the creation of 4,500 jobs at 70 new manufacturing sites (Victor Hausner & Associates, 1993:91:33). The skewing towards overseas firms, with a 20% increase in the number of foreign-owned manufacturing sites was seen as an asset at the time, though one which has since been viewed in a more sceptical light (Victor Hausner & Associates, 1993:75) (Hunt, 2011:7).

While economic development as a distinct function did not receive the highest level of expenditure; with 26% of total spending dedicated to it, this obscures the clear crossover between environmental and economic development efforts (Victor Hausner & Associates, 1993:40). The former encompassed both land reclamation and remediation for factory construction, as well as town centre regeneration: central facets of the scheme’s redevelopment goals. The aggregate percentage dedicated to both functions amounted to 55% of total expenditure (Victor Hausner & Associates, 1993:40). Other functional areas with clear linkages to economic development, and of particular relevance for the region, were less extensively funded. The level of expenditure on road improvements and other transport projects was viewed as too modest for the region’s needs, with many local and regional stakeholders noting the need for further development of transport links in the upper Valleys and expressing “continuing frustration at the delay in dualling the A465” (Victor Hausner & Associates, 1993:51:91). While the initial target for expenditure on the A465 Glynneath to Aberdulais section was set at £28 million, only £5.8 million would be expended over its lifetime, and while the aspiration was to have modernised 9km of the road, activity did not commence during the Programme (Victor Hausner & Associates, 1993:87).

Table 2.1: Expenditure on the Programme for the Valleys, 1988-1992

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Target expenditure (£ millions)</td>
<td>162.00</td>
<td>167.00</td>
<td>169.69</td>
<td>180.76</td>
<td>146.59</td>
<td>826.04</td>
</tr>
<tr>
<td>Expenditure (£ millions)</td>
<td>139.33</td>
<td>137.44</td>
<td>148.81</td>
<td>171.03</td>
<td>176.27</td>
<td>772.88</td>
</tr>
</tbody>
</table>
Table 2.2: Expenditure on the Programme for the Valleys by functional area

<table>
<thead>
<tr>
<th>Field</th>
<th>Expenditure (£ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic development</td>
<td>200.382</td>
</tr>
<tr>
<td>Education and training</td>
<td>242.87</td>
</tr>
<tr>
<td>Transport</td>
<td>111.117</td>
</tr>
<tr>
<td>Environment</td>
<td>218.696</td>
</tr>
<tr>
<td>Total</td>
<td>773.065²</td>
</tr>
</tbody>
</table>

Figure 2.1: Chart of expenditure on the Programme for the Valleys by functional area

More broadly, many of the Programme’s primary initiatives more closely resembled, and the scheme itself would be described as an, at least partly, urban strategy (Central Office of Information, 1995:65), more so than a regional one. It sought to attract and make the region attractive to entrepreneurs; representing, in that sense, a demand-side undertaking. It did, however, preserve a considerable emphasis on

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² Disparity due to the use of an earlier Welsh Office management report to calculate funding by function area (1993:28;40)
direct financial inducements to firms, especially foreign-owned ones, whose integration into local economies is often seen as more transient and whose attraction can depend on considerable, if not unnecessary “deadweight” costs (Pike et al, 2006:186) to public bodies. Its investments within the region were not channelled as readily into primary infrastructure projects such as the expansion of road links: leaving its primary outputs as the regeneration of specific urban centres and the attraction of foreign firms. The PFV’s remit sought to combine urban and regional policy as well as supply and demand-sides, however it would, in practice, default and trend considerably towards the former in both cases. The theoretical basis of the Programme proves similarly difficult to categorise. It held certain, though likely unintentional, linkages to nascent endogenous theories of growth, while its usage of financial inducements to offset costs of firms relocating or expanding across the region retained the broadly neoclassical assumptions which underlay much of 1980s regional policy within the UK.

The state of the Valleys and that of the broader Welsh economy by the 1990s did have some achievements to demonstrate for these investments. The socioeconomic picture was somewhat, if not dramatically brighter than the nadir of the previous decade: with the final decade of the 20th Century marking the first time since the establishment of unemployment records that Wales registered a lower rate than the UK average (Alden, 2013:132). Wales’ primary labour market indicator did demonstrate continued improvement throughout the early 1990s, with its unemployment rate ranking below the UK’s and the European Community’s by 1993 (Alden, 2013:137). Its traditional reliance on manufacturing had also continued, with manufacturing GDP as a percentage of the total continuing to rank above 25%, although below its 1990 level of 29.5% (Alden, 2013:141). Boosted by unit labour costs which were below UK and European averages, Welsh manufacturing was again able to yield substantially higher growth rates than its counterparts in other UK regions; increasing by 11.6% between 1992 and 1993 alone (Waddington et al, 2001:164) (Alden, 2013:142;143). This likely contributed to one of the primary success stories of the Welsh economy, and, arguably, of regional policy in Wales: its achievement in attracting significant quantities of Foreign Direct Investment (FDI) (Alden, 2013:143). Wales succeeded in attracting a notably higher percentage of FDI projects and employment than its share of the UK labour force would suggest (Hill & Munday, 1994:94) (Alden, 2013:143). Wales had attracted 13.3% of overseas investment between 1979 and 1989, rising to 22% of the total between 1987 and
1990 (Johnes, 2012:318). The number of foreign companies in Wales expanded from 18 in the 1950s to 278 by 1993, while the number employed by them increased from 14,000 to 68,000, respectively (Alden, 2013:143). This figure amounted to almost 30% of total employment in Welsh manufacturing (Alden, 2013:143).

Yet despite noted improvements in Gross Domestic Product (GDP) growth during the early 1990s, (Alden, 2013:138;140), the Welsh economy continued to be plagued by a “prosperity gap” (Harris, 2012:93) between itself and developed regions of the UK. While the successes in FDI and other fields were considerable, they had not generated an appreciable increase in Welsh Gross Domestic Product (GDP) (Harris, 2012:94). Wales had entered “the 1990s, as it had the 1980s as the poorest region” (Brand et al, 1997:219) across many key indicators - with little sign of dramatic improvements pending. The situation in the Valleys was, expectedly, more severe than for Wales as a whole. The successes of the early 1990s were considered to be largely a “mirage” (Johnes, 2012:320) for the region, with real unemployment in Merthyr at 33% in 1997 and a quarter of men of working age in Mid Glamorgan classed as economically inactive (Johnes, 2012:320).

The difficulties faced by an incoming Welsh Assembly in terms of regional performance were therefore voluminous (Harris, 2012:93). Despite progress along the lines of inward investment, Welsh economic performance remained sufficiently weak relative to the European average that 60% of the Welsh landmass became eligible for substantial European Union (EU) Structural Funds on the eve of devolution. This “mixed blessing” (Morgan & Mungham, 2000:7) was both a recognition of the failure of existing policy to effectively close the gap between the poorest areas of Wales and their European counterparts and, conversely, an opportunity to pursue Welsh strategies for Welsh challenges (Harris, 2012:94) (Armstrong & Taylor, 2000:353)(Ascani et al, 2012:3).
2.3 1999-2007: “A process not an event”

This very mixed baseline provides an essential context for both understanding and analysing the actions of the newly formed National Assembly for Wales when it came to development assistance for deprived areas of Wales. The established structural difficulties facing the Welsh economy was said to present incoming Welsh Ministers with the choice of deciding between “quick wins” or rectifying its longstanding and long-term challenges (Morgan & Morgan, 1998:163). Initial strategies such as the 2002 National Economic Development Strategy for Wales (NEDS), have since been categorised as a compromise between these two competing imperatives (Harris, 2012:96). Disputes regarding the nature of development goals were apparent from the earliest days of devolution (Harris, 2012:96): with the NEDS being identified as “the most politically contentious” (Storer & Cole, 2002:113) issue which went before the Assembly in its second session. NEDS goals for economic progress by 2010 were the proximate drivers of this controversy (Harris, 2012:96), as they were seen to be unwarrantedly optimistic (Storer & Cole, 2002:117-118). Despite the constrained powers of the Assembly, Welsh policymakers nevertheless held “an expansive view” (Cole & Stafford, 2015:29) of its capacity for economic development and other fields; a view which would be increasingly “tempered by” (Cole & Stafford, 2015:50) a growing acknowledgement of its limited fiscal powers and structural obstacles within the Welsh economy.

The final document, released in 2002, established a series of targets ranging from increased GDP per capita from 80% to 90% of the UK average by 2010, improving the skills of the Welsh workforce and increasing the number of companies established (Harris, 2012:97). Interim reports on the progress made in achieving these goals varied, with improvements in employment generally occurring, while progress in areas such as economic growth was failing to occur (Harris, 2012:97). The Assembly Government ascribed some of this difficulty to global macroeconomic conditions, especially impacting upon its export goals (Harris, 2012:97). Perhaps most surprisingly, while the underperformance of the Valleys region was noted in the NEDS (it accounted for around 60% of the population of the region eligible for Objective 1 assistance) (Jones et al, 2011:639) (Brooksbank et al, 2001:261), development assistance was barely discussed in regional terms.
Table 2.3: Identifiable expenditure within the Valleys region during the Objective 1 (2000-2006) period

<table>
<thead>
<tr>
<th>Year</th>
<th>EU funds (£)</th>
<th>Total project cost (£)</th>
<th>Number of projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>£68,813,232</td>
<td>£181,068,727</td>
<td>199</td>
</tr>
<tr>
<td>2003</td>
<td>£58,469,194</td>
<td>£141,480,845</td>
<td>82</td>
</tr>
<tr>
<td>2004</td>
<td>£15,396,348</td>
<td>£30,719,492</td>
<td>16</td>
</tr>
<tr>
<td>2005</td>
<td>£11,462,583</td>
<td>£22,282,111</td>
<td>30</td>
</tr>
<tr>
<td>2006</td>
<td>£3,517,118</td>
<td>£6,367,862</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>£157,658,475</td>
<td>£381,919,037</td>
<td>335</td>
</tr>
</tbody>
</table>

(WEFO, 2016)

Table 2.4: Identifiable expenditure within the Valleys region during the Convergence (2007-2013) period

<table>
<thead>
<tr>
<th>Year</th>
<th>EU funds (£)</th>
<th>National funds (£)</th>
<th>Number of projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>£13,645,347</td>
<td>£21,823,568</td>
<td>4</td>
</tr>
<tr>
<td>2008</td>
<td>£126,966,416</td>
<td>£133,546,175</td>
<td>10</td>
</tr>
<tr>
<td>2009</td>
<td>£96,439,127</td>
<td>£106,526,541.86</td>
<td>13</td>
</tr>
<tr>
<td>2010</td>
<td>£42,292,399</td>
<td>£48,588,642.01</td>
<td>10</td>
</tr>
<tr>
<td>2011</td>
<td>£1,787,304</td>
<td>£746,441</td>
<td>1</td>
</tr>
<tr>
<td>2012</td>
<td>£5,736,694</td>
<td>£4,725,998</td>
<td>1</td>
</tr>
<tr>
<td>2013</td>
<td>£5,793,007</td>
<td>£4,867,680</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>£292,660,294</td>
<td>£320,825,046</td>
<td>40</td>
</tr>
</tbody>
</table>

(WEFO, 2016)

The Government’s usage of EU Structural Aid is difficult to evaluate in regional terms, as expenditure for individual UAs within the eligible areas is not produced by the Welsh European Funding Office (WEFO) (WEFO Correspondence, 2015): the public body with administrative and operational responsibilities for “day to day activities” (Rawlings, 2003:441) pertaining to the funds. As of 2015, approximately £3.2 billion of EU funds had been invested under the auspices of the completed structural aid programmes across the assisted areas (Welsh Government, 2015). While the majority of this assistance is likely to have been distributed to areas of...
Wales which included the Valleys, in the absence of data on funds disaggregated by UA, it is not possible to establish with precision the amount of European aid targeted there.

A list of projects funded by the Objective 1 programme between 2000 and 2006 is available and this does demonstrate the commitment of significant funds for specific projects. It does, however, provide little explanatory data regarding the overall direction of funds within Wales, nor does it establish a specific location for the recipient. The Welsh Assembly Government’s active encouragement of partnership arrangements for Objective 1 projects (Osmond, 2004:66); many of which spanned multiple UAs, may explain this difficulty in providing geographic specificity for distributed funds. Interim and progress reports provide data on selected investments during the successor Convergence Programme, which ran from 2007 until 2013, such as the £30 million invested in the Valleys Regional Park (WEFO, 2014:41), although, as with the earlier round of funding, a comprehensive overview of investment amount by location is harder to ascertain and does not appear to be centrally compiled.

Wales’ most recent round of structural funds commenced in 2014 and is scheduled to continue until 2020. Total European expenditure for this period has been projected at £1.8 billion, although the June 2016 decision by the Welsh and UK electorates to withdraw from the EU has generated a degree of uncertainty as to its continuation (Welsh Government, 2015) (Mortimer, 2016). While the available project data is more detailed than for its predecessors in certain aspects, it retains a number of their reporting constraints. It specifies a clear contact for and the total cost of each project, although it does not specify the amount of Welsh or UK government funds committed to a project or the year during which funds were approved. Unless a clearly identifiable organisation is specified as a recipient of the funds, it remains difficult to categorise the expenditure geographically (WEFO, 2016) (WEFO Correspondence, 2016).

Early assessments of the completed funds were critical of their progress (Harris, 2012:96) (Jones-Evans, 2003:12), with “both the design and delivery” (Boland, 2004:268) of the Objective 1 programme particularly questioned. A subsequent
official evaluation determined that Objective 1 had met its target in terms of the number of jobs created, with an estimated 102,711 (Table 2.6) formed over the life of the programme, though it had failed to meet its target for business creation (WEFO, 2012:29). Qualitative research projects by academic researchers such as Asare-Donkoh (2010) have concluded that, based on interviews with Assembly Members and councillors familiar with Caerphilly-based projects, the impact of the funds may have been less palpable than their visibility (2010:141). Expressing concerns similar to those raised regarding the PFV over a decade earlier, the suggestion that there was an insufficient spend on enhancing skillsets and local infrastructure, with expenditure being tilted towards environmental or social initiatives, was made by several local stakeholders (Asare-Donkoh, 2010:141). The, perhaps fortuitous, juncture of devolution and the receipt of Objective 1 funds represented a logistical “baptism of fire” for the new institution, with the responsibility relative to the Assembly’s experience and staffing levels since described as “a nightmare” (Cole & Stafford, 2015:110) by civil servants. A lack of clarity regarding the “match” funding which the UK Government was expected to field additionally resulted in the Welsh Cabinet “scrambling” around for funds” (Rawlings, 2003:80) for the programme’s launch.
Table 2.5: Objective 1 indicators by Valleys UA (2000-2006)

<table>
<thead>
<tr>
<th>UA</th>
<th>Small and Medium Enterprises (SMEs) assisted</th>
<th>SMEs created</th>
<th>Gross new jobs</th>
<th>Beneficiarie in work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blaenau Gwent</td>
<td>5,718</td>
<td>681</td>
<td>4,715</td>
<td>4,328</td>
</tr>
<tr>
<td>Bridgend</td>
<td>9,402</td>
<td>999</td>
<td>6,249</td>
<td>3,157</td>
</tr>
<tr>
<td>Caerphilly</td>
<td>11,962</td>
<td>1,817</td>
<td>10,310</td>
<td>3,902</td>
</tr>
<tr>
<td>Merthyr Tydfil</td>
<td>3,396</td>
<td>414</td>
<td>2,350</td>
<td>1,711</td>
</tr>
<tr>
<td>Neath Port Talbot</td>
<td>11,768</td>
<td>1,374</td>
<td>7,263</td>
<td>3,343</td>
</tr>
<tr>
<td>Rhondda Cynon Taf</td>
<td>11,600</td>
<td>1,813</td>
<td>7,151</td>
<td>6,087</td>
</tr>
<tr>
<td>Torfaen</td>
<td>6,885</td>
<td>1,080</td>
<td>4,450</td>
<td>3,347</td>
</tr>
<tr>
<td>Total Valleys</td>
<td>60,731</td>
<td>8,178</td>
<td>42,488</td>
<td>25,875</td>
</tr>
<tr>
<td>Total Wales</td>
<td>220,729</td>
<td>17,037</td>
<td>102,711</td>
<td>44,763</td>
</tr>
<tr>
<td>Valleys as a % of total Wales</td>
<td>27.5%</td>
<td>48.0%</td>
<td>41.4%</td>
<td>57.8%</td>
</tr>
</tbody>
</table>

(WEFO, 2015)
Table 2.6: Convergence indicators by Valleys UA – as of April 2016

<table>
<thead>
<tr>
<th>UA</th>
<th>Enterprises created</th>
<th>Enterprises assisted</th>
<th>Jobs created</th>
<th>Individuals helped into work</th>
<th>Individuals helped into further learning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blaenau Gwent</td>
<td>310</td>
<td>380</td>
<td>1,100</td>
<td>5,060</td>
<td>4,660</td>
</tr>
<tr>
<td>Bridgend</td>
<td>540</td>
<td>1,000</td>
<td>2,045</td>
<td>4,135</td>
<td>2,145</td>
</tr>
<tr>
<td>Caerphilly</td>
<td>600</td>
<td>865</td>
<td>2,255</td>
<td>5,615</td>
<td>5,530</td>
</tr>
<tr>
<td>Merthyr Tydfil</td>
<td>290</td>
<td>375</td>
<td>920</td>
<td>4,365</td>
<td>4,565</td>
</tr>
<tr>
<td>Neath Port Talbot</td>
<td>485</td>
<td>755</td>
<td>1,360</td>
<td>7,300</td>
<td>3,800</td>
</tr>
<tr>
<td>Rhondda Cynon Taf</td>
<td>770</td>
<td>1,355</td>
<td>2,555</td>
<td>8,475</td>
<td>6,640</td>
</tr>
<tr>
<td>Torfaen</td>
<td>430</td>
<td>535</td>
<td>1,420</td>
<td>3,900</td>
<td>5,085</td>
</tr>
<tr>
<td>Total Valleys</td>
<td>3425</td>
<td>5265</td>
<td>11,655</td>
<td>38850</td>
<td>32425</td>
</tr>
<tr>
<td>Total Wales</td>
<td>11,925</td>
<td>18,645</td>
<td>36,975</td>
<td>72,700</td>
<td>56,055</td>
</tr>
<tr>
<td>Valleys as % of total Wales</td>
<td>28.7%</td>
<td>28.2%</td>
<td>31.5%</td>
<td>53.4%</td>
<td>57.8%</td>
</tr>
</tbody>
</table>

(WEFO, 2016)

The picture when it comes to completed European funding rounds is not wholly oblique. WEFO does produce figures for its key performance indicators for individual UAs for both Objective 1 and Convergence programmes, enabling an overview of developments across Wales. WEFO estimates that a total of 139,681 jobs were created across Wales during the lifespan of both programmes, with over
100,000 (73%) of these being created under the Objective 1 programme (Tables 2.5; 2.6) (WEFO, 2015) (WEFO, 2016). 38% of these (54,143) were created across the seven UAs defined by this project as comprising the Valleys. A divergence between specific and more indirect metrics of job creation emerges, and between high-road and demand-side objectives and low-road and supply side ones, however: with a majority (55%) of individuals helped into work across both completed schemes located within the Valleys. Raw output figures such as these are rarely sufficient to gauge the overall success of a programme which, as outlined earlier, requires an often extensive level of data and an appropriate evaluative framework. Such an evaluation may not be practicable given the currently available data on European funding, and when identifying a definitive location for the distributed assistance is challenging to unachievable.

Any attempt to determine the distribution of the structural funds therefore must rely on available project data and any identified sponsors. For many projects, this amounted to, at most, a cursory description on the WEFO website. While spreadsheets of identifiable funding have been compiled for the purposes of this project (Tables 2.3; 2.4), they are, at best, educated guesses and not an exhaustive database of all funds distributed under the auspices of the European programmes. They include only projects which appear to have been based exclusively within an individual UA and, as such, exclude projects which spanned multiple authorities, or which engaged organisations situated outside of the UA. The exclusion of multi-authority projects is therefore liable to understate the total amount of assistance. With these qualifiers in mind, a provisional estimate of £450,318,769 in European funding can be broadly identified as having been dedicated to projects across the seven Valleys UAs between 2000 and 2013: coming to a combined total of £1,153,062,852 when funding from Welsh, UK Government and additional sources is factored in. This comes to an annualised average of £4,948,558 in European aid for each of the seven UAs per year of formal operation for the concluded schemes, and £12,671,020 for total funds. Identifying comparable amounts for Welsh and UK Government funds expended within each UA is less tractable. The information on non-EU sources of funding for Convergence projects differs from that which is available for Objective 1; with the latter providing only the total cost of the project, without a specific amount for other governmental funds committed to it.
WEFO notes total EU expenditure on both programmes at £3,209,036,928; with £1,356,090,212 in Objective 1 funding (WEFO, 2015) and £1,852,946,716 in Convergence funding (WEFO, 2015) (WEFO, 2016). In light of the tentative estimate of EU funds identified as having occurred exclusively in individual Valleys UAs and with the necessary provisos, this would amount to 14% of all European structural funding to Wales between 2000 and 2013 having been allocated to the area. Clearly such an estimate is highly provisional and likely to be an underestimate. Regrettably, further clarification is not possible within the parameters of the existing data - data which, it should be noted, can be detailed and transparent in other respects. The overall effectiveness of the funds in addressing the very pronounced social and economic challenges across the region, accumulated over the greater part of a century, is therefore, as with earlier initiatives intended to benefit the Valleys, not readily apparent and difficult to gauge with an appropriate degree of confidence.

WEFO’s assessments have concluded that EU initiatives have represented an overall, though qualified, success according to the initial objectives and across the entirety of the programme area (WEFO, 2007:3) (WEFO, 2011:8). However, with the exception of monitoring documents on certain specific projects and published data on achievements within the UAs, there remains no comprehensive evaluation of their effectiveness within the Valleys specifically. The seven UAs collectively accounted for 44% of the population of the programme area as of 2011 (StatsWales, 2016), yet this did not, apparently, render them candidates for a substantially greater share of the European funds on offer, or of closer assessment and direction once operational. The lack of more sustained, sub-regional analysis of their impact upon the area is surprising, given that WEFO publications have clearly identified and analysed the region’s specific needs such as its higher rates of economic inactivity (WEFO, 2010:15;16).

The previously standalone WEFO website was transferred on to the Welsh Government’s pages in December 2015 (WCVA, 2015), and while the number of reports and information for earlier programmes appears to be somewhat lower than those on the previous site, with a clearer focus on current EU structural funds, updated factsheets detailing the outputs of Convergence funds upon each UA are accessible (Welsh Government, 2016). Data regarding the impacts of the scheme
has generally been disaggregated to far greater extent than data on the scheme’s funding; with inevitable implications for evaluating their impact. WEFO’s monitoring procedures would, however, be singled out for comment in a 2012 report by the National Assembly’s Finance Committee. While its internal monitoring of expenditure was considered intensive, if not excessive by surveyed stakeholders, its collection of outcome data beyond the primary figures on selected outputs such as jobs created was more problematic and raised questions as to “whether this monitoring … was even focussed on the right outcomes to begin with” (National Assembly for Wales Finance Committee, 2012:65). While partly attributing this gap to absence of longitudinal and comprehensive, “predefined indicators” (National Assembly for Wales Finance Committee, 2012:65) at an EU level, WEFO’s lack of a comprehensive outcome monitoring system was classed as an institution-specific shortcoming (National Assembly for Wales Finance Committee, 2012:67). Similar limitations in the recording of outcome data have been identified within the literature relating to structural aid programmes across all eligible UK regions, suggesting that Wales’ data issues may not have been wholly anomalous (What Works Centre, 2016:9).

Reflecting, or perhaps resulting from these constraints is an absence of Valleys-specific evaluations of the funds. Only one of WEFO’s reports relating to the 2007-2013 period is exclusively or predominantly focused on the Valleys, and it addresses a topical though ultimately tangential issue; the experiences of recent Eastern European migrants to the area (Jones & Lever, 2014). Individual project evaluations of regeneration schemes in Rhondda Cynon Taff (AECOM & Robert Chapman & Company, 2013abc) or the Valleys Cycle Network (Peter Brett Associates, 2013), provide a wealth of information on individual projects, yet only for Convergence projects and without synthesising them into a holistic assessment of the programme’s effect on the region, or at times individual communities as a whole. Methodologically, the latter reports generally conform to the features of process evaluations: focusing primarily on initiative-specific outputs and methods of operation, more than on assessing their regional impact.

Given the operationally expansive objectives of European structural aid, including, but not limited to: support for creating jobs and preparing individuals for employment, funding training schemes, developing business support initiatives, the
pursuit of environmental conservation and sustainability efforts and urban regeneration (Welsh Government, 2016), it can not be readily divided by Eisinger’s binary typology. Neither does it comply succinctly with one individual economic theory. The primary goal of Objective 1 was the development of economically lagging regions and to “narrow the gap between” (Bovis, 2011:91) them and the remainder of the Union (Bauer, 2001:37). It was, however, comprised of four substreams; each focusing upon a different remit and ranging from agricultural and environmental projects to investments in social and human capital to support for job creation, infrastructure and business development (Members’ Research Service, 2006:1) (European Commission, 2014) (European Commission, 2015) (WEFO, 2016). Convergence funds consisted of two streams: the development-focused European Regional Development Fund (ERDF) and the population-centred European Social Fund (ESF) (Woolford & Hunt, 2016:2) (National Assembly for Wales Finance Committee, 2012:5). With the former complying to a greater extent with supply-side notions, and the latter more to endogenous theories and demand-side approaches, with its emphasis on investing in and cultivating the human resources of the region, the European funds can be said to have represented a theoretical and structural hybrid. They aimed to influence an array of different trends, were assessed via a range of metrics and were consistent with multiple economic theories. While it may not be possible to quantify the effect of this hybridity upon the performance of the funds, it is worth noting the differing theoretical and practical directions in which they were pulled in any discussion of their administration.

The commitment of the Welsh Government to addressing regional development through its own policymaking processes was outlined more concretely with the publication of the Wales Spatial Plan, People, Places, Futures in 2004. While initially focused on planning policy, it evolved into “one of the principal policy documents of the Assembly” (Harris, 2012:99); concerned with the spatial dimensions of numerous fields of public policy (Harris, 2012:99). The plan was praised for acknowledging the heterogeneity of Wales, and for its recognition of the process of “divergent development” (Morgan, 1998:248) (Harris, 2012:100) which was evident within Wales itself. Valleys communities suffered from substantially weaker performance in skills and economic activity than more developed regions of South-East or even mid-Wales (Harris, 2012:100). The plan specifically referred to the particular socio-economic difficulties found in the upper or “Heads” of the
Valleys (Jones et al, 2011:641), and especially the region’s significantly above-average rates of economic inactivity (WAG, 2004:17).

In response, the plan separated the Valleys into two geographic segments: Swansea Bay - Waterfront and West Valleys; which covered the western reaches, and South East Wales; which comprised the remainder. It differed considerably in the detail afforded to both regions, particularly given the inclusion of the Eastern Valleys alongside Cardiff and Newport within its operational boundaries. The proposals for the Western Valleys were briefer and tied to a significant extent to the development of Swansea's waterfront, the reclamation of brownfield sites in the region (particularly in Neath and Port Talbot) and increased collaboration between and integration into the regional economy of the region's higher and further education institutions (WAG, 2004:55). It outlined a two-track approach for the redevelopment for the Eastern Valleys: greater integration into the coastal core through enhanced transport links and a “programme of joined-up regeneration action along the Heads of the Valleys corridor” (WAG, 2004:49). The latter was seen to be the key to attracting further investment, residents and promoting a general increase in the region’s level of development. This component featured a particular emphasis on the towns of Merthyr Tydfil and Ebbw Vale; which it identified as the “catalysts” (WAG, 2004:50) for wider regional regeneration. These towns were to be physically regenerated, and their connections to smaller nearby towns such as Aberdare and Brynmawr enhanced to ensure a general diffusion of regenerative efforts and associated multipliers across the region (WAG, 2004:50).

The plan’s other, more extensive, recommendation for the redevelopment of the Eastern Valleys was the formation of a networked “Capital region”. This would integrate the area with the more prosperous and connected regions of Cardiff and Newport (Hunt, 2011:8) to create a “networked city region of 1.4 million people” (WAG, 2008:98). By linking the Valleys to the two largest cities in the South-East through means such as enhanced transport links, it would “spread prosperity” (WAG, 2004:49) to more peripheral areas, and, over time, bring the region into the economic core of South Wales. The strategic vision for South Wales contained within the Spatial Plan retained ambitions of a comparable scale to those of the NEDS, though it outlined a clearer mechanism for actualising them; one which
sought to increase the attractiveness of its outlying regions to employers and investors by enmeshing them with some of its most economically advanced.

As with earlier efforts, this vision remained somewhat programmatically and theoretically ambiguous. It aimed to capitalise on the strengths of the broader region to uplift its weaker, northern reaches; with a more long-term view related to infrastructural and, eventually, economic convergence. This made it a supply-side objective with certain differences, and one with clearer connections to the more applied variants of endogenous growth theory - particularly Porter’s emphasis on the criticality of infrastructure to both cluster formation and boosting competitiveness (1998:637). However, in spite of identifying a specific mechanism for the longer-term development of the Valleys, further details regarding how this development was to be promoted were scant. While emphasising the importance of human capital, and the region’s HE institutions, its main commitment to enhancing it was vaguer; referring to increasing collaboration between relevant educational institutions, the development agencies and local businesses and “intervention[s] on skill development” (WAG, 2004:53). Its proposals for increasing the region’s human capital reserves therefore relied primarily on national policy instruments such as investment in early years education (WAG, 2004:53). Its infrastructural proposals featured greater specificity, referring to increased rail provision and the upgrading of the A465 (WAG, 2004:53), though progress on these would vary considerably, and they were intended as explicitly long-term projects. Its primary proposal of developing a metro system of transportation and upgrading existing links would prove costly and, expectedly, time-intensive; with the majority of its developments yet to commence as of 2016 (BBC Wales, 2016a). Structurally, it continued the programmatic hybridity seen in the PFV, particularly with its pursuit of urban regeneration policies as a means of promoting redevelopment alongside the deployment of more conventional supply-side instruments of regional policy. It was, however, distinguished from the PFV by its reduced emphasis on direct financial inducements and a clearer framework for regional integration, particularly regarding transport links.

While the Spatial Plan aimed to address the variety of challenges faced by different areas, significant changes were also occurring within the broader administration of economic development policy (Goodwin et al, 2003:6). During the same year, the
First Minister announced a wide-ranging reorganisation of leading QUANGOs or, as subsequently identified, Assembly Sponsored Public Bodies (ASPBs): since characterised as a “bonfire” (WalesOnline, 2004). Major bodies with responsibilities regarding economic development and affiliated fields were to be abolished and their operations transferred to the Welsh Assembly Government. The WDA, the skills and training body, Education and Learning Wales (ELWa) and the Wales Tourist Board would all see their activities subsumed into the Government by 2006. The amalgamation is considered an act of proactive agenda-setting by the Assembly Government: informed by a historical unease between the Welsh Labour government and the WDA, and a normative and political decision, as much as an empirical or economic one (Rawlings, 2003:361). While rationalised on the grounds of increasing efficiency and accountability, it may have been the WDA’s and its counterparts’ independence from the government, and their association with an administratively stratified, “top-down” approach to development that spurred their abolition more than a reputation for inefficiency and a lack of accountability (Rawlings, 2003:361) (Cole, 2006:77). The bonfire, conducted in spite of reviews which found the contemporary WDA to be a largely effective agency, was an emphatic “statement that devolution matter[ed]” (Cole, 2006:77) (Rawlings, 2003:362). The dispute over the wisdom of abolishing the WDA has continued to reverberate, with critics noting the lack of commercial awareness and adequate independence of the Welsh Government bodies which assumed its responsibilities (Holtham, 2015:26).

On matters of wider regional development and the Spatial Plan’s regeneration objectives specifically, the government was pursuing similarly concrete, though ultimately less contentious initiatives. The Heads of the Valleys (HOTV) Programme; one of the largest regeneration efforts targeted towards the region since the PFV, was launched in 2006. Intended as a 15 year strategy, it was aimed at the five local authorities which collectively comprised the “Heads of the Valleys” (Rhondda Cynon Taf, Caerphilly, Blaenau Gwent, Torfaen and Merthyr Tydfil): the area deemed the hardest to help. Its main objectives were to improve the natural and built environment of the region by redeveloping blighted and disused areas, to increase the skillset of the local population and to promote leisure and tourism within the region (WAG, 2006b:4) (Clapham, 2014:11). The Assembly Government pledged £140 million in government funds to promote private sector investment; which it was hoped would reach at least £360 million. It aimed to establish
“balanced” (WAG, 2006b:7) Valley communities comprised of effective local amenities and services (WAG, 2006b:7).

The regeneration scheme sought to transform the Valleys into a “nationally competitive business and investment location” (WAG, 2006b:20) by 2020. Unlike the NEDS, whose objectives were notably specific, those of the HOTV scheme were more operationally vague, such as increasing “business and community confidence” (WAG, 2006b: 30) in the area. The scheme was ended in 2014, six years ahead of the original schedule and was superseded by the Vibrant and Viable Places (VVP) scheme. Its successor was seen to be more consistent with the “more collaborative and targeted approach to regeneration” (Welsh Government, 2013) which did not necessarily end at specific “boundaries or borders” (Welsh Government, 2013). VVP is expected to invest £42 million in five selected towns (Bridgend, Merthyr Tydfil, Port Talbot, Pontypridd and Pontypool) across the Valleys by its conclusion in 2017 (Welsh Government, 2014a). In addition to the cancellation of the Heads initiative, the upgrading of the A465 road, the main road link in the Upper Valleys, intended to transform it into a dual-carriageway capable of increased usage and to improve links between the Midlands and South Wales, has seen many of its initial targets delayed; with a current estimate for completion by 2022 (Welsh Government, 2016f).

Data on total expenditure for the HOTV regeneration scheme during its eight years of operation was obtained through an FOI request (Table 2.7). A total of £241,476,100 was expended on the initiative (Welsh Government Correspondence, 2015): around £100 million above the traditional figure cited for this “£140m regeneration strategy” (Welsh Government, 2014). £167,372,253 or 69% of the total could be disaggregated by UA, while the remainder “cut across local authorities” (Welsh Government Correspondence, 2015). As with the European funds, multi-authority projects and partnerships can inhibit accurately identifying the location of every pound spent on a project, although overall conclusions regarding the distribution of geographically identifiable funding can be reached.

Of the five participating UAs, Blaenau Gwent received £84 million in identifiable funds: amounting to 35% of all expenditure on the programme and making it the
recipient of a clear plurality of identifiable programme spending. While a considerable degree of the programme’s funding was frontloaded, with 52% of identifiable funding granted between 2006 and 2009, 2012 saw the award of £41.2 million to Blaenau Gwent Borough Council: the single largest allocation made to any authority. That this was granted during a period in the scheme’s lifecycle when expenditure was being wound down suggests that the Welsh Government retained a greater level of commitment to the upper reaches of this authority than it may have done for others in the Heads region. While the available dataset does not specify the projects for which the funding was dedicated, the continuing redevelopment of the former steelworks site in Ebbw Vale and the regeneration of its town centre would be consistent with expenditure of this magnitude (Welsh Government, 2013) (Evans, 2013).
Table 2.7: Identifiable expenditure on the Heads of the Valleys regeneration scheme (2006-2012)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (£)</th>
<th>Year</th>
<th>Amount (£)</th>
<th>Year</th>
<th>Amount (£)</th>
<th>Year</th>
<th>Amount (£)</th>
<th>Year</th>
<th>Amount (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>£10,727,885</td>
<td>2010</td>
<td>£4,713,485</td>
<td>2010</td>
<td>£5,159,492</td>
<td>2010</td>
<td>£6,265,800</td>
<td>2010</td>
<td>£8,094,987</td>
</tr>
<tr>
<td>2012</td>
<td>£41,223,642</td>
<td>2012</td>
<td>£70,000</td>
<td>2012</td>
<td>£100,000</td>
<td>2012</td>
<td>£967,588</td>
<td>2012</td>
<td>£440,000</td>
</tr>
<tr>
<td>Total</td>
<td>£84,492,364</td>
<td>Total</td>
<td>£19,897,172</td>
<td>Total</td>
<td>£20,301,958</td>
<td>Total</td>
<td>£20,915,567</td>
<td>Total</td>
<td>£21,765,193</td>
</tr>
</tbody>
</table>
Available performance indicators note the creation of 483 gross jobs created, with another 579 jobs “accommodated” (Table 2.8) and a total of £43.7 million in induced investment was attributed to the scheme. A number of the remaining outputs for which data appears to have been collated related to developments in the physical landscape and infrastructure of the region: from the amount of land which was developed to the length of new or refurbished cycle-ways. A possible reason for the prioritisation of these metrics may be that ministerial responsibility for regeneration did not fall within the portfolio of the relevant Minister for the Economy, but rather in the separate and varied brief of the Minister for Social Justice and Regeneration, then the Minister for Communities and Tackling Poverty and, most recently, the Minister for Communities and Children (Jones & Evans, 2008:27) (Welsh Government, 2016). Responsibility for economic development, in contrast, has fallen within the portfolio of the Minister with responsibility for the Economy ever since the absorption of the WDA and allied QUANGOs into the Government in 2006 (Assembly Research Service, 2008:1). Its initial remit emphasised a comprehensive approach to regeneration: spanning economic, social and environmental metrics (Clapham, 2014:11). The extent to which this was, or could be, pursued while formally residing within a brief with fewer direct corollaries to economic development, however, appears to be an open question and one which merits further examination.
Table 2.8: Selected indicators for the HOTV regeneration scheme

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprises financially supported</td>
<td>206</td>
</tr>
<tr>
<td>Footpath or cycleway created or reconstructed</td>
<td>277.641 km</td>
</tr>
<tr>
<td>Initiatives to address barriers to ICT uptake</td>
<td>11</td>
</tr>
<tr>
<td>Intermodal facilities created or improved</td>
<td>27</td>
</tr>
<tr>
<td>Land developed – Employment</td>
<td>30,761 m2</td>
</tr>
<tr>
<td>Land developed - other</td>
<td>60.97 ha</td>
</tr>
<tr>
<td>Managed access to Countryside or Coast projects</td>
<td>39</td>
</tr>
<tr>
<td>Organisations financially supported</td>
<td>75</td>
</tr>
<tr>
<td>Participants</td>
<td>4864</td>
</tr>
<tr>
<td>Physical improvement schemes</td>
<td>1079</td>
</tr>
<tr>
<td>Regeneration schemes</td>
<td>53</td>
</tr>
<tr>
<td>Enterprises accommodated</td>
<td>116</td>
</tr>
<tr>
<td>Gross jobs created</td>
<td>483.77</td>
</tr>
<tr>
<td>Investment induced</td>
<td>£43,685,120</td>
</tr>
<tr>
<td>Jobs accommodated</td>
<td>579.59</td>
</tr>
<tr>
<td>SMEs accommodated</td>
<td>35</td>
</tr>
<tr>
<td>Premises created or refurbished</td>
<td>63</td>
</tr>
<tr>
<td>Visits</td>
<td>2,497,629</td>
</tr>
<tr>
<td>Organisations assisted</td>
<td>152</td>
</tr>
</tbody>
</table>

Reflecting the bifurcation of the Valleys between two regions in the Spatial Plan, a smaller-scale, though geographically more expansive, initiative, aimed at the western reaches of the former South Wales coalfield was initiated in 2009. The Western Valleys Regeneration Area (WVRA) would span the UAs of Carmarthenshire, Powys, Swansea, Neath Port Talbot and Bridgend. It sought to promote greater investment and employment, improve transport links, remediate the physical environment and enhance the human capital and skillsets of local residents (Welsh Government, 2014b). A total of £20.7 million of Welsh Government funds were said to have been committed to this initiative between its inception in April 2009 and its conclusion in March 2014 (Welsh Government, 2014b). While fewer
funds were committed from Welsh Government sources, statements regarding the scheme outlined its ability to leverage an estimated £41 million in funding from additional sources, particularly from European structural funds (Welsh Government, 2014b).

An FOI request yielded some clarification regarding its funding: 63% of total Welsh Government expenditure on the initiative went to the two Valleys UAs of Bridgend and, particularly, Neath Port Talbot (Table 2.9). The most recent data on additional funding sources places the aggregate amount committed by other organisations at £44.6 million across the entire programme area (Welsh Government Correspondence, 2016). Of note, however, is that European funds account for 32% of additional funds, while 50% of total additional funding came from the UAs themselves, while the remainder was provided by private (7%), third (2%) and other public sector entities (9%) (Welsh Government Correspondence, 2016). Progress outputs placed the number of jobs created across all five participating UAs over the scheme’s lifetime at 53, while the number of those accommodated came to 192, although a breakdown by UA for either metric does not appear to be readily available (Welsh Government Correspondence, 2016). The amount of investment induced by the scheme across all five participating UAs reached £3.75 million (Welsh Government, 2016). Upon its conclusion, the WVRA was enveloped into VVP, as its larger counterpart in the upper Valleys was (Welsh Government, 2014b).

Table 2.9: Welsh Government expenditure on the Western Valleys Regeneration Area (WVRA) (2009-2014)

<table>
<thead>
<tr>
<th>Unitary Authority</th>
<th>WVRA funds (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridgend</td>
<td>£5,470,731</td>
</tr>
<tr>
<td>Carmarthenshire</td>
<td>£4,886,922</td>
</tr>
<tr>
<td>Neath Port Talbot</td>
<td>£8,090,874</td>
</tr>
<tr>
<td>Powys</td>
<td>£1,504,800</td>
</tr>
<tr>
<td>Swansea</td>
<td>£1,449,965</td>
</tr>
<tr>
<td>Total</td>
<td>£21,403,292</td>
</tr>
</tbody>
</table>
There has been no sustained evaluation of the either the HOTV or WVRA schemes comparable to the one commissioned by the former Welsh Office for the PFV. A number of dissertations have, however, analysed the HOTV initiative; often informed by surveys of residents and relevant stakeholders such as Owens (2012) and Todd-Jones (2010). These have tended to identify the ambiguous nature of the HOTV region as a geographic entity (Owens, 2012:1) (Todd-Jones, 2010:43) as a source of operational confusion and inter-authority and intra-authority disputes. An emphasis on physical projects and “things you can see” (Todd-Jones, 2010:44), rather than the holistic one that economic development may have required, was anecdotally cited as a particular barrier to its regenerative effectiveness (Todd-Jones, 2010:45). A further complication was presented by the often limited capacity of local officials to receive and deliver the funds, despite the amount of assistance given being “relatively modest” (Winckler, 2008:16) and generally viewed as insufficient by local administrators (Todd-Jones, 2010:37;38;55). The £240 million expended during the scheme’s eight years of operation also remained “nowhere near” (Todd-Jones, 2010:38) the £496 million allocated to the CBDC two decades before, fuelling further complaints regarding the geographically skewed distribution of regeneration funds (Todd-Jones, 2010:38).

The selection of projects and choice of indicators within both WVRA and HOTV regeneration schemes suggested a narrowing of their objectives to those featuring tangible, physical outputs. This may be unavoidable, given that responsibilities for economic development and regeneration lay within separate portfolios, yet the need for greater synchronisation between support for businesses, the development of appropriate transport infrastructure and targeted physical regeneration appeared to be increasingly undeniable as the first decade of devolved governance wore on. That the department tasked with responsibility for an overall economic development strategy, and of overseeing the region’s primary heavy infrastructure development did - and does not - bear responsibility for its regeneration means that such efforts may have lacked the full force that a combined and cohesive brief could have brought to bear upon it. This created an avoidable split between “area-based regeneration” (Clapham, 2014:2); which focused on improving outcomes for residents, and “area-based economic development” (Clapham, 2014:2); which aimed to improve the economic standing of specific areas.
Programmatically, both regeneration initiatives approximated urban policies to a greater extent than regional ones; a distinction which is therefore reflected in the primary outputs for which data is available. Perhaps to a greater extent than seen with the earlier PFV, the rationale behind both interventions was that targeted revitalisation efforts directed at the appearance and environment of individual areas could be sufficient to promote the development of the remainder (WAG, 2004:52). Unlike its antecedent, however, neither initiative appears to have deployed regional business assistance to anything approaching the same degree; an omission which speaks to their more ambiguous roles as economic development efforts, but also to their more demand-side goals. Both aimed to capitalise upon the region’s strengths to attract new residents and economic activity, although this was to occur in tandem with the enhancement of infrastructure specified in the Spatial Plan. While the adoption of “holistic” (Pike et al, 2006:256) development efforts which incorporate economic and environmental goals was increasing internationally, it appears that both the WVRA and HOTV initiatives may have in fact elevated the physical and social environment over economic factors, and to have pursued a strategy more akin to those for specific urban areas rather than for considerable swathes of South Wales. The highly localised effects of urban policy remain one of the primary obstacles to its deployment across a wider geographic scale: it can not, and, in many cases, does not aspire to significantly influence the direction of the regional economy (McCann, 2001:244).

This ambiguity over the appropriate scale at which its regeneration initiatives should be directed may have been aggravated by a comparatively weak evaluative process, unclear metrics and issues of data accessibility. When evaluations were conducted, they were often “undertaken by the project teams themselves” (Clapham, 2014:11) and focused upon general outputs in the absence of explicit and clearly measurable targets (Clapham, 2014:11) or, indeed, a clear definition of policy aims for the wider region. Continuing and “ex post” (Armstrong & Taylor, 2000:362;364) evaluations are considered a prerequisite for ensuring the effectiveness of economic development policies, yet successive Welsh Government programmes would be initiated, approved or discontinued on the basis of comparatively slight analytical evidence or, in the case of the WDA’s abolition, in spite of evidence to the contrary. A perceived tendency for projects to be approved by acclamation, without significant empirical justification or conditions and “with little room for outside influences or independent evidence” (Clapham, 2014:16) had
begun to be identified with regard to devolved Welsh policymaking. Whether this trend would continue into subsequent Assemblies remained uncertain, however there would be little doubt that the composition of the Welsh Government, its overall development strategy and powers were to evolve considerably.
The formation of the Labour-Plaid Cymru coalition in June 2007 saw the primary policy commitments outlined in the *One Wales: A Progressive Agenda for Government* accord. The somewhat expansive objective of this agreement was a "self-confident, prosperous, healthy nation and society which is fair to all" (Osmond, 2007:97). Echoing the Spatial Plan in its acknowledgement of Welsh diversity, the accord pledged an "all-Wales approach to economic development" (One Wales, 2007:14). It enumerated a number of largely supply-side strategies such as streamlining and increasing business assistance and simplifying procurement procedures to increase job creation (One Wales, 2007:14). This implied a continuation within the broadly neoclassical vein which had established itself as close to a de facto theoretical underpinning of regional development efforts. It featured a comparatively perfunctory commitment to human capital enhancement for economic purposes; affirming support for upskilling existing curricula to meet employers’ requirements and preferences and increased entrepreneurial and vocation education (One Wales, 2007:15). *One Wales* did commit itself to targeting job-creation to the “areas in greatest need” (Osmond, 2007:103) of employment and pledged to operate within the guidelines specified in the Spatial Plan. It also committed to “integrated and cross-cutting initiatives aimed at [the] economic development and regeneration” (One Wales, 2007:28) of distressed regions. This indicated its recognition of the bifurcation between both types of policy, though further elaboration upon the form these initiatives would take was not immediately forthcoming. Specific commitments to the Valleys were more limited, with the coalition agreement’s primary pledge to the region being a progression of both regeneration schemes (Osmond, 2007:104). Individual elements within Plaid did seek more stringent commitments from Labour as a precondition for coalition. One such commitment was for the Treasury to accede to £500 million in match funding for Convergence projects in the West Wales and Valleys region (Osmond, 2007:34). These and other proposals by dissenting voices within Plaid were, however, omitted from formal negotiations and were not seen as politically viable; with the leadership viewing the securement of a referendum on further law-making powers as the overriding objective (Osmond, 2007:34).
Following on from its commitment in *One Wales*, business support services were rapidly streamlined: falling from over 150 to 40 between 2006 and 2008, while the formation of the Single Investment Fund (SIF) - a more targeted grant - was announced in 2008 (Wales Online, 2008). This replaced RSA and aimed to support larger investments: with typical grants of £5,000 or more (WEFO, 2009). The replacement of RSA did not negate the fundamentally supply-side nature of discretionary, grants-based assistance to firms, nor its objectives of reducing business costs for the undertaking of specific projects, although it did speak to a growing awareness of its limitations.

Further understanding of these limitations had been bolstered by the research of Criscuolo & Martin (2008a;2008b). Commissioned by the Welsh Government and employing an econometric approach to assess whether RSA grants had a causal effect on the productivity or employment of assisted plants within Wales between 1985 and 2004, the authors concluded that the assistance exerted a “significant positive” (Criscuolo & Martin, 2008b:37) impact upon employment in the plants, but that its effects on firm productivity could not be determined (Criscuolo & Martin, 2008b:37). While initially concerned with job creation and retention rather than productivity, RSA’s remit was gradually revised to emphasise the latter as well (Harris & Robinson, 2005:754). RSA’s relationship to firm productivity would be of particular relevance to Wales and the Valleys: as lower productivity and value-added per-job has traditionally constituted one of the primary drivers of the disparity between Welsh and UK indicators (WEFO, 2010:14:20).

The ambiguity surrounding RSA’s effect on productivity was compounded by the relatively limited presence of value-added heavy jobs. This was reflected in both the comparatively small number of firms with headquarters or research departments within Wales, as well as by the lighter footprint of sectors which traditionally led in the field of value-added and, particularly, financial services (WEFO, 2010:20). The apparently limited ability of the primary regional assistance programme to adequately reverse the “adverse and long standing occupational and industry mix” (WEFO, 2011:20) over the previous decades would be one of continuing significance to the economies of both Wales and the Valleys; with the lack of industrial diversification even more amplified in the latter (WEFO, 2010:22).
Earlier assessments of RSA had arrived at more equivocal conclusions regarding its overall effectiveness. Harris & Robinson (2005) had concluded that, while receipt of RSA was positively correlated with plant survival between 1990 and 1998, this was achieved at the cost of improved productivity (Harris & Robinson, 2005:756;761). Supported by RSA, less productive plants within areas receiving the greatest funds, such as Wales, were permitted to stay in operation longer than may have been expected given their level of output (Harris & Robinson, 2005:761). RSA may have therefore inhibited the “creative destruction” (Harris & Robinson, 2005:761) and natural churn needed to sustain productive and profitable industries which ultimately contribute to economic development in the longer-term. With this body of evidence, including a study specifically commissioned by it, reforming Wales’ business assistance schemes represented a logical exercise of the Welsh Government’s evolving priorities and powers. While its later decision to streamline business assistance would be empirically grounded, the distribution of the funds themselves following devolution, however, opens itself to greater ambivalence.
Table 2.10: Expenditure on business assistance schemes by the Welsh Government by Valleys UA (1999-2015)

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Blaenau Gwent</th>
<th>Bridgend</th>
<th>Caerphilly</th>
<th>Merthyr Tydfil</th>
<th>Neath Port Talbot</th>
<th>Rhondda Cynon Taf</th>
<th>Torfaen</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-2000</td>
<td>£3,923,916</td>
<td>£5,999,856</td>
<td>£5,856,403</td>
<td>£1,720,000</td>
<td>£599,548</td>
<td>£5,584,723</td>
<td>£969,500</td>
<td>£24,653,946</td>
</tr>
<tr>
<td>2000-2001</td>
<td>£3,743,750</td>
<td>£2,675,600</td>
<td>£3,632,771</td>
<td>£3,665,520</td>
<td>£544,836</td>
<td>£4,162,068</td>
<td>£1,456,250</td>
<td>£19,880,795</td>
</tr>
<tr>
<td>2001-2002</td>
<td>£4,612,008</td>
<td>£1,552,070</td>
<td>£5,566,895</td>
<td>£6,508,980</td>
<td>£2,494,576</td>
<td>£4,011,780</td>
<td>£2,175,125</td>
<td>£26,921,434</td>
</tr>
<tr>
<td>2002-2003</td>
<td>£3,928,878</td>
<td>£7,528,761</td>
<td>£9,171,475</td>
<td>£3,429,553</td>
<td>£3,403,427</td>
<td>£8,395,996</td>
<td>£2,929,250</td>
<td>£38,787,340</td>
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<td>2003-2004</td>
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<td>£7,415,952</td>
<td>£1,563,136</td>
<td>£2,659,256</td>
<td>£5,753,807</td>
<td>£4,003,470</td>
<td>£28,800,392</td>
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<td>2005-2006</td>
<td>£1,745,993</td>
<td>£4,981,376</td>
<td>£9,892,435</td>
<td>£141,000</td>
<td>£3,844,931</td>
<td>£4,798,244</td>
<td>£3,212,400</td>
<td>£28,616,379</td>
</tr>
<tr>
<td>Financial Year</td>
<td>Blaenau Gwent</td>
<td>Bridgend</td>
<td>Caerphilly</td>
<td>Merthyr Tydfil</td>
<td>Neath Port Talbot</td>
<td>Rhondda Cynon Taf</td>
<td>Torfaen</td>
<td>Total</td>
</tr>
<tr>
<td>----------------</td>
<td>---------------</td>
<td>----------</td>
<td>------------</td>
<td>----------------</td>
<td>------------------</td>
<td>-------------------</td>
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<td>-------</td>
</tr>
<tr>
<td>2006-2007</td>
<td>£4,553,812</td>
<td>£4,921,380</td>
<td>£6,161,226</td>
<td>£1,845,741</td>
<td>£5,137,652</td>
<td>£3,857,128</td>
<td>£1,991,857</td>
<td>£28,468,796</td>
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<td>2007-2008</td>
<td>£3,283,685</td>
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<td>£5,237,060</td>
<td>£1,267,000</td>
<td>£5,178,268</td>
<td>£9,428,163</td>
<td>£2,490,000</td>
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<td>2008-2009</td>
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<td>£4,673,300</td>
<td>£513,198</td>
<td>£3,851,546</td>
<td>£4,842,971</td>
<td>£3,029,210</td>
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<tr>
<td>2010-2011</td>
<td>£2,596,082</td>
<td>£12,312,686</td>
<td>£7,526,347</td>
<td>£1,305,000</td>
<td>£1,104,891</td>
<td>£2,938,057</td>
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<tr>
<td>2011-2012</td>
<td>£1,947,710</td>
<td>£1,990,367</td>
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<td>£3,789,106</td>
<td>£1,414,453</td>
<td>£2,747,937</td>
<td>£16,719,096</td>
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<tr>
<td>2012-2013</td>
<td>£2,944,902</td>
<td>£2,654,547</td>
<td>£3,935,550</td>
<td>£1,075,800</td>
<td>£4,097,960</td>
<td>£5,025,226</td>
<td>£2,448,902</td>
<td>£22,182,887</td>
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<tr>
<td>2013-2014</td>
<td>£2,663,800</td>
<td>£3,929,838</td>
<td>£4,728,254</td>
<td>£100,000</td>
<td>£3,669,850</td>
<td>£2,444,939</td>
<td>£1,299,404</td>
<td>£18,836,085</td>
</tr>
<tr>
<td>2014-2015</td>
<td>£3,286,000</td>
<td>£9,158,000</td>
<td>£4,712,000</td>
<td>£96,000</td>
<td>£1,449,000</td>
<td>£3,004,000</td>
<td>£2,162,000</td>
<td>£23,867,000</td>
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<td>2015-2016</td>
<td>£4,764,000</td>
<td>£6,049,000</td>
<td>£4,704,000</td>
<td>£5,841,000</td>
<td>£3,720,000</td>
<td>£7,253,000</td>
<td>£2,474,000</td>
<td>£34,805,000</td>
</tr>
<tr>
<td>Financial Year</td>
<td>Blaenau Gwent</td>
<td>Bridgend</td>
<td>Caerphilly</td>
<td>Merthyr Tydfil</td>
<td>Neath Port Talbot</td>
<td>Rhondda Cynon Taf</td>
<td>Torfaen</td>
<td>Total</td>
</tr>
<tr>
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<td>---------------</td>
<td>----------</td>
<td>------------</td>
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<tr>
<td>Total</td>
<td>£57,785,541</td>
<td>£128,586,871</td>
<td>£100,343,668</td>
<td>£32,845,962</td>
<td>£51,847,019</td>
<td>£85,592,913</td>
<td>£42,339,443</td>
<td>£499,341,417</td>
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</table>
The amount of funding distributed to Valleys UAs under the auspices of the primary business assistance programmes between 1999 and 2015 is included in Table 2.1 and, while care must be taken not to infer too much into a programme’s effectiveness from a limited dataset, certain trends regarding the distribution and volume of the assistance can be discerned; as can the extent to which these varied with fluctuations in regional employment trends. A plurality of total funds (26%) were allocated to Bridgend, followed by Caerphilly (20%), Rhondda Cynon Taf (17%), Neath Port Talbot (10%), Blaenau Gwent (12%), Torfaen (8%) and Merthyr Tydfil (7%). Given that a proposed overhaul of business assistance programmes would occur during the Third Assembly, it is somewhat noteworthy that a plurality of these funds (32%) were allocated during the 2007-2011 period.

The strong representation of Bridgend among allocated funds appears counterintuitive given its comparatively favourable economic performance, with unemployment rates consistently below the Valleys average (Table 2.11). The preliminary relationship between expenditure and UA unemployment rates is examined by means of bivariate correlation coefficients in Table 2.12. Overall, there appears to be a comparatively strong negative relationship (-0.59) between average annual unemployment rates across the Valleys and the total amount of business assistance spending across the region. This indicates that an increase in one had tended to correlate with a decrease in the other. A number of potential explanations for this finding exist. There would be a transition away from grants beginning in 2010 (Welsh Government, 2010:42): a period of comparatively high unemployment across the region. As illustrated within Figure 2.2, the three years of lowest expenditure were among those with the highest average unemployment rates.

The results also tentatively suggest that there was a notably strong negative relationship between both unemployment and business assistance within Blaenau Gwent (-0.61); with the 54% fall in business assistance to the authority between 2008 and 2011 occurring during a less than auspicious interval in which its unemployment rate more than doubled. The one authority for which a positive correlation appears, Bridgend, remains problematic due to the general weakness of the relationship (+0.1). This may be more attributable to Bridgend’s comparatively resilient labour market, and its ability to withstand the rise in unemployment to a greater extent than to any variation in distribution. Bridgend would also see
considerable real-term reductions in assistance of 82% between 2008 and 2011; compared to an average fall of 49% across the Valleys.
Table 2.11: International Labour Organisation (ILO) unemployment rates in Valleys UAs, 2001-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Wales</th>
<th>West Wales and the Valleys</th>
<th>Blaenau Gwent</th>
<th>Bridgend</th>
<th>Caerphilly</th>
<th>Merthyr Tydfil</th>
<th>Neath Port Talbot</th>
<th>Rhondda Cynon Taf</th>
<th>Torfaen</th>
<th>Valleys Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>5.4</td>
<td>6.0</td>
<td>7.7</td>
<td>4.6</td>
<td>8.5</td>
<td>7.1</td>
<td>6.1</td>
<td>5.9</td>
<td>5.8</td>
<td>6.53</td>
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<td>2002</td>
<td>5.2</td>
<td>5.8</td>
<td>6.3</td>
<td>4.8</td>
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<td>8.6</td>
<td>6.3</td>
<td>5.8</td>
<td>6.47</td>
</tr>
<tr>
<td>2003</td>
<td>5.0</td>
<td>5.4</td>
<td>7.4</td>
<td>3.9</td>
<td>5.2</td>
<td>5.4</td>
<td>6.9</td>
<td>6.9</td>
<td>5.5</td>
<td>5.89</td>
</tr>
<tr>
<td>2004</td>
<td>4.7</td>
<td>5.1</td>
<td>7.1</td>
<td>3.7</td>
<td>6.9</td>
<td>6.7</td>
<td>6.6</td>
<td>5.4</td>
<td>4.8</td>
<td>5.89</td>
</tr>
<tr>
<td>2005</td>
<td>5.1</td>
<td>5.4</td>
<td>8.6</td>
<td>6.2</td>
<td>6.5</td>
<td>7.9</td>
<td>7.3</td>
<td>6.4</td>
<td>6.2</td>
<td>7.01</td>
</tr>
<tr>
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<td>5.2</td>
<td>5.6</td>
<td>8.5</td>
<td>7.8</td>
<td>5.9</td>
<td>10.3</td>
<td>6.2</td>
<td>5.5</td>
<td>4.9</td>
<td>7.01</td>
</tr>
<tr>
<td>2007</td>
<td>5.5</td>
<td>5.7</td>
<td>6.5</td>
<td>7.1</td>
<td>6.1</td>
<td>8.2</td>
<td>5.1</td>
<td>6.7</td>
<td>6.8</td>
<td>6.64</td>
</tr>
<tr>
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<td>6.7</td>
<td>7.8</td>
<td>7.6</td>
<td>7.5</td>
<td>7.5</td>
<td>5.4</td>
<td>7.1</td>
<td>8.1</td>
<td>7.29</td>
</tr>
<tr>
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<td>8.8</td>
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<td>13.7</td>
<td>9.7</td>
<td>9.1</td>
<td>11.0</td>
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<td>12.5</td>
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<td>9.2</td>
<td>11.0</td>
<td>8.9</td>
<td>11.6</td>
<td>8.7</td>
<td>9.97</td>
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<tr>
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<td>9.0</td>
<td>15.5</td>
<td>7.5</td>
<td>11.2</td>
<td>14.9</td>
<td>10.4</td>
<td>10.4</td>
<td>11.3</td>
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<td>8.5</td>
<td>15.3</td>
<td>9.1</td>
<td>9.0</td>
<td>12.1</td>
<td>7.1</td>
<td>12.6</td>
<td>13.1</td>
<td>11.19</td>
</tr>
<tr>
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<td>7.9</td>
<td>8.4</td>
<td>15.3</td>
<td>6.9</td>
<td>7.6</td>
<td>9.9</td>
<td>9.0</td>
<td>11.7</td>
<td>11.1</td>
<td>10.21</td>
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<td>12.4</td>
<td>6.9</td>
<td>9.9</td>
<td>7.1</td>
<td>6.9</td>
<td>7.0</td>
<td>8.8</td>
<td>8.43</td>
</tr>
<tr>
<td>2015</td>
<td>6.0</td>
<td>6.5</td>
<td>9.3</td>
<td>6.9</td>
<td>6.8</td>
<td>8.0</td>
<td>6.9</td>
<td>6.8</td>
<td>6.6</td>
<td>7.33</td>
</tr>
</tbody>
</table>

StatsWales (2016)
Table 2.12: Correlation coefficients between ILO unemployment rates and business assistance expenditure, 2001-2015

<table>
<thead>
<tr>
<th>Blaenau Gwent</th>
<th>Bridgend</th>
<th>Caerphilly Tydfil</th>
<th>Neath Port Talbot</th>
<th>Rhondda Cynon Taf</th>
<th>Torfaen</th>
<th>Valleys average</th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.617498037</td>
<td>0.106731942</td>
<td>-0.521400488</td>
<td>-0.386470729</td>
<td>-0.092038721</td>
<td>-0.525924075</td>
<td>-0.592129634</td>
</tr>
</tbody>
</table>
Figure 2.2: Scatter plot for average annual unemployment rates across all Valleys UAs and aggregate annual business assistance expenditure, 2001-2015
The reasons behind this considerable drop-off in assistance lay with a rethinking of its objectives and mechanisms by the Welsh Government. The most comprehensive revision of the Government’s approach came with the publication of the *Economic Renewal* strategy in 2010. With the impact of the financial crisis continuing to reverberate and the prospect of the devolution of greater law-making powers the following year, the Welsh Government opted for a “fundamental review” (Wyn-Jones, 2011) of its overall economic development strategy. Shunning the more expansive goals of the NEDS, it aimed for a “whole government” (Welsh Government, 2010:2) approach to the issue and amounted to a considerable shift in the role of the government in promoting economic and regional development. The resulting strategy outlined a modest role for the Government in encouraging business creation and expansion, yet a notable one in shaping the “conditions and framework” (Welsh Government, 2010:2) within which this could occur. In sentiments which closely paraphrased those of Porter (1998:620), it was held that the capacity to generate investment and employment did not rest with the government, but rather the ability to create an environment conducive to their creation by the private sector (Welsh Government, 2010:2). Its identification of the principal means through which public policy could influence the business climate as infrastructure, education policy and research and development support likewise resembled the “factor conditions” (Porter, 1998:71) (Welsh Government, 2010:7) seen as essential for the formation of successful and competitive clusters. The government would respond appropriately, and concentrate its efforts more on improving infrastructure, skills, promoting innovation and the general climate in which businesses would form and operate than through direct support (Welsh Government, 2010:3). With direct grants seen to “distort competition… and consume resources” (Welsh Government, 2010:42) needed elsewhere, the government announced its goal of making all of its financial support to firms repayable (Welsh Government, 2010:42). This support would be further restructured, with priority given to six specific industrial sectors: information and communications technology, energy and the environment, advanced materials and manufacturing, creative industries, life sciences and financial services (Welsh Government, 2010:37). These were seen as holding the greatest long-term potential growth prospects, as well as the highest rate of return relative to investment.

Its revision of business assistance marked perhaps the greatest rupture with the conventionally supply-side orientation of Welsh development policy since
devolution, if not since the advent of regional aid. The spirit of the document leaned heavily towards the demand-side in both its assumptions and its proposals for direct financial assistance. It amounted to a more avowedly “high road” approach, particularly in its recognition of human capital and national skillsets as the “foundation” (Welsh Government, 2010:22) of economic growth, and its proposals for direct and indirect initiatives to increase business expenditure on research and development (Welsh Government, 2010:32). This emphasis likewise tilted the overall strategy, in principle, towards more endogenous theories. An evaluative framework outlining the relevant indicators to be used for assessing the short and medium-term impact of government policies stemming from the document was also prepared, although the level of evaluation conducted using its terms remains unclear (Welsh Government, 2011:3). There was limited discussion of geographically targeted support in the initial document, and the Valleys were not explicitly mentioned. It did, however, commit to continued support for the regeneration areas; presumably including the Heads of and Western Valleys, while also acknowledging regional distinctions in business activity and the penetration and influence of different sectors (Welsh Government, 2010:21;43).

Enterprise Zones have represented one the most notable of the Welsh Government’s recent economic development initiatives. A contemporary Welsh iteration of supply-side schemes attempted in Wales in the early 1980s and in an estimated 22 U.S. states, they were comprised of seven zones dispersed across the whole of Wales; each focusing on a designated sector, and became operational in 2012 (Peters & Fisher, 2002:32) (Sissons & Brown, 2011:3; Hedges, 2013; Holtham, 2015:24). Companies investing within the zones would become eligible for business rates relief, and, in some instances, funding for capital expenditure. Aggregate investment across the zones from public and private sources appears to have amounted to £70 million between 2012 and 2014 (Ward, 2016:11).

Reflecting the existing presence of manufacturing companies such as Yuasa Battery and Tenneco in the area, the Ebbw Vale Enterprise Zone - the only such zone within the Valleys - was targeted at the automotive sector and covered around 40 hectares across the Vale (Welsh Government, 2013b:1). In line with the strategy outlined in Economic Renewal, a supply-side mix of financial incentives were offered in a discriminating way to specific sectors within the zones: seeking to
attract firms with inducements, yet by harnessing what were classed as certain existing industrial strengths and developing existing markets. In this regard, they utilised supply-side instruments subject to demand-side conditions and for realising demand-side goals. Enterprise Zones generally rank closest to neoclassical assumptions with their goal of defraying direct costs for firms locating or expanding their activities within the designated region (Papke, 1993:39). This made their adoption in light of the theoretically and structurally mixed approach outlined in Economic Renewal a clear indicator of the persistence of neoclassical influences, consciously or subconsciously, within the formation of Welsh regional development policy.

The Enterprise Zone initiative has experienced sustained criticism for a perceived lack of transparency. A report by the National Assembly Finance Committee faulted the Government for the “air of mystery” (Henry, 2013) seen to characterise the programme and a lack of publicly available data on the progress being made by the zones towards job creation and retention targets was the subject of a protracted FOI process initiated by Plaid Cymru in early 2014. Taking several months and requiring the intervention of the Information Commissioner’s Office (ICO), figures were ultimately published in early 2015. These recorded the creation of 172 jobs across the Ebbw Vale zone, along with the safeguarding of 61 (Sands, 2015). The publicised disputes regarding Enterprise Zone data is particularly noteworthy given both the repeated commitment of senior Welsh political figures to “maximum openness” (Rawlings, 2003:114) and their actions such as liberalising FOI provisions in a manner favourable to the petitioner (Rawlings, 2003:114).

The website for the Ebbw Vale zone has since been updated with the information that, in addition to the figures of 172 jobs created between 2012 and 2014, “7.5 jobs were created…with a further half a full time equivalent safeguarded” (Business Wales, 2015) between 2014 and 2015. On the issue of investment, a total of “more than £6.1 million” (Business Wales, 2015) in public and private funds was invested in government-assisted projects within the area between 2012 and 2014; with an additional £4.6 million invested between 2014 and 2015 (Business Wales, 2015).
The relative performance of the Ebbw Vale zone itself remains difficult to gauge accurately, given the earlier level of hesitancy regarding data publication. The Government has, however, published Key Performance Indicators (KPIs) relating to the investment generated and jobs supported by the zones (Department for Economy, Science & Transport, 2014:29) (Department for Economy, Science & Transport, 2015:2). These statistics record a total of 7,002 jobs assisted and a total of £107,081,248 invested across all zones between 2012 and 2015 (Department for Economy, Science & Transport, 2015:2). This information is instructive, and does provide some indication of how the zone has fared: with it receiving approximately 9.9% of public and private investment within the zones since 2012, and 3.4% of jobs created or assisted by the scheme.

Calculating the specific amount of Welsh Government expenditure on the zone compared to others is more challenging. The amount of government funds for business rates relief allocated to firms in individual zones for financial year 2015/16 was, however, disclosed by Economy, Science and Transport Minister Edwina Hart in December 2015. Companies within the Ebbw Vale zone received 18% of total funds; the second largest amount listed for any zone (Welsh Government, 2015). This figure would indicate that the zone was, at least for that year, receiving a moderate share, though relatively significant amount of public funds.

While the relative employment and investment benefits of the Ebbw Vale zone may be somewhat uncertain, the selection of the automotive sector as its target industry aligned with one of the largest development projects proposed for the region: the Circuit of Wales racing track. Projected to attract 750,000 visitors to the region each year and to create 6,000 jobs, it has been described as the area’s “last hope” (Easton, 2013a). While construction was initially scheduled for February 2014, the development suffered successive delays related to planning permission and legal disputes. The final phase of regulatory approval was cleared in November 2015 and private sector funding tentatively secured from Aviva in February 2016, with construction intended to commence at some point later in the year (BBC Wales, 2015c) (BBC Wales, 2016a). A further and perhaps intractable obstacle to the project would emerge in April 2016. Following legal advice, the Welsh Government announced that it would be unable to underwrite the total project cost and, while a
willingness to pursue the project “on revised terms” (BBC Wales, 2016a) has been expressed, the development remains, for logistical purposes, stalled (Barry, 2016).

A concrete development for the wider Valleys region came in March 2016, with the signing of a multi-year, £1.2 billion Cardiff Capital Region Deal. While its focus remained the capital city, the agreement, as drafted, committed £734 million of the total price tag to the “key priority” (Cardiff Capital Region, 2016:4) of developing a metro transport system for South Wales. This brought the Spatial Plan’s vision of the integration of the Valleys and the coastal cities somewhat closer to realisation. The development would consist of the electrification of Valleys rail lines and expanded and integrated rail and bus links (BBC Wales, 2016b). The metro component would account for 61.2% of the total funding for the project and make it the single largest funding commitment arising from the deal. While the funding would be extended over a 20 year period, the Welsh Government will field £580 million (48%) of this total within the initial seven years, with this figure matched by the Treasury and a final £120 million from the 10 local authorities included within the designated Capital Region (BBC Wales, 2016b). As with the CBDC almost thirty years before it, the centrality of Cardiff within economic development strategies for South Wales has persisted: reflecting that the capital and its surrounding authorities are estimated to comprise 50% of all Welsh economic output and 49% of the nation’s employment (Cardiff Capital Region, 2016:2). The final text of the agreement noted the aspiration that it would yield the creation of “up to 25,000 new jobs” (Cardiff Capital Region, 2016:1;4) within the Capital Region as a whole, however, there does not, to date, appear to be a detailed breakdown of this and other estimates by UA.

The deal had barely been signed however, before a deeper challenge to the Valleys and the Welsh economy had emerged - one with the potential to equal the closures of the 1980s in its impact. In response to falling global steel prices and the profusion of Chinese steel imports, Tata Steel announced a wave of redundancies at their Port Talbot steelworks: the largest remaining steel facility in Wales with an estimated 4,104 workers (BBC News, 2016c). The implications of this for the wider Welsh economy and for surrounding regions prompted considerable unease, with calls for nationalisation and other avenues of state intervention. The situation continues to develop at the time of writing. The firm has, however, expressed a
willingness to retain its UK operations pending sufficient concessions from the UK Government, and a formal decision regarding the future ownership of it is expected in the coming months (Ruddick, 2016). With calculations suggesting that “every job at Tata supports another 1.22 employees throughout the Welsh economy” (Pinto & Jones, 2012:30), the settlement of this critical period for Welsh heavy industry is likely to reverberate both in and around Port Talbot, the western reaches of the Valleys and the wider Welsh economy for the foreseeable future.
2.5: The state of the Valleys

The region continues to face a similar array of social and economic difficulties to those which prompted the interventions of the 1930s. Its employment rates continually rank below national averages and those of former coalfields (Foden et al, 2014:19). While it may be intuitively defensible to ascribe this situation to a failure of development schemes, the very nature of available data means that an empirical judgement of this sort on the programmes themselves can not be meaningfully rendered. Failings within the collection and dissemination of the information needed to reach one are obscuring whether conclusions could be drawn on whether economic development initiatives have constituted a relative success given the steep challenges of the region, or the “failure” (Williamson, 2014) which the Welsh Government’s critics have decried. In Wales, as in other nations in which development policymaking is devolved, absent decisive and agenda-setting direction, the possibility of such policies being influenced and determined as much by media coverage as any other factor remains real and growing (Pike et al, 2006:148).

Substantial constraints in needed data did not begin in 1999, though nor were they meaningfully addressed afterwards. The issue that, initially, “no political or administrative boundaries exactly accord with the Valleys” (Ty Toronto, 1977:35) and that “Wales was not seen as a meaningful economic unit” (Williams, 1995:267) until well into the 20th Century led to a reliance on disparate and unreliable datasets (Williams, 1995:267). In spite of subsequent advances in data availability, and two decades into devolution, around 50% of the figures required to construct a workable economic model for the Welsh economy are estimated to be currently unavailable (Crawley, 2014:20) (Crawley, 2015:5). This contrasts sharply with Scotland, where the necessary “economic intelligence” (Crawley, 2014) is more freely available and where evaluations of development schemes have been undertaken more routinely (Goodwin et al, 2003:8). Whereas Wales opted to abolish the WDA, Scotland preserved an arms-length economic development organisation in the form of Scottish Enterprise (SE). SE continues to exercise administrative responsibility for its primary regional assistance schemes, and compiles publicly available quarterly reports on all financial offers made since 2010 and annual reports which aggregate...
the number of jobs created or safeguarded and the capital investment supported by them (Scottish Enterprise, 2016a).

Political judgements alone do not fully account for the absence of broader evaluations of redevelopment efforts within the Valleys. The difficulty of defining the region geographically in particular further tightens confines of existing data. While efforts have been made by Foden et al (2014) to do so through the use of Lower Super Output Areas (LSOAs): a geographical definition used for the disaggregation of Census data, there are considerable limits to the data which is available at this level. Gross Value Added (GVA), a controversial but nevertheless “primary yardstick” (Robinson & Blackaby, 2012:95) measure of economic output, is unavailable at the UA, let alone LSOA level. When seeking data beyond the largely demographic nature of the Census, this can leave UA data for authorities which contain significant portions of the former coalfields as the only tractable option (Foden et al, 2014:12). Such an array of definitional and statistical problems would suggest that further and sustained efforts by the Welsh Government and appropriate research bodies are needed to correct them, so that decision-making with regard to future regional redevelopment efforts is informed by robust regional information, rather than by inclination or intuition as, it would appear, may have been the case with earlier devolved initiatives (Clapham, 2014:16).

The actual amount of public expenditure on economic development in Wales experienced a real-terms fall following devolution, with 2011 expenditure below that of 1996. (Godfrey, 2012:356). Its share of identifiable government spending also fell from 9.7% to 8.3% during the same period (Godfrey, 2012:67); a trend seen to signify a shifting of priorities towards more demand-heavy government functions such as education and health (Godfrey, 2012:356). While expressing caution regarding the preliminary nature of the findings and attendant data constraints, a quantitative study of the post-devolution economy did conclude that “public spending on economic development has not been effective” (Godfrey, 2012:v) in improving the trajectory of the principality’s economy. As some of the most economically peripheral regions of Wales, a failure to measurably increase national economic performance is unlikely to yield appreciably more positive outcomes for the area. While broad, given present constraints, it appears as if conclusions such as these may represent the closest to which a reasonable judgement regarding the
effect of economic development initiatives upon the Valleys region can realistically aspire to.

Table 2.13: Trends in Welsh regional development policy (1934-2016): included overleaf
<table>
<thead>
<tr>
<th>Period</th>
<th>Policy instruments</th>
<th>Urban/Regional</th>
<th>Objectives</th>
<th>Theory</th>
<th>Supply/demand side</th>
</tr>
</thead>
</table>
| 1934-1972 Emergence | • Loans and grants  
• Trading estates  
• Restrictions on developments outside of assisted areas | Regional             | • Reduce unemployment  
• Lessen regional economic disparities | Keynesian    | Supply             |
| 1972-1999 Restructuring | • RSA  
• PFV | Regional and urban | • Increase employment  
• Targeted regeneration | Neoclassical | Supply             |
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<th>1999-2010</th>
<th>Decentralisation</th>
<th>2010- Evolution?</th>
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<tr>
<td>• RSA/SIF</td>
<td>• RSA/SIF</td>
<td>• Enterprise</td>
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<td>• EU structural funds</td>
<td>•EU structural funds</td>
<td>Zones</td>
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<tr>
<td>• HOTV and WVRA</td>
<td>• HOTV and WVRA</td>
<td>• Repayable loans</td>
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<tr>
<td>• Regional and urban</td>
<td>• Regional and urban</td>
<td>• VVP</td>
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<td>• Increase employment</td>
<td>• Increase employment</td>
<td>• Continued</td>
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<td>• Revitalise specific geographic sections</td>
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<td>structural aid</td>
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Four broad periods in UK and, ultimately, Welsh regional development policies towards the Valleys can be identified (Table 2.13). The first consisted of the embryonic initiatives first launched during the depths of depression. Focused on alleviating mass unemployment before eventuating into efforts to reduce regional disparities by means of financial assistance, these persisted until a period of restructuring occurred - with the establishment of the more discretionary RSA and a general “downgrading” (Armstrong & Taylor, 2000:218) of resources committed to regional policy from UK Government bodies during the 1980s. The government’s reorientation of development policy towards urban areas during this period would be reflected in the urban nature of the region’s largest regeneration effort, and this feature of the programme may serve to clarify its more ambiguous impact.

While the confluence of devolution and the arrival of Objective 1 funds did not prompt an immediate recalibration of existing policies, they did lead to a multiplicity of objectives which were intensified by the aspirations of the newly established Assembly and its executive. Over time, the Assembly Government would move to reform development policy and administration in ways which set it at odds not only with recent precedent but with other devolved nations as well; particularly with its abolition of the WDA. Regarding specific “area-based” (What Works Centre, 2016:9) strategies for the Valleys themselves, however, there was a greater degree of continuity. The WVRA and HOTV regeneration schemes, as the PFV had two decades earlier, approximated policies adopted for urban development to a more considerable extent than regional ones.

The most radical conceptual and strategic evolution within Welsh Government policy occurred with the transition away from grants and its identification with a supportive, rather than formational role for public funds and wider public policies in generating employment and economic activity. Yet the adoption of Enterprise Zones betrayed a basic preservation of the supply-side approaches which had dominated regional development efforts for much of the preceding century. The replacement of both regeneration areas with an alternative which is more explicitly urban in its emphasis similarly suggests the resilience of urban strategies as a means of regional redevelopment.
Control over and the format which economic development programmes in South Wales have taken over the 82 years following the passage of the first Special Areas Act have shifted appreciably. So too and, perhaps because of, have the underlying theories behind them. While it would be overly simplistic to infer that the adoption of differing strategies paralleled the developments within theories of economic growth, shifts in economic theory do appear to have augured movements in the emphasis, objectives and assumptions of policies. The Special Areas Acts and the post-war legislation which proceeded them followed Keynesian theory to a recognisable extent, while the development of neoclassical approaches during the 1950s and 1960s were followed by the reform of regional development tools during the 1970s and their retrenchment during the following decade. It is with subsequent theoretical developments, such as the rise of endogenous growth theory and its more applied variants that this trend was abrogated. Devolved development efforts became gradually more cognisant of the significance of human capital in determining regional and national growth, for instance, although this recognition was not always reflected to the same extent among the regional policy instruments adopted to promote them.

The state of economic development efforts within the Welsh Valleys as of 2016 can therefore be considered, with some justification, a literal “work in progress”, with many schemes currently ongoing and others yet to begin. The track record can, however, legitimately be considered to be one of fits and starts. The primary regeneration initiative for the most distressed sections of the region was terminated while only halfway through and replaced with a less targeted and resourced alternative. The main infrastructure investment for the region has been hit with multiple delays and is not expected to be completed until 2020. Finally, direct assistance to firms has not been distributed with particular emphasis on the Valleys, nor on its most deprived areas. After a decade and a half of largely devolved policymaking within this area, and successive Governments who have clearly exercised newfound law-making powers to fashion development schemes in their image, a development strategy tailored to the needs and reality of the Valleys, apparently, continues to elude us.
Chapter 3: Detroit

3.1: 1950-1974: Stalling of the Motor City and the exodus to the exurbs

The decline of Detroit into “a poster child for our most paranoid dystopian fears” (Borden, 2013:135) was an extensive and multifaceted process, and an understanding of its unprecedented fall is incomplete in the absence of a consideration of the social and economic context shaped by its initial rise. The magnitude of its challenges was the cumulative result of a number of demographic and industrial vulnerabilities. These had their roots in the earliest years of the 20th Century, and their after-effects continue to reverberate well into the 21st; with inevitable consequences for the city’s redevelopment efforts.

Detroit’s evolution into an epicentre of American industry was, by most standards, meteoric. As the base of a cluster of successful industries at the beginning of the 20th century, it was a “second tier” (Sugrue, 2007) mid-sized, Midwestern city. This would shift almost instantaneously with Henry Ford’s establishment of the eponymous auto company in 1903 (Sugrue, 2007). With Ford soon followed by General Motors (GM) and a number of smaller car manufacturers, the take-off of the auto industry brought the city both national prestige and mass employment. By 1910, over 5,000 residents were employed in car manufacturing (Martelle, 2014:71). Production boomed and by 1918, Ford alone was producing more than 533,000 cars annually (Martelle, 2014:72). Newcomers to the city soon found work on its expanding assembly lines and the city ranked as the fourth most populous in the nation by 1930 (Martelle, 2014:117). The ranks of Detroit’s premier carmakers were rounded out by the establishment of the Chrysler Corporation in 1925; soon joining Ford and GM to form the “Big Three” Detroit manufacturers after four years of brisk expansion (Hyde, 2003:xvi;15). While their fortunes as well as their connections to it would vary and finally decline in the decades to come, for better or worse, their brand names became virtually synonymous with the city (Plumer, 2013).
As with many such booms, there were inevitable busts. After close to two decades of increasing prosperity and promise, bolstered by ever increasing demand, the city felt the full force of systemic shock. The automotive industry was hit heavily by the decline in consumer spending following the stock market crash of 1929 and the onset of the Great Depression. In three years, car production fell by two-thirds while job losses were similarly precipitous and 223,000 Detroit residents were out of work by early 1932 (Galster, 2014:82) (Woodford, 2001:121). The cyclical demand for its products during the early half of the twentieth century did, however, allow for multiple rebounds, even from the depths of depression. By 1937, the output of the automotive industry tripled from its 1932 nadir (Galster, 2014:82).

The city’s troubles had begun to dissipate as those of the United States and the world were on the rise (Martelle, 2014:139). American supplies to and intervention on behalf of the Allies generated an exponential demand for the products of Detroit’s car manufacturers. A fifth of American military production came out of the city and its immediate surroundings as it “[e]d the nation” (Poremba, 2003:123) in war contracts (Galster, 2014:82). As with the Valleys, the Second World War represented something close to Detroit’s rebirth: replenishing its industrial base, raising a car industry still emerging from its Depression induced slump and transforming it and the city into the armoury of the “arsenal of democracy” (Herman, 2012:129).

As the base of three major car manufacturers by mid-century, Detroit remained inherently vulnerable to changes in consumer behaviour involving its key products (Cowell, 2015:65). It lacked “a backup industry” (Farley et al, 2000:59) of sufficient penetration to compensate for any reductions in automotive manufacturing employment; a feature compounded by the strategic missteps of the industry itself. The decision by the Big Three to rapidly demobilise their military production lines in the post-war years proved to be particularly short-sighted (Martelle, 2014:159). Betting on increasing demand for civilian car ownership, the city which had dominated wartime military contracts during the 1940s was poorly equipped to apply for similar bids during the Korean War and the defence build-up of the 1950s.
(Sugrue, 2014:141). While manufacturers in the South and West benefited from a steady stream of Federal dollars, Detroit’s manufacturers lacked this Pentagon shaped cushion (Martelle, 2014:161) (Sugrue, 2014:141). Opting to rely on civilian consumption patterns highly susceptible to changes in interest rates, oil prices, consumer tastes and macroeconomic conditions was not an unrealistic aspiration; as car companies had enjoyed an extended grace period immediately proceeding the war (Ward, 1995:5) (Ebert, 2013:5), though it remained a poorly grounded long-term assumption. The city’s primary industry would have to contend with no fewer than four recessions between 1949 and 1960 alone (Sugrue, 2014:126). These cyclical downturns, and the 1958 recession in particular, prompted an observable increase in the market share of imports, especially of smaller German-produced cars: with the share of imports exceeding 10% of the U.S. market by 1959 (McCarthy, 2007:142; 144) (Klier, 2009:5). These trends prompted a vigorous response by the Big Three to develop its smaller models, to streamline production and to economise (Klier, 2009:5).

The sensitivity of the city’s manufacturing base to even minor shifts within the broader macroeconomic situation was brought into sharp relief from the 1970s onwards (Hall & Hall, 1993:25). This, however, only accelerated difficulties which were already well-established by then, with the percentage of US automobile employment situated within the Detroit area having fallen from 35% to 20% between 1950 and 1970 (Cowell, 2015:65). The city lost 130,000 manufacturing jobs between 1948 and 1963 alone (Sugrue, 2014:142;144); losses driven by a combination of automation, the decline of independent producers and the centralising pressures of the post-war market. The Big Three squeezed the market share of smaller car producers to just 4% by 1955 (Sugrue, 2014:136). Consolidation, closures and layoffs by these smaller firms soon followed and the city’s East Side in particular was hit heavily; with around 70,000 jobs lost between 1954 and 1960 (Woodford, 2001:162) (Sugrue, 2014:136) (Woodford, 2001:162-163) (Sugrue, 2014:137). While smaller producers were rapidly downsizing their workforces, the Big Three were automating, moving responsibilities in-house and shifting their operations to the suburbs and beyond (Martelle, 2014:175). This was partly driven by a need to economise as well as the more pressing need for space (Sugrue, 2014:129). Half a century of rapid construction had left comparatively few locations suitable for the
establishment of the sizeable, modern plants necessary to develop their new product lines (Sugrue, 2014:129). Chrysler, Ford and GM would, by contrast, build a total of 25 plants in the city's suburbs, often more than 15 miles from the city between 1947 and 1958 (Sugrue, 2014:128) (Kenyon, 2004:12).

The city’s expanding suburbs were therefore the principal beneficiaries of this downward trend within the city proper (Table 3.1). 192 automotive factories were estimated to have ended their operations within the city during the 1950-1957 period (Barnard, 2004:295). Those which remained were bludgeoned by successive downturns, with Chrysler reducing its Detroit workforce by almost half following the 1958 recession (Sugrue, 2014:136). By 1960, Michigan accounted for only 40% of automotive employment in the United States (Sugrue, 2014:128). Yet in spite of these shocks, the leaner car industry, shorn of competition and contractors, began to rebound; with the five years proceeding the late-1950s recession dubbed its “longest postwar period” (Galster, 2014:83) of growth.

More ominously however was that, while the industry’s fortunes were still essential to the city’s, their once common interests were diverging. The loss of smaller manufacturers, the streamlining of production and the relocation of plants to the suburbs indicated that the perceived utility of the city to the industry was declining. The Big Three became, in effect, the Big Two, after Ford transferred its residual operations to the suburbs in 1956 (Poremba, 2001:291) (Hessler, 2013:174). The remainder of Detroit’s manufacturing base struggled to contend with the change in consumption patterns precipitated by later pressures such as the late 1960s recession, the 1973-1974 oil shock and increasing European and Asian imports (Cowell, 2015:65). By 1972, only 33% of manufacturing jobs in the Detroit Metropolitan area were located within the city proper (Bockmeyer, 2000:2423).

Table 3.1: Manufacturing employees within Detroit and surrounding suburbs, 1947-1972
While the wide-ranging changes occurring within its core industries were pivotal to Detroit’s decline, a number of interrelated processes greatly contributed to its current pathologies. Of these, rapid depopulation has been one of the most pervasive: leaving tangible fiscal and physical effects including the depletion of its tax base and the widespread abandonment of properties. While these have been exacerbated by recent housing and financial crises, this was a decades-long process (Reese & Sands, 2013:5). By the late-1960s, Detroit was increasingly faced with the twin pathologies of a declining workforce in its dominant industry and the depopulation of its central areas (Pastor & Benner, 2008:105).

Detroit’s population fell from its post-war high of 1.85 million to 1.67 million during the 1950s alone (U.S. Census Bureau, 2016): an exodus assisted by the city’s topography, the existence of well-developed suburbs and the construction of major freeways which simplified access to them (Hill, 1986:88) (Farley et al, 2000:26). Time magazine would prove prescient though understated in its 1961 depiction of the city as “now in trouble” (Time, 1961). A survey of the city’s commercial property conducted the same year found a vacancy rate of 22% for the city’s central areas - compared to rates of below 4% in the suburbs (Sugrue, 2014:149). The amount of commercial and industrial buildings constructed or adapted “fell tenfold” (Sugrue, 2014:149) between the early 1950s and 1963 and city property values would fall by almost $10 billion over the course of the 1960s (Detroit Free Press, 2013).

<table>
<thead>
<tr>
<th>Area</th>
<th>1947</th>
<th>1963</th>
<th>1972</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detroit (city)</td>
<td>338,000</td>
<td>201,000</td>
<td>180,000</td>
</tr>
<tr>
<td>Wayne County</td>
<td>159,000</td>
<td>157,000</td>
<td>172,000</td>
</tr>
<tr>
<td>(minus Detroit)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Macomb County</td>
<td>15,000</td>
<td>70,000</td>
<td>93,000</td>
</tr>
<tr>
<td>Oakland County</td>
<td>45,000</td>
<td>67,000</td>
<td>91,000</td>
</tr>
<tr>
<td>Total</td>
<td>557,000</td>
<td>495,000</td>
<td>536,000</td>
</tr>
</tbody>
</table>

(Farley et al, 2000:66)
The racial dimension of Detroit’s depopulation is often considered integral to understanding both its origins and its rapidity (McGraw, 2007:297). The city’s African American population increased significantly within the post-war years; from 16% in 1950 to 45% by 1970 (Widick, 1989:170) (McGraw, 2007:297). As one commentator noted, many African-Americans arrived “just as the jobs began leaving” (McGraw, 2007:297). The auto industry was Detroit’s “largest employer of blacks” (Sugrue, 2014:95), with the proportion of African Americans employed within it rising from 4% in the early 1940s, to 15% in 1945 (Sugrue, 2014:95). The work offered significant job security, effective bargaining rates and competitive salaries (Sugrue, 2014:95). These overall benefits, however, helped conceal more localised discrimination in hiring practices at specific plants (Sugrue, 2014:95).

The impact of restructuring within the auto-industry was also notably harsher on African Americans. Laid-off black employees were, on average, unemployed for longer than whites, while black workers faced a significantly higher rate of long-term unemployment (Sugrue, 2014:146). While plants sought to economise by automating, they often attempted to avoid direct layoffs in order to minimise industrial disputes (Sugrue, 2014:146). Reductions in staffing were therefore often sought through attrition and by curtailing the number of new hires and entry-level opportunities (Sugrue, 2014:146); positions which African American newcomers had previously taken advantage of and whose abolition ensured that younger African Americans were at a particular and an increasing disadvantage (Sugrue, 2014:146).

Race relations in the city, never harmonious, became progressively more fractious. Animosity, harassment and occasional acts of violence between white and African-American residents would become increasingly commonplace by the early 1960s (McGraw, 2007:298). Racial unease, violent clashes and the expansion of the suburbs served as both a stimulus and a mechanism for the exodus of the city’s white population (McGraw, 2007:297). The ease of access to outlying areas was expedited by the construction of Federal highways in the late 1950s; making a flight to the suburbs and the “exurbs” even further afield almost a foregone conclusion (Poremba, 2003:127). The construction of its three major freeways also exacerbated tensions within the city. Requiring the clearance of 2,800 buildings and 109 business
in majority black neighbourhoods on the West Side, the process left the area as a “depressed wasteland” (Hanlon et al, 2010:40). As a result, the African American population would increasingly cluster into densely populated neighbourhoods such as Twelfth Street in the city’s core (Kenyon, 2004:12).

The white population of Detroit declined by more than 700,000 between 1950 and 1970 (McGraw, 2007:298), with around one in every four white residents leaving during the 1950s (Kenyon, 2004:12). This trend persisted and accelerated throughout the 1960s, with the number of white residents exiting the city between 1964 and 1966 averaging 22,000 per year (Thomas, 2013:130). Efforts by Mayor Jerome Cavanagh and Governor George Romney to mollify a racial tinderbox by vocal support for civil rights, outreach to the black community, policing reforms and usage of $34.5 million in Federal anti-poverty funds, while some of the highest such allocations in the country (Galster, 2014:206) (Thomas, 2013:132), were simply “too little, too late” (Sugrue, 2014:260). Initial city-led efforts to regenerate select downtown neighbourhoods, launched by Mayor Cavanagh in 1966 particularly suffered from weak coordination and bureaucratic infighting between city and Federal officials (Hill, 1986:95). These came especially late for younger African Americans; whose position in the labour market was even weaker and who had increasingly sought employment in low-level criminality (Sugrue, 2014:261). With dropout rates in the city’s schools at 50%, educational opportunities for advancement were limited (Harris, 1998:8) Prospects for employment were not appreciably higher. Detroit’s East Side had employed 100,000 workers across 23 plants in 1953, yet by 1960, 10 of these plants, along with 71,000 jobs were gone: creating an “economic slum” (Sugrue, 2014:149). Municipal efforts over the course of the decade yielded few apparent returns, with 25% to 30% of young African Americans still unemployed by 1967 (Sugrue, 2014:261).

The most destructive outburst of racial unrest came on July 23rd, 1967, when the arrest of 85 African Americans in a late-night raid on an unauthorised bar on the heavily black Twelfth Street prompted a four day, city-wide outbreak of violence (Sugrue, 2014:259). Requiring the intervention of the National Guard, a force of 17,000 police and military personnel ultimately succeeded in ending the rioting
Over the course of four days in the July heat, the riot had left 43 dead, 467 injured and 2,509 buildings ransacked, burnt or otherwise damaged (Sugrue, 2014:259) (McGraw, 2007:299). It was the most extensive and destructive urban riot of the 1960s and the largest in American history at that time (Rucker, 2007:251). The city’s population, already declining and falling heavily along racial lines, fell further and a notable increase in violent crimes took place (McGraw, 2007:299) (Neill, 1995:642). The city’s labour market was in similarly perilous straits. Over the next five years, its battered manufacturing sector would haemorrhage a further 29,000 jobs and 549 firms (Sugrue, 2014:144). The number of whites leaving rose from 47,000 in 1967 to 80,000 the following year as the predominantly white suburbs “steadily cut ties with the city” (Thomas, 1997:130). Blacks remained within the city, while “the good-paying jobs left” (Farley et al, 2000:65) for the suburbs, along with many residents.

Detroit’s industrial and demographic challenges were not, fundamentally, unique to it. The growth of inner-ring and the development of outer-ring suburban areas; facilitated by increased transport links and car ownership, had contributed to a fundamental shift in the racial composition of urban areas (McDonald, 2015:85; 292). The population of America’s largest metropolitan regions increased by an estimated 40 million between 1940 and 1960; with 80% of the white increase occurring in suburban areas, and 84% of the black rise in central cities (Kain, 1968:191). The share of metropolitan area populations residing within central cities fell from 57% during the 1950s to 49% in 1960 to 43% in 1970 (Mieszkowski & Mills, 1993:135). Paralleling the movement of firms from cities to outlying regions, the share of metro area jobs located within cities declined from 70% during the 1950s, to 63% by 1960 and 55% in 1970 (Mieszkowski & Mills, 1993:135). The result was an increasing “spatial mismatch” (Glaeser, 2008:186) between urban areas; which contained significant numbers of black residents and comparatively fewer jobs, and the predominantly white suburbs; which were attracting increasingly mobile firms in growing numbers. In Detroit, as elsewhere, the decentralisation of residents had foreshadowed the decentralisation of employment (Mieszkowski & Mills, 1993:136). The processes may not have been unique to Detroit, however their magnitude soon would be (Neill, 2015:1). Detroit proper held 44% of the metropolitan population and 54% of its jobs by 1960; figures which contracted to 36% and 39% respectively by
1970 (Farley et al, 2000:111). The city was underperforming national trends to a notable extent; with outmigration and the decentralisation of employment beginning earlier, proceeding with greater rapidity and to a greater extent than seen, on average, elsewhere in the nation.

The issue for Detroit as it entered a new era of industrial challenges and changing municipal leadership would be the extent to which the unique gravity of these difficulties was identified by the policymakers charged with addressing them. Combating the emerging narrative “of Detroit as a hopelessly failed state” (Binelli, 2013:3) and its unfortunate basis in reality would have been challenging for any unit of government. The 1973 election of Coleman Young, the city’s first African American Mayor, however, ensured that this increasingly colossal challenge would, to a considerable extent, fall to him.
3.2 1975-2000: Restarting

Young was elected in a year which saw Middle Eastern states launch an embargo on oil sales to the U.S. and in an election which broke almost evenly along racial cleavages (Thomas, 2014:150). He had benefited from the pace of “white flight” from the city; a development which had enabled a number of African American Mayors across the country to sweep to office on dramatically changed turnout models (Thomas, 2014:150). As may have been expected, Young had one overall objective: “the redevelopment of Detroit” (Rich, 1991:73). Given the precipitous downward trend in the city’s fortunes, this would be a sizable undertaking. Yet with the city hit by the ravages of the 1973-4 oil embargo “harder than any other” (Gorton, 1979:114) and with an estimated unemployment rate of 25%, it had become even greater (Wildavsky, 1986:208).

In spite of his at times vehement denunciation of white flight, political opponents and the suburbs (McGraw, 2005:29), Young has since been credited as a pragmatic “entrepreneurial leader” (Thomas, 2014:152) (Neill, 1995:124) who forged workable and productive relationships with the city’s corporate leaders (McGraw, 2005:25) (Thomas, 2014:151;152). Those seeking to revitalise Detroit over the next two decades would therefore consist of two primary groups in a somewhat uneasy but functional partnership. The first was comprised of the city’s remaining business community and was formally represented an umbrella group of corporate leaders known as Detroit Renaissance (Rich, 1999:139). The second, more influential, contingent consisted of its predominantly black municipal leadership and was led by Young (Rich, 1991:70).

While there were therefore a number of actors with varying motives though generally compatible objectives relating to its redevelopment, the Mayor was unquestionably at the helm of this fragmented coalition; chairing the influential Economic Development Corporation (EDC) board which worked to remedy the city’s industrial decline (Rich,
Whilst workable, the divided urban regime has been noted as one impediment to a more coordinated approach to redevelopment. The efforts of its corporate leaders had a specific agenda, while those of the city's black political leadership had another (Pastor & Benner, 2008:106) (Jo, 2002:16) (Hall & Hall, 1993).

Young’s 20 year tenure in City Hall would, however, involve a clear focus on successive and substantial development efforts, employing local, state and Federal funds - often without compunction (Hall & Hall, 1993:26). Following offers from Chrysler to undertake a $50 million redevelopment of its disused plant on Mack Avenue (Anderson & Wassmer, 2000:67) (Kang et al, 2013:10), Young and the city’s public leadership lobbied extensively for one of the State of Michigan’s first economic development incentives: the Industrial Facilities Tax exemption (IFT) (Anderson & Wassmer, 2000:68). Enacted in 1974, this permitted local governments such as the Detroit City Council to identify and classify specific districts which held significant numbers of blighted or otherwise obsolete properties (Anderson et al, 2010:16). Once designated as such, a tax abatement which reduced property taxes for new facilities by “approximately” (MEDC, 2016:2) 50%, and which provided an effective exemption of 100% from additional taxes on remediated obsolete facilities could be granted for up to 12 years.

The IFT represented a prototypical supply-side incentive to offset the costs of an investment to the participating firm and, over the longer-term, to extract value through the economic activity and increased revenues generated by it. Its adoption reflected the contemporary trend within U.S. economic development policy of “first wave” initiatives (Table 1.4). First wave programmes were directed at attracting businesses to the relevant regions, and, while consisting of a number of different initiatives such as infrastructural improvements and in-kind business support, they had quickly become synonymous with “direct business subsidies” (Glasmeier, 2000:561). Their rapid adoption would lead to the onset of a “zero-sum” (Glasmeier, 2000:562) view of competition between regions which has been particularly associated with more decentralised polities (Rodriguez-Pose & Gill, 2003:28). The combination of economic decline and devolved powers, especially fiscal ones,
quickly lent itself to pronounced competition between states and localities and the outbreak of a hypothetical "war between the states" (LeRoy, 2005:80) (White et al., 2003:75) for jobs and investment. The result was a nationwide proliferation of supply-side, generally low-road economic incentives with a considerable theoretical lineage to neoclassical theory: incentives which Detroit would utilise aggressively.

The IFT abatements were not insignificant concessions given the city’s escalating fiscal difficulties. Writing off what often amounted to millions in taxable revenue with debts of over $3 billion by the mid-1970s (Wolkoff, 1985:305) (Detroit Free Press, 2013) was, however, viewed as an acceptable trade-off. IFTs represented a key tool in the arsenal of development officials and were wielded repeatedly to attract and retain investment; with a total of 390 granted between 1974 and 2015 (Michigan Treasury, 2016). The remaining Big 2 were well-represented among these, with Chrysler and its subsidiaries receiving a total of 17 abatements for specific investments within the city and GM receiving 11 (Michigan Treasury, 2016). The number of abatements issued declined significantly across Michigan after the 1980s, as companies increasingly lacked the cash-flow to commit to extensive redevelopment projects (Kang et al., 2013:11-12). This reduction was particularly evident in Detroit, with 59% of dated abatements being issued prior to 1990 (Michigan Treasury, 2016). While Detroit offered some of the highest absolute numbers of abatements among Michigan localities, once the number of abatements is calculated on a per capita basis, it is apparent that the city has offered “relatively few” (Kang et al., 2013:16). This is consistent with their limited penetration across Michigan’s other central cities, with these having issued “proportionately the fewest IFT exemptions” (LeRoy et al., 2006:4). Despite their notable cost, Detroit was finding itself outgunned in the war against its perceived competitors.

The continued usage of these abatements nevertheless contrasted with a general move away from first wave policies nationwide. A combination of developments including the early 1980s recession, a general “bottoming out” of transfers of plants to southern states and the inexorable rise of international (as opposed to inter-regional) competition on business costs, led many states in the industrial Midwest to conclude that “smokestack chasing no longer provided a means to generate enough new jobs” (Ross & Friedman, 1991:126). The share of American goods subject to
foreign competition had risen from 20% in 1960 to over 70% by 1980, and the falling costs of transport and communications simplified the process of moving facilities to Mexico or further afield (Ross & Friedman, 1991:126). Increasing recognition of the technological innovation, automation and rising productivity and competitiveness of foreign competitors similarly contributed to a general transition towards the second wave - typified by a demand-side bolstering of indigenous firms and sectors (Shuttleworth, 1993:88). While the city would see the number of abatements it granted decline over the course of the decade, it deployed them to a greater extent than a transition away from supply-side, low-road and first wave policies would imply; granting 155 during the 1980s (Figure 3.1). Economic development policy in Detroit was, if not bucking national trends, not heeding them as promptly as other states.

Comparatively few of the studies which assess the impact of the IFT within the Detroit Metropolitan Area (Kang et al, 2013) (Anderson & Wassmer, 2000) (Wassmer, 1994) detail specific results for the city itself. The area-wide conclusions of these studies have been broadly, though qualifiedly, sceptical of its efficacy. Wassmer (1994) was able to ascertain a positive impact from IFT abatements on economic activity in only 5 out of 31 Detroit area cities under consideration (Wassmer, 2007:28) and, while Anderson & Wassmer’s (2000) study of 112 metro area communities did elicit a positive relationship between the granting of tax abatements and selected economic metrics, it was heavily temporal. Abatements offered within the first three years (1974-1977) of the IFT scheme’s existence generally registered the greatest effects in the form of increased property values and decreased poverty rates, while they were deemed to have exerted no measurable impact upon property values between 1978 and 1982 and a negative relationship upon them between 1983 and 1987 (Anderson & Wassmer, 2000:144;147-148). A proposed explanation for this apparent diminution in effectiveness is that as the number of localities providing the incentives increased, firms began to view them as a de facto entitlement rather than an inducement (Wassmer, 2007:30) (Anderson & Wassmer, 2000:67; 71).

State-wide data on the total amount of abatements granted, the number of jobs purported to have been created as a result and the amount of taxable property value
estimated to have been abated between 1984 and 2010 is provided by Drake (2014). 18,597 abatements were granted across the state during the 26 year period, with the creation of 327,820 “claimed” (Drake, 2014:45) jobs and an average abatement of $133,580,095 in taxable value (Drake, 2014:45). Comparable figures for individual cities were not included within the study though, if the number of abatements successfully granted and approved for the city between 1984 and 2010 (Figure 3.1) is calculated as a percentage of the state-wide total, it amounts to 1.2% of those granted. This would tentatively suggest that, as the city granted relatively few proportional to its population, it also appears to have accounted for a relatively slight proportion of abatements granted state-wide.
As it did not deplete the city’s ailing revenues, Federal assistance to the city during the 1970s and 1980s represented a more promising route for redevelopment. Washington’s contribution to the city was represented largely by Department of Housing and Urban Development (HUD) funds such as Community Development Block Grants (CDBG); launched in 1974 (HUD, 2015) and Urban Development Action Grants (UDAG); passed in 1977 (Webman, 1981:189). UDAG grants were generally smaller, with a more competitive “old style” (Thomas, 2013:181) application process which demanded commitments on and sought to augment private investment (Thomas, 2013: 157) (Wildavsky, 1986:208). While both grants were intended for deprived communities, they were deployed liberally and often within the city’s Central Business District (CBD) (Hall, 1993: 26) (Darden et al, 1987:193;196). Detroit’s CBD alone received 16.7% of CDBG grants between 1975 and 1982, while only one of the city’s highest poverty neighbourhoods received greater than 2% of CDBG funds and others received none (Darden et al, 1987:194;196). Subsequent studies determined that the allocation of funds and neighbourhood poverty rates
were weakly correlated (Darden et al, 1987:196). Detroit received an estimated $465 million in Federal HUD funds across both programmes between 1978 and 1984 (Thomas, 2013:157). The city would ultimately receive over $500 million in CDBG funds throughout the 1980s (HUD, 2016) as Federal assistance soon became its “largest single revenue source” (Bockmeyer, 2000:2423).
Figure 3.2: Map of Detroit Neighbourhoods with selected projects featured

City of Detroit (2017)
As one of the few programmes for which a detailed breakdown by city and year is available, total CDBG funds to Detroit have amounted to $1.88 billion since 1975: averaging $45.8 million per year (HUD, 2016). This made Detroit the recipient of the fifth largest amount of HUD funds over the past 40 years, behind only New York City, Chicago, Los Angeles and Philadelphia (HUD, 2016). The most frequent retrospective criticism of both CDBG and UDAG has been their purported neglect of strategic planning; emphasising single-project approaches to development without their meaningful integration into a more comprehensive, city-wide strategy (Thomas, 2013:181). Federal funds are nevertheless credited with a measure of “damage limitation” in averting steeper municipal job losses during the chastened budgetary environment of the early 1980s (Anton, 1983:32) (Sugrue, 2014:314). While there was a degree of, at times significant year-to-year fluctuation in award size, they have trended downwards: contracting by 40.4% between 2002 and 2015. These trends coincided with years of particular turbulence for the city and its residual industry.

The correlation coefficient for the relationship between the city’s unemployment rates and receipt of CDBG funds from 1990 onwards - the first year for which Bureau of Labor Statistics (BLS) figures for major cities are available online was negative and relatively strong at-0.58; suggesting that, while CDBG funds may have been gratefully received initially, their granting generally became scarcer as the city’s hours and years of need hastened. (Figure 3.4).
FIGURE 3.3: FEDERAL CDBG FUNDS (1975-2015)
FIGURE 3.4: SCATTER PLOT OF ANNUAL CDBG AWARD SIZE AND ANNUAL CITY-WIDE UNEMPLOYMENT RATE (1990-2015)
Detroit’s leaders would exploit almost any means at their disposal to attract and retain investment and employment. While the wisdom, cost-effectiveness and long-term impact of their usage can be questioned, the ingenuity of its leadership in exploring the available avenues is less open to question. The approach of Young and other municipal leaders could perhaps be termed one of “improvisation”. With little in the way of dedicated economic development initiatives, they had to lobby for and grant whichever incentives they could and then deploy these vociferously and “with impunity” (Hall & Hall, 1993:26). This approach presented inevitable trade-offs, and the overall lack of conditionality of available assistance would become one of the most faulted aspects of development policy under Young (Hall & Hall, 1993:27). It was not until 1992, after repeated commitments and overly optimistic job creation targets had consistently failed to be met that an IFT abatement was actually rescinded (Hall & Hall, 1993:27).

Detroit’s almost exclusively supply-side efforts from the 1970s to the early 1990s were also dominated by the pursuit of a select number of costly “megaprojects” (Neill, 1995:639;642): large-scale, often industrial or retail developments intended to be financed by public and private funds. In reality, such was the desperation of Detroit’s leadership that public funds were often employed without regard for the cost-benefit calculus. The value of property in the city had fallen precipitously since 1960 (Detroit Free Press, 2013) and was poised to decline further. Manufacturing employment had decreased by 27,000 between 1972 and 1977 alone (Sugrue, 2014:144).

The centrepiece of Young’s approach to combat this deterioration and revitalise the city was a series of large-scale developments on the riverfront area of the CBD. This reflected Young’s belief that the regeneration of the city’s riverfront would spur the revitalisation of the remainder (Thomas, 2013:157). The heart of this centrepiece was represented by the Renaissance Center: a multi-storey office suite constructed with the support of and, ostensibly, in partnership with the city’s main corporate leaders (Neill, 1995:642-643). Opened in 1977 with an estimated public price tag of $260 million, it would accumulate losses of $130 million during its first five years of operation (Bockmeyer, 2000: 2423;2424). While visiting reporters could later speak of a “city center bustling with activity” (Stokes, 1988:273), the trickle-down impact of this development was not particularly in evidence, even within the CBD. Vacancy rates for prime retail spaces in the area were at 35% in 1980, with
sales less than half of their pre-1967 levels (Bockmeyer, 2000:2424). Additional riverfront developments during the Young years would include the Joe Louis Arena, which opened in 1979 and was aided by the award of an unprecedented $38 million Federal loan (Rich, 1999:201) (McGraw, 2007:299-300) (Thomas, 2013:157). Yet all of their costs, both public and private, the impact of these and other developments upon the drivers of Detroit's decline was less explicable (Hall & Hall, 1993:27). The emphasis on the CBD may have reflected a tendency seen within urban policy analysis of viewing it as being synonymous with the city as a whole (Hill et al, 1995:160), as well an increasingly outmoded view of the district as the locus of employment: a notion which had been progressively eroded by the out-migration of jobs from cities altogether (Glaeser, 2008:40).

Later developments suffered from similarly high costs and comparatively limited public benefits. The construction of the Central Industrial Park (CIP) GM plant, commonly known as the Poletown plant, would prove particularly symptomatic of this trend (Ryan, 2012:73). Constructed on redeveloped residential land straddling Detroit and the independent city of Hamtramck, the project involved the clearance of 3,500 residents, 100 businesses and 1,500 buildings (Bachelor, 1985:601) (Bockmeyer, 2000:2424). Combined public assistance for this project from Federal and local funds was estimated at a minimum of $260 million (Thomas, 2013:165). Once fully operational, the new plant employed just 3,400 workers compared to the 6,000 initially pledged (Thomas, 2013: 165) (Ryan, 2012:73). Fewer than 2,000 jobs went to Detroit residents; resulting in an estimated cost per resident employed of $156,250 (Hall & Hall, 1993:30). Given the volume of public investment and the $60 million tax abatement granted in aid of it, retrospective assessments concluded that Detroit would “receive virtually no revenues” (Thomas, 2013:165) from the project. This rendered Young’s prediction that the plant was “the best thing to happen to the city…in a long time” (Hall & Hall, 1993:29) somewhat premature.

The pursuit of these projects and their disproportionate costs to the public purse is increasingly faulted for having inhibited municipal leaders from grappling with the city’s underlying problems - especially its declining public services (Glaeser, 2011:63). Instead of prioritising public safety and education, Young’s strategy involved “overbuilding a declining city” (Glaeser, 2011:62) which had lost 20% of its population during the 1970s (Detroit Free Press, 2013). This strategy emphasised
the construction of tangible but ultimately transient structures instead of attracting the generators of wealth ultimately needed for long-term success, and “confusing a city... with its structures” (Glaeser, 2011:43;61). The dependence on constructions was also undermined by, as with the IFT incentives, their usage by multiple municipalities; many of which offered more explicit spatial, labour force and facilities-based advantages over Detroit, and which raised the question of “how many successful convention centres [and] sports stadia...can there be?” (Harvey, 2012:361). For the initial decade, these initiatives did not burden the city’s debts excessively, as they were compensated for by hawkish budgets which reined them in and permitted the city’s revenues to actually exceed its debts for close to a decade from 1977 (Detroit Free Press, 2013). This situation changed dramatically by the mid-1980s, however, as the city increasingly sold municipal bonds to pay for a further tranche of public improvements, large-scale renovations of notable buildings such as the Cobo Center and the construction of a major Chrysler plant in the city’s East Side (Detroit Free Press, 2013).

The state of the city’s retrenched but residual auto industry would be a key consideration for redevelopment policies throughout the 1980s. U.S. automakers had collectively seen some of their worst years in a generation. Pounded by escalating interest rates, car production in 1979 stood at its lowest level since the 1958 recession (Galster, 2014:84). Company revenues declined to the extent that Chrysler approached the Federal Government for assistance in meeting its pension obligations in the event of bankruptcy (Galster, 2014:84). Manufacturing employment in Detroit had more than halved over the past three decades; leaving a city-wide unemployment rate of 15% by 1980 (Hall & Hall, 1993:25). Yet even by the early 1980s, after close to a decade of continuously falling employment within the industry, city officials remained sceptical that its decline would be as pronounced as it ultimately became (Cowell, 2015:66). As with its struggles with depopulation, the difficulties of Detroit’s auto industry were not fundamentally unique to the city, and reflected the increasing hurdles faced by the American auto industry in a changing market. The doubling in inflation-adjusted gasoline prices between 1972 and 1980, precipitated by two international energy crises, prompted a rapid move towards cheaper, more fuel efficient models among American consumers; a move which American manufacturers simply lacked the capacity to meet (Klier, 2009:7) (McCarthy, 2007:224) (Ciment, 2015:104).
Imports from Asia had increased progressively from the 1960s onwards, while foreign manufacturers increasingly challenged the Big Three on their home ground (Katz, 2008:134). Leading Asian manufacturers such as Honda, Mazda, Nissan, Toyota and Mitsubishi began to establish U.S. based production facilities; with these “transplants” (Rubenstein, 2001:170:322) largely bypassing Detroit and its home state in favour of lower-cost locales elsewhere in the Midwest or the South (Ebets & Erickcek, 2009:2). Chastened by its first annual loss in 60 years, 1980 saw GM launch a $20 billion cost-cutting initiative which included the closure of two Detroit plants (Hall & Hall, 1993:25) (Perrucci, 1994:4). Companies relentlessly automated their assembly lines, and GM facilities such as its Fleetwood and Clark Street Cadillac plants closed in 1987 with the loss of 6,600 jobs (Widick, 1989:253) (Rubenstein, 1992:260). This overarching decline made the late 1980s a difficult time for optimism in the city. Major closures not only heightened the city’s unemployment rate, which stood at 15.7% in 1989 (Thomas, 2013:175) and further depressed its below average labour force participation rate, but also negated at least $10 million in property taxes (Maines, 2001:213). City officials had to strike an optimistic tone in light of such a “great economic blow” (Maines, 2001:213) and note their successes in retaining some level of automotive employment. While Michigan had been able to sustain its share of total U.S. car assemblies at close to 30% throughout the 1980s, Detroit itself had struggled to remain above 5% (Thomas, 2013:173). The number of Detroit residents employed by Chrysler fell by 69% between 1979 and 1990 (Thompson, 2004:218). The city government’s response to these developments would be to release further funds through the sale of its municipal bonds: selling $130 million of these in order to finance the construction of a Chrysler plant on its East Side (Detroit Free Press, 2013). The result of this and similar deals was an estimated 72% increase in the city’s debts between 1987 and 1994 (Detroit Free Press, 2013).

As Detroit entered the final decade of a century which had seen it rise from a mid-sized Midwestern city to an automotive giant and regional behemoth before its steep decline, there was, however, growing cause for hope. The Big Two remained the city’s two largest employers; collectively employing 29,427 residents by 1993 (Thomas, 2013:167). While the city’s debts were mounting, it was soon to benefit sufficiently from a nationwide economic expansion that its revenues would stable
Its population decline, which had been rapid and progressive during the three preceding decades, was beginning to slow and household incomes would increase by 18% over the course of the decade (McDonald, 2015:305) (Galster, 2014:130) (Farley et al, 2000:54).

The election of Dennis Archer as Mayor in 1993, who had displayed a more conciliatory attitude to the suburbs than Young, additionally seemed to symbolise a different approach to urban policymaking (Dunbar & May, 1995:647). Early in Archer’s first term, Detroit would submit a bid for one of the Clinton Administration’s flagship initiatives for revitalising areas of high poverty and unemployment: the Empowerment Zone (EZ) programme (McCarthy, 1997:5). An area of 18.35 square miles was approved as a Federal Empowerment Zone in December 1994 (McCarthy, 1997:7): making Detroit one of six U.S. cities to receive “first-round” status (Clinch, 2008:87-88) (McCarthy, 1997:7). The zone encompassed 49 of the city’s census tracts; making it the largest first-round zone by area, the third largest by population, and the holder of the joint-highest unemployment rate (28%) among the initial six (Citizens Research Council of Michigan, 2007:6) (Government Accounting Office, 2006:103) (Busso & Kline, 2007:41). Its goals were described as the “most extensive” (Oakley & Tsao, 2006:452) of any first-round city. Prioritising job-creation, workforce mobilisation, individual self-sufficiency, neighbourhood regeneration, and business modernisation, it was boosted by financial commitments from GM and an additional $1.2 billion from the wider private sector (Busso & Kline, 2007:9) (Oakley & Tsao, 2006:452). The zone was therefore considered to have one of the most adept in attracting and leveraging private sector funds (Oakley & Tsao, 2006:456).

As with Wales’ receipt of structural funds in 1999, Detroit’s successful bid for EZ status would be welcomed as a new era for the city. It followed a number of modest improvements and emphasised not only attracting employment and investment, but employment specifically targeted at zone residents. It would fund local infrastructure, workforce training and social service initiatives through $100 million in Social Services Block Grants within its first 10 years of operation (HUD Correspondence, 2015). The EZ additionally provided tax incentives to facilitate hiring for the entirety of its 20 year lifespan (HUD Correspondence, 2015). These attributes stood it in contrast to the IFT and similar incentives which had tended to
prioritise property reclamation and project-specific targets over wider community investment. Taken as a whole, the EZ and its constituent incentives represented the city’s most significant infusion of Federal money after a decade of falling allocations (Neill, 1995:644) (Sugrue, 2014:xviii).

Assessments of the Detroit EZ have reached differing conclusions, as have evaluations of the initiative nationally. Initial reports noted improvements in key social and economic metrics across the zone, yet cautioned against making a causal link (Clark, 2013:45). Within six years, the poverty rate within the Zone had decreased by 12.5%, while its unemployment rate was down by 10.6% (Oakley & Tsao, 2006:464). The arrival of targeted and substantial injections of Federal aid had undeniably coincided with a reduction in the city’s unemployment rate; with a 6.6% decline observed between 1993 and 2000 (BLS, 2016). The independent responsibility of the EZ designation and the funds it carried with it for this change is however obscured by both the contraction of the city’s labour force, which fell by 3.9% during the same period, as well as a simultaneous nationwide economic expansion. Employment within the city had not increased materially, and the extent to which metrics indicated that it did may have owed as much, if not more to national economic trends. President Clinton likely spoke for most Federal officials when discussing the city’s lower unemployment rate by 1999; stating simply, “I hope the empowerment zone had something to do with that” (Clinton, 2000:23).
Table 3.2: National unemployment rates and labour force size for the city of Detroit, 1990-2015

<table>
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<tr>
<th>Year</th>
<th>U.S unemployment rate (%)</th>
<th>Detroit labour force size</th>
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<td>2015</td>
<td>5.3</td>
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BLS (2016)
Figure 3.5: Unemployment rates for the city of Detroit, 1990-2015

Whether the zone did in fact have something to do with these improvements is a topic which has received greater scrutiny in recent years. Despite being both geographically targeted and initiated by the Federal Government, the volume of data necessary to gauge its overall effectiveness nevertheless remains comparatively limited. Partly, this lies in the divided remit of the scheme itself: as a “nexus” (Busso & Kline, 2007:2) between economic development and conventional social welfare programmes. While the scheme was therefore formally administered by HUD, the funds were often provided by a number of different agencies. The social services component was administered by the Department of Health and Human Services (HHS), while the tax incentives provided to businesses which hired residents, the primary economic development component of the EZ programme, were administered by the Internal Revenue Service (IRS). Data on tax incentives awarded to individual zones by the IRS is currently unavailable (HUD, 2016) (HUD Correspondence, 2015). While annual reports which provide details on EZ activities began to be uploaded to the HUD website beginning in 1998 (Oakley & Tsao, 2006:449), the relevant links no longer appear to be functional (HUD, 2016).
Initial evaluations of the Detroit zone were complicated by limited data and disputes between EZ staff and proposed external evaluators over evaluation designs (Dewar, 2004:120) (Dewar, 2003:18). Later studies however began to disaggregate performance effects across individual EZs to a greater extent, with a HUD commissioned study by Hebert et al (2001) finding that Detroit’s zone saw above-average performance across selected metrics. Employment within the Detroit EZ increased by 11% over its neighbouring areas, whereas the Chicago and Philadelphia zones actually underperformed their contiguous regions (Hebert et al, 2001:ii) (Dewar, 2004:285). Overall, employment within the Detroit zone increased by 15% over the five year period under consideration; a figure close to the six zone average of 16% (Hebert et al, 2001:2-8;2-9). On the issue of economic benefits to zone residents themselves, the data was more ambiguous. There was a 93% increase in the number of zone residents employed during the EZ’s first years of operation (Hebert et al, 2001:3-4), however the proportion of Detroit EZ jobs held by zone residents actually declined; making it one of only two EZs in which this trend could be observed (Hebert et al, 2001:3-4;5).

Firms in the Detroit zone were more likely to access the economic incentives provided for hiring zone residents, with an estimated 19% of surveyed firms in 2000 making use of its primary tax credit; higher than any other zone (Hebert et al, 2001:3-22). The percentage of respondents stating that receipt of the credit was “not important at all” (Hebert et al, 2001:3;26) in hiring considerations was nevertheless also the highest of the six zones and suggesting that it may ultimately have been less decisive in firm decisions. Subsequent interviews of local employers have tended to corroborate a more conservative estimation of incentives’ impact on firms’ considerations, with Dewar (2003) finding that the incentives were often insufficiently publicised, accessible or compensatory; all of which served to deter a more sustained uptake (Dewar, 2003:286-287;297).

Perhaps most significantly, delays in the delivery of Federal funds for social service projects obstructed the Detroit EZ’s initially broad-based and “multi-faceted” (Hebert et al, 2001:9-8) redevelopment plan. However, this very setback appears to have enabled a more investment and employment focused strategy to fill the strategic vacuum, as policymakers successfully marketed the zone designation to channel an estimated $1.3 billion in private sector investment there (Hebert et al, 2001:9-8). As
with many developments, the precise role played by EZ status in securing this is not easily resolvable. Some sources suggest that many of these funds were committed prior to the city’s receipt of the EZ designation, while other surveys indicate that its status did exert a “modest” (Hebert, 2001:9-9) impact on firm perceptions of the area. The booming economy of the late 1990s also made attributing responsibility for shifts in employment particularly challenging (Hebert et al, 2001: iii).

There are grounds for assuming that Detroit was uniquely poorly placed to capitalise upon and reap the “spread effects” (Myrdal, 1957:31) and benefits of economic growth, even when these were comparatively widely distributed. Between 1993 and 1996; a period of escalating, if modest, nationwide economic growth (World Bank, 2016), employment within the city increased by 0.5% while those in its suburbs rose by 11.6% (Brennan & Hill, 1999:4). Detroit’s share of its metropolitan area’s employment would remain the lowest of any other central city; falling by 1.3% during a period of moderate, though consistent nationwide economic growth (Brennan & Hill, 1999:7; 9). While the city was benefiting from national economic trends, it was, again, underperforming them to a notable degree. The impact of the EZ was needed, though national economic conditions, and their mixed effect upon the city made it difficult to even define what it was.

As the vision for the Detroit EZ placed such a premium on promoting the fundamentals needed for economic growth, from increased policing to remediating dilapidated housing (Oakley & Tsao, 2006:452-3), its aspirations did not shy away from its deep challenges. The total amount of HUD funds provided to the Detroit zone between 1994 and 2004 has been calculated at $1.785 billion (Oakley & Tsao, 2006:455): the highest of the four Round 1 zones (Oakley & Tsao, 2006:454). Of this, 71% went on “business and banking loan program[me]s” (Oakley & Tsao, 2006:455). Housing received 11% of specified funds, followed by infrastructure developments at 8.3% (Oakley & Tsao, 2006:455). Public safety projects received approximately 1% of this expenditure over the life-cycle of the funds (Oakley & Tsao, 2006:455). These figures are likely an underestimate of total expenditure on the zone, given the difficulty in obtaining data on IRS-administered incentives. They are, however, indicative of a heavily firm-focused strategy; with a comparatively modest share of HUD administered funds (below 10%) committed for infrastructure and public safety enhancement.
Detroit expended more funds on conventional economic development functions than any other zone (Oakley & Tsao, 2006:456), yet the dispersion of these funds across the EZ would be questioned in interim assessments such as Boyle & Eisinger (2001:6). Funds were said to be overly localised and isolated in individual pockets of activity with “little chance of forming critical mass” (Boyle & Eisinger, 2001:6). Projects earmarked for improvements in the city’s schools were hampered by successive changes in project goals and strategies, with few coming to fruition in anything approximating their original proposal or with the expected results (Boyle & Eisinger, 2001:7). Overall data was said to be “almost useless” (Boyle & Eisinger, 2001:10) and largely unaudited. Many businesses involved in ongoing projects within the zone publicly stated that they would have proceeded in its absence and there was, additionally, “little evidence that significant numbers” (Boyle & Eisinger, 2001:11) of local residents were hired.

Structurally, the EZ fused classic, though now Federally-funded, supply-side tax incentives with a demand-side emphasis on bolstering indigenous markets, the funding of in-kind business support and efforts to leverage private funds. This programmatic hybridity illustrated that, while Detroit may not have fully transcended the supply-side, low road approaches which typified the first wave of American economic development policy (Glasmeier, 2000:562), it was, at least with Federal funding and facilitation, receptive to pursuing approaches which were distinct from those which had characterised the previous two decades of its urban redevelopment efforts.

While Washington’s effect on the city at large remained somewhat of an open question, Lansing was also signalling a different approach to economic development: increasing the number of programmes and reforming their administration. The creation of the public-private Michigan Economic Development Corporation (MEDC) in 1999 introduced a new actor to this livelier economic development scene. Assuming the responsibilities of a number of disparate agencies, MEDC would have the primary responsibility for administering and overseeing the by then considerable number of tax incentives on offer within the state (LaFaive, 2003), as well as for filing relevant reports with the state Legislature (Engler, 1999).
Between 1994 and 1998, no fewer than four tax incentive programmes were launched. These varied in both scope and coverage, from targeted tax credits available on a state-wide basis to near total tax exemptions within designated areas.

The flagship incentive of this more interventionist course was the Michigan Economic Growth Authority (MEGA) tax credit. Established in 1995, this provided credits to offset Michigan Business Tax (MBT) liabilities for selected projects to promote job creation and retention (MEDC, 2009:1) (Anderson et al 2010:17). Credits were not geographically restricted and their size, which could exceed a company’s actual tax liability, demonstrated the extent of Lansing’s expansion of state-level incentives.

While initial awards were modest, the number and size of credits would increase considerably by time the combined force of the automotive and financial crises engulfed the city and the state in 2007 (Gautz, 2014). Until its cancellation in 2011, MEGA distributed an estimated $1.2 billion in investments either entirely within Detroit or as part of multi-site projects which included it (Table 3.3). The vast majority of this expenditure came with the award of over $1 billion in MEGA funds to GM in 2009. Once these later and multi-site projects are excluded, the city received a considerably more modest total of $142 million (Table 3.3). An assessment of the geographic distribution of the first decade of MEGA deals concluded that central cities such as Detroit received only 6% of credits and only 1% of total funds - and that there were four years during which Detroit received no credits (LeRoy et al, 2006:4;40). Previous studies had determined that 60% of MEGA credits went to Michigan counties with above-average economic indicators (LeRoy et al, 2006:22).

While information on the amounts claimed can be constructed from publicly available datasets, there are limitations, with performance related data; which would permit a more rigorous evaluation, being less readily available. A Michigan House of Representatives staffer commented, upon attempting to determine the total MEGA-related liabilities of the state, that “we just didn’t have the information” (Gautz, 2014).

While it suffered from considerable omissions of data, as the state’s “most influential” (LaFaive & Hohman, 2009:15) initiative, and its single largest discretionary tax incentive for more than 15 years, it nevertheless received some of
the closest scrutiny of any state level programme from outside bodies. Given the magnitude and length of the awards, with an average cost per job created during each year of its operation almost double the average for economic incentives in similar states (Bartik & Erickcek, 2012:10), this focus may have been a function of its specific costs and size. State-wide assessments of MEGA have also ranked as some of the most methodologically sophisticated: with techniques ranging from economic simulation (Bartik & Erickcek, 2012) (Anderson et al, 2010) to regression analysis (LaFaive & Hohman, 2009) (LaFaive & Hicks, 2005).

The latter studies reached more critical conclusions for the initiative: contending, in line with LeRoy et al (2006), that awards were both spatially misplaced; being disproportionately awarded to counties of below average unemployment, and of limited utility; with the authors unable to determine significant relationships between MEGA credits and improvements in sectoral or county employment trends (LaFaive & Hicks, 2005:43) (LaFaive & Hohman, 2009:25-26). While the application process for MEGA attempted to ascertain a “but for” (Bartik & Erickcek, 2003:5) condition, to ensure that, in the absence of the credit, the project could not proceed, questions remained as to quite how robust this test for an ultimately unfalsifiable judgement was (LaFaive & Hicks, 2005:6).

Bartik & Erickcek's (2012) simulation-based evaluation reached more favourable results for the programme; conclusions which may reflect their underlying assumptions regarding the influence of tax rates on business activity. As MEGA was a heavily export-oriented credit targeted at highly mobile companies, the firms should, theoretically, have been more sensitive to the costs of taxation (Bartik & Erickcek, 2012:15). MEGA credits were also targeted towards Michigan’s traditional strengths; with 80% of all credits going to automotive or other manufacturing firms (Bartik & Erickcek, 2012:10). With substantial monetary packages targeted at firms with historic ties to the state and traditionally above average wages, positive effects should, intuitively, have been expected (Bartik & Erickcek, 2012:10). Bartik & Erickcek concluded that such results were evident; with the estimated average annual wage of a MEGA supported job coming to $75,627 (Bartik & Erickcek, 2012:10). With wages at this level, the simulation estimated that even if the awards were only decisive in a handful of instances, the cost to the state for each job would still only amount to $13,000 per year (Bartik & Erickcek, 2012:20). The aggressive
sectoral targeting combined with the above-average wages of the Michigan auto industry - standing at $58,799 against an average wage of $45,941 across the U.S. auto industry by 2000 - likely contributed to this (Porter, 2003:564).

Table 3.3: MEGA expenditure in Detroit (including joint projects), 1996-2011

<table>
<thead>
<tr>
<th>Year</th>
<th>MEGA ($)</th>
<th>Joint projects ($)</th>
<th>Total including joint ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>13,636,000</td>
<td>0</td>
<td>13,636,000</td>
</tr>
<tr>
<td>1997</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1998</td>
<td>8,071,000</td>
<td>0</td>
<td>8,071,000</td>
</tr>
<tr>
<td>1999</td>
<td>3,241,000</td>
<td>0</td>
<td>3,241,000</td>
</tr>
<tr>
<td>2000</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2001</td>
<td>0</td>
<td>0</td>
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<td>2002</td>
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<tr>
<td>2003</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2004</td>
<td>4,395,000</td>
<td>0</td>
<td>4,395,000</td>
</tr>
<tr>
<td>2005</td>
<td>0</td>
<td>7,726,000</td>
<td>7,726,000</td>
</tr>
<tr>
<td>2006</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2007</td>
<td>12,926,000</td>
<td>0</td>
<td>12,926,000</td>
</tr>
<tr>
<td>2008</td>
<td>8,555,000</td>
<td>3,091,000</td>
<td>11,646,000</td>
</tr>
<tr>
<td>2009</td>
<td>82,075,888</td>
<td>1,095,218,634</td>
<td>1,177,294,522</td>
</tr>
<tr>
<td>2010</td>
<td>4,987,000</td>
<td>0</td>
<td>4,987,000</td>
</tr>
<tr>
<td>2011</td>
<td>4,499,000</td>
<td>0</td>
<td>4,499,000</td>
</tr>
<tr>
<td>Total</td>
<td>142,385,888</td>
<td>1,106,035,634</td>
<td>1,248,421,522</td>
</tr>
</tbody>
</table>

(MEDC, 2010;2011;2012); (LaFaive & Hohman, 2009)

Identifying the amount of MEGA credits allocated to Detroit is a complex process. While credits for projects located exclusively within the city limits can be extracted from project spreadsheets, some of the largest credits awarded during the programme’s lifetime are for multi-site projects which spanned multiple cities, if not counties. The 15 year “global retention credit” (MEGA, 2010) provided to GM at the height of the automotive crisis was a particularly notable instance of this. Amounting
to more than $1 billion, it was allocated to GM projects located across multiple Michigan locations, with the primary objective of retaining its operations within the state (MEGA, 2010). The Renaissance Center, which had housed GM’s global headquarters since 2003, and the Poletown plant appear to have been the main designated recipients within Detroit. GM committed to “additional investment in its existing operations” (MEGA, 2008:3) at the Poletown facility, however the most specific requirements related to the retention of 2,000 jobs per year at select facilities for each year of the credit’s lifetime (MEGA, 2008:3:4:10). The terms of the retention credit with regard to operations in Detroit were subsequently revised in 2010; with the number of employees to be “housed” (MEGA, 2010:2) at the Renaissance Center increased from the original 2,000 to 4,000 and the funds allocated to the Center increased from the original maximum allocation of $50 million to $75 million (Halcom, 2010). Subsequent reports place the value of outstanding MEGA credits to GM and the other major car manufacturers at $4.5 billion (Livengood, 2015). MEGA credits were also often offered alongside financial inducements such as IFTs or subsequent abatements. This ensured that certain project costs were shouldered by local and municipal governments, even if the MEGA credits themselves were provided out of state funds (MEGA, 2012:5). This packaging further added to the collective price tag of MEGA projects and made it “all but impossible” (LaFaive & Hohman, 2009:19) to ascertain the total amount expended on the projects from official publications.

While state-wide evaluations of the MEGA scheme have ranked as some of the most frequent, sophisticated and detailed, assessing its impact on Detroit is less straightforward due to documented data constraints. From accessible datasets and previous studies, however, it appears that, with the exception of the sizeable intervention in 2009, the city was underrepresented both in overall funds and total projects. Reese (2014) identifies 28 MEGA projects within Detroit (2014:638) - a number which is not insignificant given that 60% of Michigan cities in receipt of MEGA credits received fewer than three (Reese, 2014:638). Relative to the scale of the city’s challenges however, this number is less notable than it appears, and it contrasts unfavourably with the 47 MEGA backed initiatives in Troy and 43 in both Auburn Hills and Ann Arbor: all relatively prosperous cities in nearby or adjacent counties. The recent poverty rate stood at 7.0% in Troy and 39.8% in Detroit, whereas median household income was $85,685 and $26,095 respectively (U.S. Census Bureau, 2016).
The correlation coefficient between the distribution of MEGA funds to the city and its unemployment rate indicates a comparatively strong positive relationship of 0.547. Given the difficulty in determining the location of funds with multi-site projects, this is calculated to include Detroit-only projects, and is therefore likely to understate total MEGA expenditure within the city. While highly tentative, however, it appears that, while the amount of MEGA funds were comparatively modest, and while less distressed localities appear to have benefited from greater allocations, that MEGA expenditure and Detroit’s labour market indicators were cyclically related. As unemployment rose, so, generally, did MEGA funds. This is, however, particularly skewed by the back-loaded nature of MEGA funding to the city. 79% of funds for Detroit only projects were allocated between 2007 and 2011 as its unemployment rate spiked with the onset of the housing and financial crises, and MEGA funds for projects within the city increased by 859% between 2008 and 2009 alone. The scatter plot in Figure 3.6 clearly identifies this anomaly; with the sheer size of the 2009 award likely accounting for this statistical relationship. While assessing the impact of the scheme upon the city is particularly difficult, it appears that, at least initially, and to a greater extent than seen in Wales, that Michigan’s economic development organisations did increase assistance to businesses in response to adverse shifts in economic conditions.

MEGA was without comparable programmatic precedent among Michigan’s incentives, and its theoretical underpinnings are more mixed than those of some of its predecessors and successors. In common with first wave initiatives which complied with neoclassical assumptions, it was a discretionary supply-side initiative which aimed to induce business activity through sizeable reductions in business costs. However it was often targeted at the state’s perceived existing industrial strengths, especially in automotive manufacturing, as well as towards the promotion of more high-tech activities (Bartik, 2011:59) (Bartik & Erickcek, 2012:1;21). This trended it, in remit and practice, towards endogenous objectives of bolstering and upgrading its extant primary industry as well.

MEGA also amounted to a regional policy tool with state-wide goals which utilised state-wide funds to “promote economic growth and job creation” (Michigan Legislative Council, 2016:1). Its more restrained deployment within Detroit is not, therefore, wholly unexpected. The allocation of substantial credits to more
prosperous Michigan localities, and the ambiguous rationale behind and conditions attached to Detroit's largest grants do, however, call into question whether awards were distributed in the most equitable and impactful way possible. With headquarters activity traditionally functionally separated from the “traded activity” (Porter, 2003:563) seen as necessary to spur agglomeration and cluster formation, the stipulations relating to the Renaissance Center in particular suggest that specific MEGA awards could have been more judiciously directed towards activity with potentially greater multipliers for the city, as well as a clearer grounding in applicable economic theory.
Figure 3.6: Scatter plot of MEGA funds and city-wide unemployment rates, 1995-2011
A series of further tax incentives which broadly continued the supply-side, first wave inclination of the IFT abatements were launched throughout the 1990s and into the following decade. These consisted of the Brownfield Redevelopment Act (BRA) and Renaissance Zones (RZs) in 1996, followed by the New Personal Property Act (NPP) in 1998, then joined by the operationally similar Obsolete Property Rehabilitation Act (OPRA) in mid-2000 (Anderson et al, 2009:10-11). In addition to the EZ and MEGA, these additional incentives made the 1990s one of the most interventionist periods for Michigan’s economic development efforts. Many of these initiatives built upon and extended the remit of existing schemes such as the IFT, while replicating their supply-side goals and neoclassical assumptions of reducing costs for firms undertaking specific developments. The generally followed their administrative structure as well; empowering local governments with the authority to redirect local revenues, rather than in distributing state revenues to them (LeRoy et al, 2006:11).

The BRA was more anomalous in this regard. While it permitted local governments to establish authorities to grant local revenue abatements for the development of brownfield sites, it also provided state tax credits of up to 10% of the value of an investment to offset the developer’s MBT liabilities (Davis, 2002:657) (Citizens Research Council of Michigan, 2007:40). The decision to approve or deny an application for BRA credits would ultimately lie with MEDC, with the eligibility criteria and the maximum amounts permitted being widened substantially in 2000 (Lowham, 2007:133) (Valade, 2003:1)(Citizens Research Council of Michigan, 2007:40). Around 200 BRA funded developments have been recorded across the city since the scheme’s introduction, and these are credited with the creation of 18,500 jobs and the attraction of over $6.5 billion in investment (DEGC, 2015a). The scheme has, however, suffered from “no adequate, state-wide analyses” (Anderson et al, 2010:20) having been conducted of it. While an initial effort to establish a tracking database for BRA funds spearheaded by Michigan State University was proposed in 2003, it apparently did not proceed to implementation (Anderson et al, 2010:20).

OPRA was structured in a similar manner to IFTs, with local government units permitted to establish Obsolete Property Rehabilitation Districts and developers considering the remediation of obsolete properties within these districts for commercial purposes then able to apply for the exemptions (DEGC, 2015b:1). If
granted, obsolete or blighted properties undergoing rehabilitation were insulated from conventional property tax rates for up to 12 years (DEGC, 2015b:1). The value of the property was then “frozen” (Michigan Treasury, 2014:1) at its pre-rehabilitation level. To successfully obtain an exemption, applicants were required to demonstrate that the development would increase or safeguard employment, spur greater business involvement or increased occupancy and that such a development could not occur in its absence (DEGC, 2015b:1). OPRA exemptions will be formally closed to new applicants as of December 31st, 2016 (DEGCb, 2015:1). While a relatively high number of OPRA abatements were granted over the scheme’s lifetime relative to other tax incentives; with 92 approved between 2001 and 2015 (Figure 3.7), this amounted to an average of 6 OPRA-aided developments per year and often considerably fewer than this. 40% were granted prior to 2008; with the remaining 60% approved after the escalation of both housing and financial crises. A comparative surfeit of abatements were granted during the scheme’s penultimate year of 2015 - the highest number registered in more than a decade.

The NPP provided complete exemption from personal property taxes and overlapped most significantly with existing schemes. NPP exemptions were permitted for developments in IFT districts, RZs, BRAs and EZs (DEGC, 2015c:1) (Anderson et al, 2010:25). With considerable sections of the city having received such designations, Detroit had considerable latitude to approve NPP credits. In common with OPRA and earlier incentives, final approval by the State Tax Commission (STC) was required (DEGC, 2015c:1). The number of credits actually approved for the city was, however, comparatively low; with only 31 granted between 1999 and 2015 (Figure 3.8). There are also considerable limitations in the reported data for both OPRA and NPP exemptions and, especially, regarding their dollar value. These have made quantifying their impact as well as conducting a detailed cost-benefit analysis problematic (Anderson et al, 2010:22;26).
Figure 3.7: OPRA exemptions, 2001-2015

Michigan Treasury (2016)

Figure 3.8: NPP exemptions, 1999-2015

Michigan Treasury (2016)
Not all state-wide incentives were as structurally homogenised as the property tax abatements. The RZ scheme, launched in 1996, represented one of the clearest exceptions. This exempted businesses investing in designated areas of individual cities from virtually all state and local taxes: making them an aggressively supply-side instrument of urban policy and “among the most powerful” (DEGC, 2013:1) incentives available (Anderson et al, 2010:26). Detroit would ultimately see 16 areas of the city designated as RZs (City of Detroit, 2015). While more powerful than conventional property tax abatements and explicitly targeted towards distressed regions, the impact of RZs has, however, proven difficult to establish.

A report by the state’s Auditor General reprimanded MEDC for failing to critically evaluate the performance of the zones as well as for a lack of adequate data on zone performance (Schuring, 2006:345) (Office of the Auditor General, 2013:1). While the state did directly reimburse local school districts and public libraries for the loss of revenue from state-wide taxes, it did not reimburse local government units for lost revenue from city income and other tax exemptions (Office of the Auditor General, 2013:8). Detroit was, even in comparative boom times, accruing debts of over $3 billion on a precarious revenue base; thereby rendering any further depletion particularly detrimental (Detroit Free Press, 2013). Of Detroit’s 16 RZs, 9 remain active; with the majority of these scheduled to expire on New Year’s Eve 2017 (City of Detroit, 2015).

With the zones drawn from 33 separate localities across Michigan, they comprised a broad economic and demographic cross-section; “from aging industrial centers…to relatively prosperous small towns” (Reese & Sands, 2008:18). While Detroit was firmly in the former camp, with the largest population and second highest poverty rate of any participating Michigan locality (Sands, 2002:26), its zones nevertheless saw tangible overall results within the programme’s formative years. Detroit’s RZs saw the creation of 1,005 jobs and inward investment of $79 million between 1997 and 1999: the highest of any locality’s zones (Sands, 2003:727). Determining whether these initial trends continued, as well as the RZs’ responsibility for them has, however, been complicated by a number of programme-specific limitations.
As the zones were some of the most sweeping in terms of taxes exempted, if state and local tax rates were decisive factors affecting business location, then these should have been well positioned to counteract them. The RZs' interaction with the city’s other geographically targeted initiative may, in particular, have enhanced their appeal to potential investors. The Southwest/Delray subzone fell within the same quadrant of the city as the EZ (Sands, 2003:52) (Citizens Research Council of Michigan, 1998:14); making its southwestern section “the most heavily tax-abated in the state” (Citizens Research Council of Michigan, 1998:14). This clustering of potent incentives within a narrowly demarcated section of the city inevitably makes the process of isolating the specific contribution of the RZ scheme itself a more challenging undertaking. The pronounced nationwide economic growth of the mid to late 1990s may have similarly contributed to the successes which did occur and further obscured the independent impact of the RZ programme itself (Brookings Institution, 2003).

Reporting issues have plagued the RZ programme for a number of years. Figures on specific job creation and investment outputs were not collected for a number of zones in any form prior to 2009 and, while this information has increased considerably in recent years, it remains variable in the absence of compulsory and standardised reporting requirements (Office of the Auditor General, 2013:16;18). Actual expenditure on the programme has also proven difficult to estimate; prompting the auditor’s office to instruct MEDC to “determine [its] true value” (Office of the Auditor General, 2013:17;73). The administrative simplicity of the scheme was said to be widely lauded by state officials, with the ability for recipients to “just move in and do business” (Schuring, 2006:335). Yet while perceived as an asset, this ensured that RZ incentives came with few, if any, strings attached, few means of inducing firms to remain within the area following their expiration and created considerable gaps in state intelligence on some of its “most powerful” (DEGC, 2011:1) programmes (Schuring, 2006:336;337). Altogether, these constraints confirmed that the Detroit RZs’ “effectiveness is as difficult to measure as [their] cost” (Schuring, 2006:348). RZs, while spatially targeted in the same manner as the EZ, represented an amplified, though structurally conventional supply-side incentive. Whereas the EZ incorporated demand-side and second wave components, the RZ programme resembled a more exclusively first wave initiative. Its limited eligibility requirements additionally meant that its incentives were not
awarded on a discretionary basis. This made it one of the most expansive redevelopment programmes deployed within the city and rendered its data constraints especially problematic from both an analytical and accounting perspective.

While the progress of its redevelopment efforts remained ambiguous, the 1990s had represented a mixed yet relatively and atypically positive decade for the city. The Motor City’s engines were no longer firing on all cylinders by 2000, yet they were stalling far less dramatically than in previous decades. Analysts could plausibly cite it as an example of “urban rebirth” (McDonald, 2015:305). Its poverty rate had declined by 6.5% and the number of homicides per 100,000 of its residents declined from 57 to 41 per year during the preceding decade (McDonald, 2015:305). Federal funds offered not only recognition of the city’s problems, but direct cash to its services. Bolstered by the development of new product lines, the auto industry had experienced some of its most profitable years in decades - with the Big Three posting profits each year during the 1990s (Galster, 2014:84). Two automotive plants owned by the Big Two were still operational within the city and major investments had occurred within the downtown area. Quite how much of this progress could be attributed to development initiatives and how much occurred in spite of them was difficult to gauge as, often, was their ultimate cost to the public purse. Municipal leaders were grateful for any progress, going to great lengths to retain whatever industrial activity they could within city limits. The next decade would however bring into crashing sharp relief the tenuous, temporary and easily reversible nature of these successes - and the ambiguous foundation upon which they were built.
3.3 2000-2015: Bailouts to bankruptcy and beyond

Prior to the additional challenges of financial crisis and municipal bankruptcy, Detroit was plagued by worsening social and economic conditions. Poverty rates increased by 11% between 2002 and 2004 alone, while the city ranked second highest in the nation for violent crime rates for three consecutive years (McGraw, 2007:300). Detroit’s difficulties were similar in nature to those faced by many other former industrial Midwestern cities: with outward migration of trained workers having left the urban core with outmoded infrastructure, high municipal taxes and deteriorating public service provision (Bowen & Song, 2014:245). Yet they were vastly different in magnitude. Even by 2006, its unemployment rate stood at 13.7%; considerably above the highest national unemployment rate recorded in recent decades (Glaeser, 2011:63) (Table 3.6). Detroit’s unemployment rate would rise to 29% at the height of the twin automotive and financial crises, while house prices in the metropolitan area declined by 49.5% between 2005 and 2009: the second highest fall for any metro area in the country (The Economist, 2015) (Solomon, 2013:7) (Lagorio, 2008). Empty lots covered more than 40% of the entire city by 2006 (McGraw, 2007:293) and the city’s population contracted by 237,408 between 2000 and 2010 (SEMCOG, 2015).

The 2000s were not without some, though heavily qualified successes for the city. A 2006 report which surveyed residents within the nearby downtown area had found a population which was larger, wealthier and more educated than previous estimates had assumed (Brookings, 2006:9). The residential population in downtown Detroit by 2006 was 13% higher than Census Bureau projections (Brookings Institution, 2006:9). 83% of residents held a Bachelors’ degree or higher qualification - more than three times the national average (Brookings Institution, 2006:9). This meant that the CBD and surrounding neighbourhoods were no longer simply an aggregation of office space in the most desirable core of the city, but home to “well-educated, and relatively wealthy population” (Brookings Institution, 2006:13). This change was attributed, in part, to city leaders’ aggressive use of incentives and major projects to render it a more attractive space overall (Brookings Institution, 2006:6). This change did, however, reflect comparable developments seen across other U.S. metropolitan areas; with a notable degree of repopulation having
occurred and an average population increase of 15% observed within the central cities of 45 major metropolitan regions (Leinberger, 2005:1). This trend made it harder to identify the precise input of Detroit’s interventions relative to simultaneous, possibly exogenously driven trends. The presence of existing “anchor institutions” (Ehlenz et al, 2014:1) such as Wayne State University, the Henry Ford Health System and the Detroit Medical Center close to the area may have similarly contributed to these movements (Gallagher, 2013: 20). These and other education and medical employers had accounted for an estimated 11.8% of the city’s total jobs by the late 1990s: the second highest share of any major U.S. city (Harkavy & Zuckerman, 1999:6). Irrespective of causal impact, however, it represented an almost unequivocally positive development for the city during what was amounting to a growing storm.

The remainder of the city’s once-hegemonic auto industry would see a more unambiguously turbulent decade. Beginning the millennium on an unusually profitable streak, it would stand on the precipice of catastrophic failure within eight years; an eventuality only averted by a controversial Federal bailout and a protracted reorganisation process. While Michigan’s auto industry held certain advantages, with traditionally higher wages and a greater market share than other manufacturing states, trends were gravitating against it - and in spite of the deployment of MEGA funds directed towards its retention. From 1986 to 2006, Michigan’s auto sector saw a 34% fall in sectoral employment while Kentucky and South Carolina saw increases of 152% and 105% respectively (Katz, 2008:136). This signified a “shift in the epicentre of auto production from Michigan” (Eberts & Ericcek, 2009:2) to lower cost regions, and the Detroit Metro Area duly experienced the loss of 60% of its automotive sector jobs between 2000 and 2009 (Eberts & Ericcek, 2009:2). These years similarly ranked as some of the hardest for the industry nationally, as the share of the American auto market occupied by the Big Three fell from 66% in 2000 to just 43% in 2009 (Associated Press, 2009). The Federal Government was compelled to intervene with the assistance the 1970s crises had almost necessitated. Its intervention amounted to a total of $79.68 billion between 2008 and 2009; with more than half of this total provided to GM alone (Snively, 2014).

While the city’s primary industry was struggling to adapt during the early years of the 21st Century, the city’s governance and the state’s approach to economic
development were also in for notable gear shifts. The 2001 election of Kwame Kilpatrick to the Mayoralty and Jennifer Granholm to the Governor’s Mansion the following year would have significant implications for both the city’s finances and ongoing development efforts. Spurred by the out-migration of college graduates from the state, and continued job losses from an auto industry facing competitive and geographic pressures (Cool Cities, 2005:3:5), Granholm would revise the state’s approach to economic development; taking the rationale away from the first-wave, low-road “war among the states” which had traditionally governed Michigan’s redevelopment efforts, and towards a competing approach: one explicitly predicated upon Florida’s creative class theory and the endogenous growth assumptions upon which it drew.

The primary initiative to attract and retain this class was the Cool Cities scheme. Launched in 2003, the programme funded targeted developments in urban areas to enhance their appeal to young professionals (Granholm & Mulhern, 2012:124). It chimed with the Governor’s assumption, echoing Florida (2005:3) that “talent is what matters” (Granholm & Mulhern, 2012:124) in attracting high-wage, high-tech jobs more so than direct financial aid. It would represent one of the most theoretically-aligned development policies pursued by the state. It, perhaps not coincidentally, also represented one of its most explicitly demand-side and second wave initiatives (Reese, 2013:2:6); seeking to capitalise upon the strengths of Michigan’s cities to attract the growing class of creative workers which, by that stage, accounted for an estimated 30% of the entire U.S. labour force (Florida, 2005:35). Florida himself had described Detroit as holding “greater potential for improvement” (Peck, 2011:54) than any other city in the country, despite its metro area being ranked 68th out of 132 regions within his own index (Ball et al, 2003:3).

The funds it received to actually affect these changes and transform it into a magnet for creative professionals were low, in keeping with the modest size of the scheme. Grant allocations to the city ranged from $400,000 in its first year of operation in 2004 (DLEG, 2005) to $300,000 the following year (LARA, 2006). Data on subsequent years is scarcer, with the website for the initiative, which provided project and funding details, now defunct. Detroit specific conclusions were relatively sparse, with press releases noting that its Midtown area had seen “commercial investment that it has not been seen in several decades” (Office of the Governor,
2008:3) and a mid-term status report of the scheme’s first two years of operation identifying the creation of 35 jobs and the attraction of $1.5 million in private investment linked to the 2004 grants awarded to Detroit projects (Public Policy Associates, 2007:4;6).

One of the more enduring initiatives of the 2000s would be the establishment of the Detroit Riverfront Conservancy (DRFC). Formed in 2003, the organisation was comprised of public, private and third sector partners, with the overall objective of enhancing the city’s riverfront as an area for leisure, retail and, ultimately, residence. The rationale behind riverfront development remained as it had been under Young’s tenure, the exploitation of its “only notable topographical feature” (Eisinger, 2003:92), though with a more expansive view of the area’s capacity. Its aspiration was that, in time, the benefits of a vibrant and secure riverfront would percolate upwards into the downtown area and beyond (Cool Cities, 2005:68). In attracting new visitors, sales and revenues for the city, in addition to the possibility of market-rate, residential housing, it would serve as a “catalyst for economic development in the city” (CSL International, 2013:10). A focus on the riverfront also dovetailed to a sufficient degree with the theory which underpinned the Cool Cities initiative; particularly in attracting and engaging new residents and visitors, although Cool Cities grants had largely concentrated upon the downtown area.

The DRFC remains one of the most recent development initiatives to have, at its request, been externally evaluated. This assessment approximated that $1.55 billion in combined investment either had, or would occur in the near future; with an estimated $639 million (41%) of this being linked to riverfront improvements (CSL International, 2013:5). These improvements in particular were projected to have aided 16,700 jobs within the construction industry; with an estimated 1,300 jobs supported by them each year (CSL International, 2013:6). On its loftier and more consequential aspiration of aiding Detroit’s redevelopment, however, the evaluation was more circumspect, noting that this was “less successful” (CSL International, 2013:19) and highlighting the disruption of the 2008 financial crisis (CSL International, 2013:19).
While a cluster of regional Cool Cities with vibrant, urban centres and highly skilled workforces was a long-term aspiration, direct assistance, largely in the form of tax incentives, remained the state’s proximate tools for economic development. The Governor herself explained they had to be utilised “constantly as a competitive tool against other states” (Granholm & Mulhern, 2012:124). The war among the states may have reached a stalemate as policymakers entertained more recent concepts, though it showed no means of concluding. The transition to the second wave was far from complete, nor was a complete pivot from supply to demand-side programmes. If anything, the number and scope of the former would be increased owing to the continuing turbulence within the automotive industry. Eligibility for MEGA credits was significantly liberalised during Granholm’s two terms, especially following the financial crisis; as the state granted “more than 80 per year to entice companies” (Gautz, 2014). The criteria for Brownfield credits was similarly broadened and a number of further tax incentives were introduced (Office of the Governor, 2008:3) (LaFaive & Hicks, 2005:14).

The largest of these more recent incentives, the Commercial Rehabilitation Tax Abatement (CRA), was established in 2005. As with its antecedents, this resembled a supply-side inducement aimed at primarily urban localities; financing the remediation of commercial property by means of taxing rehabilitated properties at pre-intervention values for a period of up to 10 years (DEGC, 2015d:1). In line with earlier schemes, the onus remained upon the City Council to establish the appropriate designation, a Commercial Rehabilitation district, wherein properties could submit applications for the exemption (DEGC, 2015d:1). An estimated 29 CRA applications have been approved within the city since its inception (Figure 3.9) - with more than half of these granted in 2015 - its final year of operation. The exemption closed for all new applicants on December 31st 2015 (DEGC, 2015d:1).
The election of Rick Snyder as Granholm’s successor in 2010 heralded a definitive move away from individual supply-side tax incentives and towards reductions in overall tax rates as a means of offsetting business costs and spurring economic development. MEGA, Brownfield credits and a number of smaller incentives were abolished for new entrants, although payments to existing MEGA recipients could continue until 2032 (Lawler, 2015) (Gautz, 2014). In total, these changes amounted to “most sweeping fiscal policy changes” (Drake, 2014:46) the state had seen in close to 50 years. The terminated incentives were replaced by two new initiatives: the Michigan Business Development Program (MBDP) and the Michigan Community Revitalization Program (MCRP) (Snyder, 2011).

The MBDP broadly covered the same operational remit as MEGA; with supply-side objectives relating to job-creation and inward investment, while the MCRP assumed some of the goals of the Brownfield credits; prioritising urban regeneration and sustainable development (Snyder, 2011) (MEDC, 2014:57). In a perhaps pointed rebuke to their predecessors, Snyder identified these initiatives as “fair, efficient and transparent” (Snyder, 2011) economic development and community renewal initiatives. They were also considerably smaller. Whereas the average MEGA credit between 2008 and 2010 came in at almost $2 billion, the MBDP paid out average
awards of only $100 million in its first two years of operation (Lawler, 2015). No single business was permitted to receive awards in excess of $10 million per year (Snyder, 2011). Additional safeguards were also built into both schemes. While applicants provided an estimate for the amount of jobs and investment that would result from a project, the state established a specific number which applicants were required to meet in order for all funds to be released; with “clawback” mechanisms in case of noncompliance (MEDC, 2013).

Detroit has received 16% of MBDP funds approved since 2012, and 23.1% of those formally disbursed (Table 3.6), while the city was the designated recipient of 33.3% of approved MCRP funds and 27.2% of disbursed awards (Table 3.4). Detroit-located MCRP projects succeeded in attracting 96.9% of proposed private investment (Table 3.5); below the 99.9% seen for all state-wide projects, yet a proportion which nevertheless emphasised the impact of the schemes’ enforcement mechanisms. MBDP projects within the city have, to date, successfully attracted 79.9% of the investment initially proposed; considerably above the state-wide average of 58.9% (Table 3.7). MBDP projects were less successful on job creation metrics, however, attracting 45.1% of the jobs recipients committed to supporting, compared to state-wide average of 53.0%.

The costs incurred by earlier initiatives and documented concerns regarding their effectiveness and accountability appear to have been translated into a reduced emphasis on, and further oversight of state-wide incentives, more so than a fundamental reimagining of their objectives and structure. Direct financial inducements to encourage job creation on the supply-side and to regenerate urban areas on the demand-side were retained, albeit in a retrenched and restructured form. The formation of MBDP and MCRP programmes, along with the broader restructuring of development incentives, had, irrespective of their format and objectives, arrived at what would soon become a critical juncture for the city. Within two years, the issue was not attracting investment and jobs, but ensuring the delivery of the most basic of municipal services and managing its own bankruptcy.
Table 3.4: MCRP funds approved for city of Detroit projects, 2012-2014

<table>
<thead>
<tr>
<th>Year</th>
<th>Approved funds ($)</th>
<th>Disbursed funds ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2,387,412</td>
<td>2,349,412</td>
</tr>
<tr>
<td>2013</td>
<td>19,160,000</td>
<td>8,625,000</td>
</tr>
<tr>
<td>2014</td>
<td>2,957,800</td>
<td>0</td>
</tr>
<tr>
<td>Total (Detroit)</td>
<td>24,505,212</td>
<td>10,974,412</td>
</tr>
<tr>
<td>Total state-wide</td>
<td>73,601,314</td>
<td>40,401,397</td>
</tr>
</tbody>
</table>

MEDC (2013; 2014; 2015)

Table 3.5: MCRP targets and outputs, 2012-2014

<table>
<thead>
<tr>
<th>Year</th>
<th>Proposed total project investment ($)</th>
<th>Proposed private investment amount ($)</th>
<th>Actual private investment attracted ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>31,233,790</td>
<td>27,525,838</td>
<td>27,293,441</td>
</tr>
<tr>
<td>2013</td>
<td>184,745,883</td>
<td>170,024,883</td>
<td>173,326,299</td>
</tr>
<tr>
<td>2014</td>
<td>22,597,065</td>
<td>19,639,265</td>
<td>9,745,924</td>
</tr>
<tr>
<td>Total (Detroit)</td>
<td>238,576,738</td>
<td>217,189,986</td>
<td>210,365,664</td>
</tr>
<tr>
<td>Total state-wide</td>
<td>638,814,373</td>
<td>565,213,059</td>
<td>564,178,638</td>
</tr>
</tbody>
</table>

MEDC (2013; 2014; 2015)
Table 3.6: MBDP funds approved for city of Detroit projects, 2012-2014

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount approved in agreements ($)</th>
<th>Amount disbursed ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,500,000</td>
<td>1,115,000</td>
</tr>
<tr>
<td>2013</td>
<td>7,586,000</td>
<td>2,236,000</td>
</tr>
<tr>
<td>2014</td>
<td>14,400,000</td>
<td>0</td>
</tr>
<tr>
<td>Total (Detroit)</td>
<td>23,486,000</td>
<td>13,386,000</td>
</tr>
<tr>
<td>Total (state-wide)</td>
<td>146,473,230</td>
<td>57,968,410</td>
</tr>
</tbody>
</table>

MEDC (2013; 2014; 2015)

Table 3.7: MBDP targets and outputs, 2012-2014

<table>
<thead>
<tr>
<th>Year</th>
<th>Proposed investment ($)</th>
<th>Actual investment ($)</th>
<th>Committed jobs</th>
<th>Projected jobs</th>
<th>Net new jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>18,600,000</td>
<td>15,000,000</td>
<td>170</td>
<td>180</td>
<td>103</td>
</tr>
<tr>
<td>2013</td>
<td>48,692,990</td>
<td>53623212</td>
<td>1,439</td>
<td>1,679</td>
<td>639</td>
</tr>
<tr>
<td>2014</td>
<td>20,030,000</td>
<td>1,200,000</td>
<td>100</td>
<td>100</td>
<td>30</td>
</tr>
<tr>
<td>Total (Detroit)</td>
<td>87,322,990</td>
<td>69,823,212</td>
<td>1,709</td>
<td>1,959</td>
<td>772</td>
</tr>
<tr>
<td>Total (state-wide)</td>
<td>2,688,297,061</td>
<td>1,585,517,667</td>
<td>21,083</td>
<td>23,101</td>
<td>11,182</td>
</tr>
</tbody>
</table>

MEDC (2013; 2014; 2015)

While the initiatives coming out of Lansing produced mixed results, the performance of Detroit’s government during the decade prior to bankruptcy was less ambiguous. Redevelopment efforts during Kilpatrick’s mayoralty were dominated by downtown
developments to host major events such as the 2006 Super Bowl and 2005’s Major League All-Star Game within the city (Maynard, 2006), though his role in securing both events is contested (Wattrick, 2011). Kilpatrick’s management of the city’s finances, as well as his controversial governing style soon began to outweigh these contested gains. His 2005 restructuring of local government pension obligations in particular is considered to have been a key driver of the city’s increasingly inexorable slide towards bankruptcy (Detroit Free Press, 2013). Representing almost a fifth of its pre-bankruptcy debts, the city’s inability to service the interest on the additional debts used to finance the restructure resulted in a doubling of its initial $1.44 billion price tag (Detroit Free Press, 2013).

The city’s public services were similarly problematic. Despite the appointment of a Chief Executive Officer to directly manage and increase mayoral control over the Detroit Public Schools (DPS) system in 1999, the performance of the city’s schoolchildren in state-wide tests continued to decline as it entered the 21st century, and the Mayor’s office did not prioritise further interventions (Eisinger, 2003:88) (Wong et al, 2007:46). Determined to have the lowest graduation rate of any major American city by a 2003 study (Data Driven Detroit, 2011:19), DPS stumbled from weakness to weakness in the years after. It was publicly described as “arguably the worst urban school district in the country” (Greenup, 2013:11) by Education Secretary Arne Duncan in 2010. One study noted that fewer than a third of 2006 DPS leavers had graduated on time while another estimated that only 12% of 2008 DPS leavers would complete college (Data Driven Detroit, 2011:19;22). By 2009, 11% of the city’s 16-19 year olds had either not graduated or were not even attending schools (Data Driven Detroit, 2011:22): amounting to mid-20th Century statistics almost a decade into the 21st. High levels of human capital are far from a panacea for urban decline, and the direction of causality between education levels and urban growth remains a point of analytical contention (Kodrzycki & Munoz, 2013:25). They are, however, seen to correlate considerably with urban, as well as national rates of economic growth (Glaeser, 2000:90;95) (Barro, 1998:19). It was the acknowledgement of human capital’s growing significance - coupled with the perceived failure of neoclassical models to adequately incorporate it - which spurred the rise of endogenous theories and, eventually, the applied variants which Michigan and Detroit policymakers did see fit to implement in certain contexts (Nafziger, 2006:155). Transforming the DPS into an equivalent to the Finnish school system on the Great Lakes would not have resolved the city’s manifold challenges,
and was likely infeasible. The limited impact of and, until recently, efforts to remedy the city’s educational deficiencies, however, are not easily reconcilable with any explicit theory of economic development.

Public safety was an even graver cause for concern. Detroit had a higher rate of violent crime than any other major American city during the year leading up to bankruptcy (City of Detroit, 2013:9). The city suffered 344 murders in 2011 compared to 85 in similarly sized and nearby Milwaukee and only 3 in the neighbouring suburb of Dearborn (City of Detroit, 2013:9). The ability of the city’s public services to appropriately respond to these threats to life and property was rapidly eroding. The percentage of homicide cases closed by the city’s police department was just 11.3% in 2011 (City of Detroit, 2013:10). Police response times to the highest priority calls slowed from a lengthy baseline of 30 minutes in 2012 to 58 minutes in 2013 - against a national average of 11 minutes (City of Detroit, 2013:13). Management disputes, inadequate funding, the loss of over 40% of its workforce over the preceding decade and commensurately declining morale contributed to an unprecedentedly trying state of affairs in the months preceding bankruptcy (City of Detroit, 2013:14) (Reese & Sands, 2013:10-11).

Having defied the laws of budgetary gravity for decades, the city’s finances were fast reaching fiscal breaking point. The housing crash sent property tax revenues tumbling by nearly $30 million between 2007 and 2008 (McDonald, 2015:296). 47% of tax eligible properties in the city were in arrears on their payments by 2011; forgoing $246 million in revenue (Detroit Free Press, 2012). The city ran a deficit for each year between 2001 and 2013 (McDonald, 2015:295). Detroit’s aggregate fiscal obligations stood between $18-20 billion by 2013 (Bowen & Kinahan, 2014:13) (Renaud-Komiya, 2013) and, following last-ditch attempts to negotiate settlements with its exasperated creditors, the city acceded to what many suspected was inevitable and formally filed for bankruptcy under Chapter 9 of the United States Bankruptcy Code on July 18th. The level of financial obligations involved made it the largest municipal bankruptcy in U.S. history by a considerable margin (Bowen & Kinahan, 2014:13). Following the approval of a Federal Judge, Detroit was permitted to write off around $7 billion of its obligations, and the city formally exited bankruptcy in December 2014 (Detroit Free Press, 2014) (Davey, 2014). Reducing the city’s contributions to retirees’ healthcare costs by over 90% from $4.3 billion to
just $450 million, and almost halving the amount spent on unfunded pensions (Detroit Free Press, 2014), the final settlement closed the chapter on the endgame of close to four decades of accumulating debts. It would not however resolve the city’s difficulties in their entirety.

Post-bankruptcy redevelopment efforts have largely concentrated upon improving public service provision and remediating damaged or abandoned structures. To this end, President Barack Obama appointed a task force comprised of public, private sector and non-profit leaders to assess the scope of Detroit’s structural challenges (Detroit Blight Removal Task Force, 2014:6). Principal among these was the city’s widespread urban blight; a product of its aging housing stock, rising crime rates and declining public services (Glaeser, 2011:64). The President's task force identified this as a “cancer” (Detroit Blight Removal Task Force, 2014:1) on the city. Estimating that 22% of its structures were blighted or vacant, it recommended the removal of almost half of these (Detroit Blight Removal Task Force, 2014:1:15). However, with an estimated cost of $8,535 per building demolished (City of Detroit, 2013:17), the cost of removing these properties threatened to be prohibitive.

Detroit’s emergence from bankruptcy in 2014 and certain modest improvements in public service provision may not have been a cause for celebration, however they were one for relief (Snyder, 2015). Police response times for the highest priority callouts fell from nearly an hour in 2013 to 17 minutes by December 2014 and 2,900 blighted buildings were demolished (Detroit Free Press, 2014). These improvements continued into 2015; with the removal of 837 blighted homes and a continued fall in emergency response times to slightly under 11 minutes (Detroit Dashboard, 2015). The number of homicides within the city fell by 11% between 2013 and 2015 - to their lowest number in half a century (Detroit Police Department, 2016:1).

There have, however, been clear limits to Detroit’s recovery, and ones which may represent the next wave of challenges for the city’s residents and policymakers. The city’s near infamous public schools continue to operate in a state of perpetual financial crisis, academic underperformance and collapsing enrolment (Bosman, January 2016). On the same day as a January 2016 visit by President Obama, a
majority of the city’s public school teachers staged an unofficial strike over working conditions and salary proposals (Strauss, 2016) (Zaniewski, 2016). Fewer than a third of fourth year students in the city’s public schools were proficient in reading (Bosman, 2016). In spite of progress in the aftermath of bankruptcy, other municipal services also continue to struggle to meet the needs of residents; with the city’s water and sanitation authorities recently beginning to disconnect up to 23,000 customers who were in default (Johnson, 2016) (Thibodeau, 2016).

Concluding that “business as usual” (Detroit Future City, 2012:18) was no longer tenable, then Mayor David Bing had launched an extended consultation process aimed at devising a viable strategic framework for regeneration in 2010 (Gallagher, 2015). Released in December 2012, with declining response times, dwindling revenues and escalating debts all weighing ever more heavily upon its horizons, the Detroit Future City (DFC) framework had identified the need for immediate improvements within the domains of public safety, education and health (2012:20). Noting that a third of Detroit residents in a recent survey expressed their intention to leave it within five years (2012:20), the DFC plan has taken on an even greater urgency during the post-bankruptcy era; providing something close to an overarching redevelopment strategy which had, in earlier years, been absent (Neill, 2015:12).
3.4: The state of the city

In the final, though necessarily tentative analysis, efforts to redevelop the city’s economy have been cyclical and have been encumbered by inconsistent and, at times, random, targeting. The deployment of incentives veered from haphazard and wanton allocations in the 1970s and 1980s, to a more judicious and restrained approach throughout the 1990s to one focused squarely on damage control by the late 2000s. The lengths to which the city’s administration went to in order to secure even minimal investment was demonstrated by the construction of costly plants in Poletown and Jefferson North. The effective absence of initiatives explicitly aimed at the city compelled it to compete for Federal and state funds, and diminished the amounts that were likely necessary to even marginally ameliorate its longstanding social and economic troubles.

Logistically, Detroit’s redevelopment efforts have seen the application of largely urban development instruments; from the IFT and subsequent property tax incentives to the more expansive RZs. While the impact of urban policy is unlikely to be disseminated across a region, Detroit’s projects may have been too localised to generate multiplier effects even on a city-wide level. The emphasis on major projects, often based within the CBD also hinged upon not only an optimistic reading of their economic benefits, but also an emphasis on the centrality of the central district which, in an increasingly suburbanised and decentralised labour market, bordered on the anachronistic (Neill, 2015:6).

As with South Wales, the reliance upon almost exclusively supply-side assistance to firms may have been intuitively defensible during the initial period of locally-driven development efforts. Their pursuit, potentially at the expense of actions with a clearer long-term benefit for regional development such as improving its public education system, upskilling its labour force and ensuring adequate public service provision, however, proved increasingly problematic with the passage of time (Glaeser, 2011:27;58;109). The advent of Detroit’s redevelopment efforts towards the end of the first wave of American development policy, within a context of inter-regional competition informed by the, at the time, more dominant neoclassical
paradigms may have contributed to a considerable degree of path-dependence. While its efforts would increasingly pay greater heed to the role of human capital stressed by endogenous theory, these found their way into practice within the comparatively underfunded Cool Cities initiative which drew from the more contested variant developed by Florida, and not in long-term efforts to increase its human capital reserves through its education system.

State level supply-side tax incentives such as MEGA likewise often prioritised the suburbs of Detroit and Michigan’s other industrial cities until its final years, although given its status as a regional policy focused on state-wide employment and revenue objectives, its relative exclusion of the city was not incompatible with its overall mission statement. The deployment of state-wide funds to its suburbs, should have, theoretically, generated spillover employment growth for Detroit’s working residents, given that almost half of them commute to nearby localities and further afield for work (SEMCOG, 2015). The suburbs are however “functionally autonomous” (Hall & Hall, 1993:25) from the city proper and insulated from it by a notoriously dysfunctional transport system. Detroit’s losses of population and jobs over the preceding six decades have “essentially been its suburbs’ gains” (Data Driven Detroit, 2015) and, in large part, the “suburbs have become the city” (Gallagher, 2013:15). What was, on balance, beneficial for suburbs such as Dearborn was not similarly positive for the city of Detroit. As such, any further gravitational pull of employment to the suburbs threatened to pose negative implications for job growth within the city.

Compounding these logistical and distributional challenges has been an irregular approach to programme evaluation and data collection. Limitations in the available data for both the initiatives themselves and the relevant social and economic indicators at the level of the city itself further cloud the situation. While the boundaries of the city of Detroit are straightforward, it does not automatically follow that statistics regarding Michigan’s economic development initiatives are available at this level for all programmes, nor that the range of necessary economic indicators are collected at it either; with many of the latter aggregated at the metropolitan level (Glaeser, 2000:88;89). As much as Michigan and the Detroit metropolitan area are “anomalies” (Anderson & Wassmer, 2000:20) in terms of the information available for their economic development programmes, the data is neither consistently
detailed across all initiatives, nor routinely available at the level of individual cities (Reese, 2014:634). These omissions have particular implications for tax abatements such as the IFT, with much of the available data often failing to specify a clear dollar value for individual abatements (Reese, 2014:9). The result is that there is often little or no sense of the overall cost of an individual project to the city’s purse.

Expenditure for the field of economic development by the city itself is publicly available, at least in accessible and audited form from 2002 onwards, and is included in Table 1.5. This indicates total expenditure of $1.18 billion by the city upon this function of government over the last 13 financial years for which this data is available. Annual reports do not appear to identify all incentives or projects which are used to aggregate it, however it appears that these figures do include Federal CDBG funds along with a number of smaller city-based awards (City of Detroit Correspondence, 2016). While this does not clarify the opaque overall picture for city-wide economic development expenditure, as one of the few datasets which provides specific dollar values, its relationship to city-wide metrics does merit further consideration.

The correlation coefficient between this expenditure and the city’s annual unemployment rates was relatively strong at -0.51: suggesting an inverse relationship between both variables. The city’s straitened financial conditions during years of growing unemployment likely accounts for this. Economic development spending averaged $98 million per year prior to 2008; when annualised average unemployment rates for the city amounted to 13.4%, but $77 million between 2008 and 2013; as its unemployment rates averaged 21.5%. Separating the Federal funds from municipal incentives may represent the clearest difficulty when engaging with this dataset - as does the more limited coverage for years prior to 2002. It does, however, tentatively suggest that, in contrast to the state-wide MEGA initiative, city-based economic development expenditure was less cyclical. This trend would be consistent with the more restrained abatement activity in years of particularly high unemployment; with IFT, CRA and NPP awards often in the low single digits between 2008 and 2013 (Figures 3.1;3.8;3.9), and, given the city’s deteriorating finances, may be intuitively credible.
Figure 3.10: Scatter plot of economic development expenditure and city-wide unemployment rates, 2002-2015
The sheer number of state-wide incentives, with 251 created since 1998 alone (Drake, 2014:44:76), makes itemising total expenditure, let alone evaluating all schemes a daunting challenge, and Michigan Treasury reports do not detail the amount of property tax incentives granted to Detroit itself (Michigan Treasury, 2015:66). The result is an absence of a blanket, detailed and accessible inventory of state incentives, and one which presents further impediments for assessing their impact upon the city (Anderson et al, 2009:3). A recent overview could determine dollar amounts at the city level for only one economic development initiative (Reese, 2014:635. Nor, as the experience of MEGA and RZs belies, are programmes administered by MEDC immune from these limitations.

Table 3.8: Assessed and state equalized value of key property classes within Detroit, 2000-2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial ($)</th>
<th>Industrial ($)</th>
<th>Residential ($)</th>
<th>Personal ($)</th>
<th>Total ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>1,548,832,550</td>
<td>633,221,550</td>
<td>5,924,124,350</td>
<td>1,718,118,920</td>
<td>9,824,297,370</td>
</tr>
<tr>
<td>2001</td>
<td>1,762,100,650</td>
<td>642,225,400</td>
<td>6,912,038,25</td>
<td>1,656,437,990</td>
<td>10,972,802,290</td>
</tr>
<tr>
<td>2002</td>
<td>1,745,274,850</td>
<td>640,497,950</td>
<td>7,912,571,400</td>
<td>1,749,983,210</td>
<td>12,048,327,410</td>
</tr>
<tr>
<td>2003</td>
<td>1,977,760,856</td>
<td>709,092,292</td>
<td>7,981,680,697</td>
<td>1,391,662,381</td>
<td>12,060,196,226</td>
</tr>
<tr>
<td>2004</td>
<td>2,063,117,764</td>
<td>774,256,488</td>
<td>8,429,748,953</td>
<td>1,573,479,752</td>
<td>12,840,642,957</td>
</tr>
<tr>
<td>2005</td>
<td>2,252,275,323</td>
<td>856,344,224</td>
<td>8,649,348,048</td>
<td>1,654,260,635</td>
<td>13,412,228,230</td>
</tr>
<tr>
<td>2006</td>
<td>2,299,265,879</td>
<td>877,750,103</td>
<td>8,622,589,002</td>
<td>1,655,569,747</td>
<td>13,455,174,731</td>
</tr>
<tr>
<td>2007</td>
<td>2,542,438,771</td>
<td>861,156,533</td>
<td>9,063,123,282</td>
<td>1,646,721,974</td>
<td>14,113,440,560</td>
</tr>
<tr>
<td>2008</td>
<td>2,766,213,085</td>
<td>750,693,136</td>
<td>8,815,608,633</td>
<td>1,612,957,472</td>
<td>13,945,472,326</td>
</tr>
<tr>
<td>2009</td>
<td>2,714,762,418</td>
<td>718,520,068</td>
<td>7,427,226,864</td>
<td>1,637,133,708</td>
<td>12,497,643,058</td>
</tr>
<tr>
<td>2010</td>
<td>2,561,852,863</td>
<td>711,088,399</td>
<td>6,331,071,460</td>
<td>1,516,381,857</td>
<td>11,120,394,579</td>
</tr>
<tr>
<td>2011</td>
<td>2,617,911,119</td>
<td>660,159,475</td>
<td>5,475,901,289</td>
<td>1,369,132,417</td>
<td>10,123,104,300</td>
</tr>
<tr>
<td>2012</td>
<td>2,417,370,906</td>
<td>576,899,633</td>
<td>4,850,303,038</td>
<td>1,592,878,021</td>
<td>9,437,451,598</td>
</tr>
<tr>
<td>2013</td>
<td>2,270,628,738</td>
<td>555,507,010</td>
<td>4,292,795,455</td>
<td>1,862,606,852</td>
<td>8,981,538,055</td>
</tr>
<tr>
<td>2014</td>
<td>2,204,881,995</td>
<td>531,132,811</td>
<td>3,335,506,139</td>
<td>1,740,559,868</td>
<td>7,812,080,813</td>
</tr>
<tr>
<td>2015</td>
<td>2,306,431,357</td>
<td>503,961,929</td>
<td>3,030,574,465</td>
<td>1,752,545,052</td>
<td>7,593,512,803</td>
</tr>
<tr>
<td>2016</td>
<td>2,386,675,689</td>
<td>480,503,000</td>
<td>2,566,135,740</td>
<td>1,518,530,153</td>
<td>6,951,844,582</td>
</tr>
</tbody>
</table>

Michigan Treasury (2016)
Identifying the apparent impact of local tax incentives should, theoretically, be more straightforward. The Michigan Treasury does produce reports totalling assessed property values across the principal classes of property: industrial, commercial, residential and personal, and these should be sufficient to ostensibly gauge whether incentive usage was related to appreciable changes in relevant values during their period of operation. These reports are, however, unavailable for years prior to 2000; limiting the ability to track property values for many of the abatements launched between 1974 and 2000 (City of Detroit Correspondence, 2015). The city’s publicly available Annual Financial Reviews do backdate overall property values to 1994, however these figures are unaudited and do not disaggregate values into all four relevant classes (City of Detroit, 2002:112). This gap is particularly problematic for IFTs, given that 85.1% of the total granted within the city were issued prior to 2000 (Figure 3.1).

Superficially, CRAs appear to have coincided with the most robust growth trends in property values for its respective category; with commercial property representing the only class to consistently increase its overall assessed value between 2000 and 2016 (Table 3.8). Industrial and residential property both experienced precipitous declines during the previous decade, following several years of positive growth. Personal property values fluctuated considerably; with the total for the 2016 financial year ranking below its 2000 figure. Its most recent total is anomalously low, having outperformed its early 2000s valuations repeatedly in earlier years. Proceeding on property values alone, both the NPP and CRA would therefore have the strongest claim to efficacy, due to their largely upward growth trends during a particularly trying time for the city’s property market. Inferences from the available data must, however, be made with a requisite degree of caution. In the absence of concrete information regarding the amount of the financial awards involved, the number of abatements issued in isolation lacks much of the explanatory power needed to assess their impact, or, indeed, to make an informed speculation regarding it.

Any attribution of a causal relationship between CRA abatements and commercial property values must similarly acknowledge that the initiative was not launched until 2005, that the first abatement within the city was not granted until 2009 and that the number of abatements since then has averaged somewhat more than 4 per year. In
addition, average annualised growth trends for commercial property values amounted to +7.6% between 2000 and 2009; prior to its launch within the city, and -1.7% in the years following. The relative infrequency of NPP awards, with a total of 7 years during which no abatements were granted within Detroit, as well as a similar paucity of data regarding their financial value poses a familiar obstacle to ascertaining a relationship between incentives and personal property values. There is also the question of the extent to which a total of 58 CRA and NPP abatements granted over a period of a decade and half are sufficient to meaningfully uplift commercial or personal property values, in addition to the larger question of, if their impact on their own category of property is unclear, whether their effect on broader economic condition of the city would even be measurable.

An additional complication is presented by the occurrence of the housing and financial crises. Successive, year-on-year falls in aggregate property values were observed between 2007 and 2016 and a 50.7% decline in assessed values between the onset of the housing crisis and the current financial year. It is intuitively plausible that the availability of abatements lessened the destructive force of the financial crisis. This inference, however, could only be drawn in the presence of a notably larger dataset than that which, at present, appears to be available. Property values represent a worthwhile proxy for the overall state of physical capital within the city. They ultimately do not, in and of themselves, gauge their impact upon its broader economic condition. It is here that the central difficulty lies. The city’s economic incentives were intended to promote its redevelopment yet their primary objectives, the metrics conventionally used to assess and the conditions attached to them were not always conducive to the formation of a holistic redevelopment strategy.

Many incentives focused on remediating property; an objective for which it is possible, albeit in a limited and fragmentary fashion, to assess on a city-wide level. While some did focus upon job creation, there were often insufficient requirements and enforcement mechanisms placed upon participating firms. The outputs were often too minor to have a viable expectation of city-wide economic revitalisation or, as in the case of the Poletown development, simply failed to materialise. Finally and relatedly, the single-project nature encouraged by many incentives compounded the issues encountered with Federal assistance during the 1970s and 1980s. Funds promoted developments in isolation, with individual objectives, rather than city-wide
ones; hindering their incorporation into overall redevelopment efforts. While certain incentives did target distressed areas of the city, many did not: resulting in a patchwork quilt of incentives awarded, often for different purposes, operating under differing assumptions and with different goals and conditions. These varied from IFTs focused on industrial sections and which had, particularly initially, few if any job creation requirements, to CRAs targeted at commercial properties with looser property-related requirements than earlier incentives (Barr & McCulloch, 2009:126) (Anderson et al, 2010:31).

With certain exceptions, the city’s primary development instruments have not progressed measurably beyond the first wave of development efforts: leading to a continued, although potentially unavoidable dependence on financial incentives. Their adherence to economic theory is similarly mixed. Programmes such as the RZs and subsequent tax incentives continued to draw on explicitly neoclassical assumptions regarding the objectives of development tools as late as the 1990s and beyond. While endogenous growth theory did find its way into redevelopment efforts, this was in the form of a more contested, applied variant, employed in a programme whose allocations were intentionally modest and which did not, fundamentally, address the more pressing avenues for improvements in the city’s level of human capital. The net result has been an array of incentives which Detroit could utilise, yet which were not customised with its history and needs in mind, a succession of policies which drew from economic theory, yet which often did so incidentally, and which structurally straddled the boundaries between supply and demand-side initiatives to the extent that categorising them, let alone quantifying their impact upon the city is difficult.
Table 3.9: Economic development policy trends within Detroit (1974-2016): commencing overleaf
<table>
<thead>
<tr>
<th>Period</th>
<th>Policies</th>
<th>Urban/Regional</th>
<th>Objectives</th>
<th>Theory</th>
<th>Supply/demand side</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974-1993</td>
<td>Improvisation</td>
<td>Urban</td>
<td>• Generate and retain employment.</td>
<td>Neoclassical</td>
<td>Supply</td>
</tr>
<tr>
<td></td>
<td>• IFT abatements</td>
<td></td>
<td>• Promote the development of industrial property.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Major construction projects</td>
<td></td>
<td>• Enhance the riverfront and CBD.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• CDBG/UDAG grants</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period</td>
<td>Policies</td>
<td>Urban/Regional</td>
<td>Objectives</td>
<td>Theory</td>
<td>Supply/demand side</td>
</tr>
<tr>
<td>-------------</td>
<td>---------------------------------------------------------------------------</td>
<td>----------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>-------------------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>1993-2010</td>
<td>• Renaissance Zones</td>
<td>Urban and regional</td>
<td>• Support the development of differing classes of property</td>
<td>Neoclassical and endogenous</td>
<td>Supply and demand</td>
</tr>
<tr>
<td>Expansion</td>
<td>• NPP, OPRA, BRA and CRA exemptions</td>
<td></td>
<td>• Increase employment</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Empowerment Zone</td>
<td></td>
<td>• Develop and spur investment in distressed sections of the city</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Cool Cities grants</td>
<td></td>
<td>• Attract and retain creative workers</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• DRFC</td>
<td></td>
<td>• Continue riverfront developments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period</td>
<td>Policies</td>
<td>Urban/Regional</td>
<td>Objectives</td>
<td>Theory</td>
<td>Supply/demand side</td>
</tr>
<tr>
<td>-----------------</td>
<td>-----------------------------------------------</td>
<td>----------------</td>
<td>---------------------------------------------------------------------------</td>
<td>-------------------------------</td>
<td>--------------------</td>
</tr>
</tbody>
</table>
| 2010-2014 Reinvention | • MBDP and MCRP  
• Blight removal  
• Public service improvements | Urban          | • Remedi ate the city’s built environment  
• Increase public service provision to practical levels  
• Targeted regeneration and job-creation projects | Endogenous and neoclassical | Supply and demand  |
The discernible trends within the city’s redevelopment efforts (Table 3.9) do signify the level of change which has occurred within it, though also suggest a basic level of continuity in incentives and objectives. The locally-driven efforts which required municipal leaders to improvise with the development instruments and incentives available to them gave way to a more active Federal and state level role, at least in the provision of incentives and funds by the 1990s; although the city’s usage of these earlier incentives would continue. This expansion of development instruments did not prompt as immediate a shift in the basic objectives of development policy as may have been necessary. The Cool Cities and DRFC initiatives would not launch in earnest until mid-way into the next decade, by which point the challenges to state’s auto industry, the city’s finances and services were already accumulating at a precipitous rate. It would not be prior to the effective onset of bankruptcy that city-wide objectives relating to its development instruments began to fully reflect the scale of the city’s, by this stage, immense structural and fiscal obstacles. The combination of the settlement of Detroit’s bankruptcy and this shift in operational objectives may amount to a new era in development policymaking, although it may not be possible to define the extent of the change in post-bankruptcy strategy at this stage.

The mixed conclusions of Michigan’s economic development initiatives have been granted further credence by recent research such as Reese (2014); which concluded that the most positive impacts upon recipient areas’ “economic health” (Reese, 2014:629) were associated with the demand-side Cool Cities scheme, while “no statistically significant relationship between abatements and economic health” (Reese, 2014:647) could be determined. Similarly, significant effects could not be determined from the MEGA programme, although, as RZs were more likely to be utilised by deprived and distressed localities, their usage was “related to” (Reese, 2014:647) certain positive developments with regard to their economic vitality.

Some of the more unambiguously positive findings related to public expenditure by local government units on functions such as “public safety, recreation and general government services” (Reese, 2014:647). These are services which Detroit has struggled to administer for decades, and for which major Federal funds such as the
EZ had not resulted in meaningful funding increases. By 2000, Detroit’s expenditure on police protection amounted to less than 8% of its general spending despite a violent crime rate higher than the nation’s two largest cities (U.S. Census Bureau, 2010). Given that expenditure on these services may have represented some of the most consistently effective means of advancing economic development (Reese, 2014:647), this limitation would be of continuing and problematic significance to the city.

The resolution of the city’s bankruptcy, the overhaul of state development incentives and ongoing efforts to improve its public services and reduce blight ensure that the proceeding phase of Detroit’s redevelopment remains, by necessity, a work in progress. Of the local, state and Federal initiatives undertaken to redevelop it, some appear to have yielded greater results than others, while the reverse appears to have been true more often than city officials may have been willing to acknowledge. Yet in too many cases, reaching such a judgement with an appropriate degree of analytical confidence is not possible: necessitating more qualified, logistical and process-oriented conclusions. Successive efforts to redevelop the city tentatively appear to have suffered from a shortage of absolute dollars committed, an ambiguous grounding in and responsiveness to developments in relevant economic theories and logistical issues of programme design, focus, implementation and evaluation. The next set of efforts to revitalise it may yet, however, locate the heretofore missing ignition key.
Chapter 4: Conclusion

4.1: Omission impossible

The ambiguity surrounding the effectiveness of economic development efforts in Detroit and South Wales owes something to longstanding uncertainties within the field itself and the general difficulty in assessing such programmes (Armstrong & Taylor, 2000:400). Whether such programmes can in fact yield measurable improvements in local and regional economies remains a point of academic and empirical contention (Imbroscio, 2004:77) (Anderson & Wassmer, 2000:1) (Peters & Fisher, 2004:32). This ambiguity has however been compounded by uneven and non-standardised approaches to record-keeping for individual programmes, inconsistent and variable evaluation of the initiatives in the case of Detroit, and often non-existent assessment in the case of Wales. Without comprehensive data at the necessary geographic levels and without regularised, itemised and publicly available programme data (Anderson et al, 2010:29) (LaFaive & Hohman, 2009:37), the risk of observers and policymakers making simplistic, at times reductionist and possibly wholly erroneous judgements based on headline statistics is increased. Frequent assertions that development programmes have failed due to the continued economic underperformance of targeted regions can be misleading or at least misplaced (Williamson, 2014) (Williams, 2012) (Hoban, 2013), yet they may represent an inevitable by-product of unpredictable approaches to monitoring and assessing them.

Evaluations are considered essential to ensure the continued effectiveness of economic development and, indeed, many, if not all, policy interventions (Armstrong & Taylor, 2000:362). Their comparative absence in both regions is therefore a particular constraint not only from an academic standpoint, but from an operational one as well. In the absence of robust evaluations conducted at the relevant levels and informed by adequate data, it becomes next to impossible to differentiate better practice from blind luck, and effective programmes unsuccessfully contending against overwhelming odds from those which may themselves enhance, rather than rectify the problem at hand. It is not possible to quantify whether the funds allocated were in excess of what was needed, or utterly insufficient for the scale of the
challenge or whether or not they represented adequate value for money. Any judgements on programme efficacy reached as a result of this project are therefore tentative and heavily qualified. They also, inevitably, are informed in substantial part by those of previous studies, audits and reports; many of which are now appreciably dated, while others remain tangentially applicable to the regions under consideration.

Certain explanations for a general trend towards reduced transparency in more decentralised nations have been floated, ranging from the need to defend the status quo and the legitimacy of the regime to more short-term electoral imperatives, as well as the creation of further avenues for obfuscation and concealment (Rodriguez-Pose & Gill, 2003:5;34). Some of the most prominent studies imputing a tendency towards misappropriation and a decline in transparency arising from devolved control are, however, constructed with reference to developing or less economically developed nations (Prud'homme, 1994:11): meaning that further research on this issue within a Welsh, U.S. and wider UK context may be necessary to pursue this hypothetical explanation. There are, from this project, no apparent grounds for ascribing this paucity of data and assessment to any necessary intent on the part of policymakers in either region - though these criticisms have been levelled by opposition parties and outside organisations (Henry, 2013) (Denholm-Hall, 2014) (LaFaive & Hohman, 2009:38-40). It is possible that this comparative lack of assessments results simply from the aforementioned complexity of policy evaluations coupled with the reticence of academic institutions to intervene within the policymaking process (Glasmeier, 2000:575).

The paucity of evaluations in both Detroit and South Wales and the correlative constraints in data collection and programme monitoring can not be seen in isolation. They may reflect the insignificance of these initiatives relative not only to the challenges they were designed to address (Hill, 1986:117), but also relative to the resources committed to other functions of government. Economic development accounted for 3.1% of Detroit’s 2015 expenditure and 1.4% of Wales’ total managed 2014-15 expenditure (Wales Governance Centre, 2016:60) (City of Detroit, 2015:12). Governments prioritise voluminous challenges; it would not be unexpected for economic development to have been eclipsed by the maelstrom of demands and events they contend with. It is, however, detrimental for the regional
and local policymaking process when this funding is improperly accounted for, its impacts insufficiently scrutinised or when it is directed in inefficient or counterproductive directions which do little to measurably improve the economic standing of distressed regions. In the absence of sustained analysis of the objectives and operation of economic development programmes, the likelihood of policies “diverting attention from the deeper underlying bases of economic deprivation” (Glasmeier, 2000:575) is only enhanced.
4.2: Finishing the “unfinished business”

While a robust assessment of the effectiveness of economic development initiatives within the city and across the Valleys may not be achievable under present constraints, it is possible to draw certain inferences regarding their operation, objectives and to identify specific trends both common to, as well as in contrast to the areas. The balance of redevelopment efforts in both has been towards supply-side, at times prototypically “incentive-based” (Amin, 1999:365) schemes. Redevelopment initiatives in Detroit have largely bypassed the progression to the second, let alone third waves of development policy seen in other states, while Welsh policymakers have similarly retained a commitment to direct financial inducements; even as the Government’s economic strategy signalled a definitive transition away from them and their assumptions. There have been more intuitive distinctions. The responses of Detroit’s policymakers have featured conventional tools of urban policy to a considerable extent, especially in its localised efforts to spur investment and employment through exemptions from city-wide taxes. The repeated deployment of policy instruments more appropriate for urban development efforts in the Valleys, however, appears somewhat less congruent with the region’s scale.

Detroit’s political, civil and corporate leaders have attempted to restart the Motor City through a range of different incentives. These efforts have been undertaken with the, albeit variable, backing of state and Federal governments. The lack of clarity regarding their impact results, considerably from insufficient evaluation - with a particular deficit in programme assessments restricted to the city itself. While this analytical deficit persists, certain tentative judgements can be ventured regarding their overall record from the information which is available. Even superficially, it is not one of comprehensive failure. Many incentives and initiatives can point to notable successes in their outputs: from increased employment within the EZ, to the development of the city’s riverfront facilities. The largest state incentive did expand in response to the unprecedented decline of the auto industry, even if city and Federal efforts overall did not, or perhaps could not, move to fill the vacuum to a comparable extent. What has been more unequivocally unsuccessful has been their
ability to aggressively counteract, let alone reverse the city’s painful downward spiral (Glaeser, 2011:63).

Initial Federal assistance may have been insufficiently coordinated; leading to a piecemeal, scattergun approach towards development projects without an overarching strategic vision or consistent adherence to (or recognition of evolution in) economic theory, beyond the general lineage of supply-side tax incentives to neoclassical assumptions. Many locally administered incentives and abatements were initially deployed indiscriminately in a frantic bid to avert an even greater haemorrhaging of employment and investment to the suburbs. The decision of the city’s political leaders to prioritise revitalisation almost at the expense of, rather than in tandem with public service and public safety enhancement may have been defensible judgements when made during the late 1970s and early 1980s, yet appear less so the hindsight of bankruptcy and pervasive struggles with public service provision.

Ultimately, just as no one individual, organisation or government unit bears exclusively responsibility for the city’s decline, no one entity can bear sole responsibility for reversing it. While organisations dedicated to its redevelopment have been in existence for 40 years, they have in turn depended on the willingness of state and Federal governments to grant them adequate powers and distribute funding appropriate for the scale of the challenge. While both levels of government have acceded to the city’s needs, they do not appear to have done so to the levels necessary to combat one of the most pronounced cases of urban decay and industrial decline in American history. State and Federal programmes have featured many of the limitations encountered with locally-administered initiatives, although to a lesser extent. These have ranged from gaps in programme-level data to the concentration of funds on select projects and services, rather than into those such as public safety and education which may have generated greater long-term returns. Many initiatives or funds granted to the city have similarly been iterations of those allocated to others. Any specialisation would often come only in the final, on the ground delivery, rather than in the initial design; a trend which may have reinforced the channelling of these funds to ultimately less productive aims. It has often taken industrially or fiscally catastrophic events to prompt specific recognition of the city by Federal policy from the requirement that GM retain its Poletown
operations as a condition of the overall financial aid package to the U.S. auto industry, to the President’s commitment of funds to assist the city in enhancing its public services and removing blight (Calmes, 2013). Such actions have been undoubtedly welcomed in the Municipal Center and further afield, however they arrive late in the proverbial day and following decades of creeping urban decay and battering industrial decline.

With greater data constraints and notably fewer evaluations than seen in the case of Detroit’s home state of Michigan, economic development efforts within the Valleys specifically and Wales generally have, to a certain extent, been operating within a statistical vacuum. The impact of this evaluative deficit, only deepened by considerable gaps in the “economic intelligence” (Crawley, 2015:3) needed to model the impact of such initiatives, is that categorical judgements regarding their impact must be effectively withheld until such time as the requisite information is available. Researchers from Cardiff University’s Business School have recently sought to construct such a model, with the research component of the project having been scheduled for completion in May 2016 and further information regarding it currently pending (Cardiff Business School, 2013).

As in the case of Detroit, some provisional conclusions can be reached regarding the administration of these programmes, their apparent effects upon the Valleys and the overall strategy pursued by UK and, ultimately, by Welsh Governments in contending with their sizeable challenges. This region precipitated the first regional aid programmes ever pursued by a British Government. These programmes yielded some demonstrable successes, however, as with Detroit, it would be the Second World War and its rapid and near total mobilisation of the manufacturing labour force which holds some claim to representing its most successful development initiative; albeit one which can not be readily replicated without immense human and financial costs. Subsequent efforts during the post-war years were generally successful in creating or at least safeguarding employment within Wales itself, however they often suffered from an insufficiently long-term vision for economic development.
In later years, both Wales and the Valleys developed a dependence on FDI; bolstered by the availability of RSA and the marketing prowess of the newly established WDA (Hunt, 2011:7). This led to a regional case of “branch office syndrome” (Hunt, 2011:7). Branches of foreign firms employing disproportionately low-wage and entry level employment began to proliferate: resulting in transient effects on the region and at significant public expense (Hunt, 2011:7) (Wang & Eames, 2010). It was not until 1988, over half a century since the first regional aid programmes came into effect, that the UK government pursued an initiative clearly customised for the region itself. This programme was able to generate certain, tangible gains to the area’s population, though remained structurally divided between both supply and demand-side goals and between urban and regional policy. Despite its aspirations for cultivating and enhancing more indigenous investment, the programme continued, if not expanded the supply-side focus on attracting foreign investment (Stroud et al, 2015:23).

Welsh devolution would, intuitively, have been expected to sharpen the focus on specialised Welsh approaches to redevelopment (Rawlings, 2003:37). Indeed, it was the apparent remoteness of Whitehall and Westminster to Welsh economic concerns which had contributed so much to the “democratic deficit” (Hunt, 2011:6) which gave rise to the formation of the National Assembly. Leading figures within the Welsh Government publicly prioritised the development of the Welsh economy and set elevated targets for progress during the inaugural decade of devolved government (Jones, 2012:3). While the Valleys featured within these objectives, this prioritisation was not, at least initially, translated into a distinctive, devolved development strategy for the area.

It is here that the distinction between the powers afforded by Welsh devolution and U.S. Federalism, and its implications for the economies of both regions should be highlighted. The more limited degree of fiscal autonomy granted to subnational regions by British devolution since the 1990s, particularly relative to that held by Detroit and comparable U.S. municipalities, has, and is likely to continue to insulate the Valleys from some of the city’s most notable crises relating to municipal financing and public service provision. Despite its limitations, regional grant-financing has provided Welsh governments with a safeguard against the incurrence of debts comparable to those of Detroit; confirming its status as an often “vital
accompaniment” (Armstrong & Taylor, 2000:358) to political devolution. Without this comparable fiscal shield, and faced with sustained depopulation and consequent revenue-depletion, Detroit saw an “externalisation” of its revenues to state sources and additional local taxes aimed at non-residents (Skidmore & Scorsonone, 2015:22). These further funding routes, however, ultimately proved insufficient – as belied by the city’s eventual filing for municipal bankruptcy protection. With overall responsibility for its own public service provision, the city was required to meet the staffing costs and pension obligations involved – costs which, when aggregated, comprised a quarter of its pre-bankruptcy expenditure (Gallagher, 2013). The Valleys, while experiencing similar economic difficulties, have, nevertheless, been spared a comparable “exodus of residents, plummeting tax revenues and skyrocketing home abandonment” (Gallagher, 2013) to that of Detroit.

Correlatively, economic development initiatives targeted towards the Valleys have not been tasked with counteracting the widespread depopulation of the region to the same extent as Detroit’s were. While population decline has been pronounced in the Valleys region over the past century, it has been neither as progressive nor as linear as it has been within the city; with inevitable, though significant, variation between UAs. Whereas Detroit’s population declined by -25% between 2000 and 2010 (U.S. Census Bureau, 2016), the aggregate population of the seven-authority Valleys region increased by +3.5% during the decade between 2001 and 2011 (StatsWales, 2016a). This did vary significantly between individual authorities, however, with an +8.3% rise in Bridgend’s population occurring alongside a -0.3% fall in Blaenau Gwent’s (StatsWales, 2016a). Had the Valleys experienced comparable reductions in their population and tax base, they would still have been spared from a Detroit-level bankruptcy, simply by virtue of the UK’s comparatively centralised funding streams, and this comparative insulation from both systemic depopulation and municipal financial failure has impacted the responsibilities and aims of Welsh regional policy accordingly.

With these distinctions between the challenges faced by the respective areas in mind, certain conclusions regarding the basic direction and orientation of devolved development programmes can be made. Welsh governments would initially continue to deploy the economic incentives they had inherited from Whitehall. In spite of this continuity, and with the receipt of enhanced European funding,
however, regional development funds were not allocated with a notable degree of
discrimination. Significant pluralities would be directed towards the least distressed
reaches of the Valleys: namely those most shielded from increased unemployment
and declining populations. While the region as a whole began to receive a greater
dergree of recognition and customised policymaking with the advent of both
regeneration initiatives, these, theoretically and operationally, resembled urban
policies rather than regional policies with regional goals and commensurate funding.
All initiatives can point to clear and, at least superficially, unambiguously positive
results: from social interest projects enabled by European aid to the creation and
retention of jobs throughout the region by business assistance. The real limitations
which exist with regard to both national and regional economic data, intensified by
gaps in programme level-information however make an overall gauge of their
effectiveness close to impossible.

Additionally, while both Wales and, by definition, the Valleys have been shielded
from significant municipal liabilities by differences in regional financing
arrangements between the U.S. and the UK, the devolution of further fiscal powers
raises the spectre of a shift in this established trend. Defined income tax powers are
to be devolved in 2019, permitting the Welsh Government to vary tax rates up to a
maximum of 10% within each bracket, while the amount of funds it is permitted to
borrow for infrastructure and other capital projects will be increased to £1 billion
(Servini, 2016). While this is projected to increase the share of Welsh Government
revenues directly controlled by Cathays Park to close to 20%, the majority will
continue to be derived from a revised formula-based allocation (Servini, 2016). The
Welsh Government's ongoing usage of Enterprise Zones, and proposals for further
reductions in business rates and additional taxes for regional development purposes
by multiple Welsh political parties prior to the 2016 Assembly elections are
indicative of a growing focus on U.S-style tax incentives as policy instruments for
economic development (Plaid Cymru, 2016:67;79) (Welsh Liberal Democrats,
2016:17;77;81) (UKIP, 2016:3) (Welsh Conservatives, 2016: 10): policy options
which would have been untenable within the parameters of earlier devolution
settlements, or prior to devolution itself.

While a number of opportunities and difficulties will be presented by fiscal
devolution, progress towards the redevelopment of the Valleys has been
complicated by the uneven pace and the contested decisions of Welsh policymaking to date; making it imperative that future incentives and strategies are adequately calibrated, targeted and evaluated, particularly when the government’s own revenues may be involved. The wisdom of the “bonfire of the QUANGOs” remains a point of political contention between Welsh political parties more than a decade on (Henry, 2014) (Morgan, 2016). Major infrastructure projects remain incomplete (BBC Wales, 2016d). Having seemingly received the requisite regulatory and planning approval to proceed (BBC Wales, 2016a), the future of the Circuit of Wales, the flagship development initiative for the upper Valleys, appears more ambiguous than ever (Barry, 2016). The commitments to infrastructure development contained within the 2016 City Deal provide an opportunity for realising genuine progress, yet this is tempered by wider macroeconomic vulnerabilities including the continued uncertainty over Welsh steel production, future directions in UK public spending and the impact of British withdrawal from the EU.

Grappling with the root causes of the by now firmly entrenched problems within both South Wales and Detroit may be a generational challenge. Quantifying the length of time necessary to do so unquestionably lies significantly outside of the remit, parameters or capacity of this work. However, the need for greater empiricism, more robust monitoring of any future undertakings, coupled with and complemented by rigorous data collection will not hinder these future public endeavours and should, conceivably, benefit them. So could a more sustained engagement with, extrapolation from, and incorporation of economic theories into programme objectives and metrics: particularly regarding the factors which these isolate and identify as necessary conditions for long-term economic growth.
4.3: The roads ahead

The role played by regional and other sub-national governments with regards to economic development therefore produces a paradox. These units are closest to the challenges at hand - both in terms of geographic proximity and, at least theoretically, in terms of their accountability to those most affected by them (Rodriguez-Pose & Gill, 2003:25) (Oates, 1972:35). In spite of this, the level of resources and powers afforded to them in pursuit of regional and urban development may not always reflect the extent of the challenges they are called to alleviate. Reflecting the, by now, central role of institutions (Cole, 2006:6) in regional policymaking, the capability of programmes to affect positive economic developments can be similarly constrained by institutional agency. This can come in the form of initiatives with a comparatively tenuous link to applicable economic theory or a sufficiently empirical basis, or those which are strategically misdirected towards more ephemeral avenues and projects.

Effective engagement with and resolution of chronic economic troubles may require more than more localised control in and of itself. It will likely involve concerted and coordinated efforts by multiple levels of government and by different sectors. It requires a commitment of resources commensurate to the scale of a region’s difficulties and, perhaps as necessary conditions for success, require that interventions are undertaken with the clearest empirical basis, are adjustable and adaptable to information gained through transparent metrics and targeted at the precise "bottleneck/[s]" (Pike et al, 2006:18) which may be impeding more robust progress. Identifying this balance is beyond the capacity of one dissertation, one individual, or even one level of government. The latter in particular can, however, be informed by the experiences of counterparts engaging with comparable challenges in similar regions and by pursuing instances of better, or at least averting replicating those of bad practice, rather than through the generic imitation of policies pursued in nearby regions (Pike et al, 2006:15).

This project has sought to make a contribution to this process. Noting the parallels, as well as the differences which exist between the Motor City of Detroit and the
Valleys which were home to much of Wales’ near defunct heavy industry. The ways in which the city’s political leaders, and UK government officials, ultimately followed by Wales’ own devolved institutions sought to first create or safeguard employment, before proceeding towards more comprehensive redevelopment efforts as the scale of their emergent decline was recognised have been outlined. When possible, so too have been the positive, negative or ambiguous outcomes of these interventions (Rose, 1993:22).

Something must still be done for both areas. It is the aspiration of this project that, drawing on the background and cases of two particularly distressed regions and critically evaluating the relevant literature that a somewhat clearer idea of the policy instruments which have been utilised, their assumptions, objectives and aspects of their implementation has been made. Development policies have been pursued, in varying forms and scales, for a minimum of 82 years in South Wales and 42 years in Detroit. Yet conditions in both regions remain significantly below the both Welsh, UK, Michigan and U.S. averages (Bouffard, 2015) (Foden et al, 2014:16;17;19;21). With both areas facing not only continuing, but further challenges, from the after-effects of bankruptcy to the projected impact of government spending plans (Szczesny, 2015) (Beatty & Fothergill, 2014:3), it is time to ask what precisely “something” is. This project hopes to have at least begun to answer this question.
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