"A lesson in London's Geography"? Canary Wharf and local responses to global investment.

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"A LESSON IN LONDON'S GEOGRAPHY"? CANARY WHARF AND LOCAL RESPONSES TO A GLOBAL INVESTMENT

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* This quote is taken from the interview with Michael Schabas, a transport consultant and executive at Canary Wharf (see Appendix 2)

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ABSTRACT

The principal contention of this thesis is that the problems Canary Wharf has faced, thus far, in establishing itself as an international financial centre can be best understood within an analysis of its competitive relationship with the City of London, perceived in a broad economic and political sense. This competitive relationship is considered at two distinct but related levels.

First, as one between neighbouring local coalitions where the relationship is characterised by intra-urban competition for London's global financial services. It is shown that the City's political response has been determined by its perception that Canary Wharf represents a political threat because of its potential to undermine the City's status as London's preeminent location for global financial services, and also an economic threat because of its related potential to undermine City land values. The City's competitive response is principally manifest in the radical (pro-development) overhaul of its planning system that took place in the mid to late 1980s. Thus, in the first place, the City's political response undermined Canary Wharf's ability to establish itself as a new node for global financial services.

Secondly, it is argued, the relationship between Canary Wharf and the City illustrates a complex interplay between global forces manifested locally at Canary Wharf and economic and social processes local to the City of London. It is shown how such local processes further constrain the global ambitions of Canary Wharf. Thus, the reluctance of financial institutions to locate at Canary Wharf is explained by agglomeration economies, the continuing 'need' for face-to-face contact, the 'need' amongst financial institutions for the City's 'comfort factor', and the dominant perception of Canary Wharf as 'foreign territory', an unacceptable location for financial services. The combined impact of the local political, economic and social processes outlined above have shaped the marketing strategies adopted at Canary Wharf over time, and it is now marketed as London's 'third business district'. However, the 'reshaped Canary Wharf' continues to illicit a competitive response from the City. A number of factors have recently combined to herald a renewed period of intense intra-urban competition, illustrating the complex nature of the relationship between Canary Wharf and the City.

Through the two sets of analyses, the case study is intended to address wider processes of urban restructuring and urban change, including the changing role of local governance, the use of regime theory in understanding the role of local processes in urban change, and the 'global/local interplay'.

CONTENTS — PAGE

CHAPTER 5 141

THE POLITICS OF CHANGE IN THE CITY OF LONDON IN THE MID-1980s

CHAPTER 6 183

LOCAL PROCESSES AND THE GLOBAL AMBITIONS OF CANARY WHARF

LIST OF TABLES

CHAPTER ONE

CHAPTER THREE

CHAPTER FOUR

CHAPTER FIVE

CHAPTER SIX

INTRODUCTION

Canary Wharf, if fully built, will be the world's largest office complex, consisting of over 12 million sq ft of office and commercial floorspace. The development arouses strong feelings, partly because its central 800-ft tower dominates the London skyline, and its viability has been the subject of much media attention. It is mostly located in the Isle of Dogs' Enterprise Zone, where the London Docklands Development Corporation is the Enterprise Zone Authority, and is the centrepiece of the new Docklands. It lies two and a half miles to the east of the Bank of England (see Appendix 1), and therefore occupies a highly significant space being near to the City of London, the world's pre-eminent international financial centre.

Plans for the 12 million sq ft office development at Canary Wharf were unveiled in May 1985. By October of that year these proposals had received planning approval from the London Docklands Development Corporation, the development control authority for the area. Canary Wharf's North American developers promoted the development as a necessary extension of the City of London, referring, in its propaganda, to London's 'Wall Street on water'. Building began at Canary Wharf in the Summer of 1987, once the development was owned by the North American property company Olympia and York. The story of Canary Wharf, in relation to its ability to establish itself as a new node for global financial services, is the subject of this thesis. Its history has been turbulent. In just ten years Canary Wharf has been sold twice and placed in the administration of a court once, and of the 12 million sq ft of offices proposed, only 4.3 million sq ft has so far been built.

Existing analyses of the problems Canary Wharf has faced in establishing itself emphasise two factors: the global recession in property of 1988-1992 (see Daniels and Bobe, 1991, 1993; Fainstein, 1994, 1995; Hallsworth and Bobe, 1993a, 1993b; Merrifield, 1993a; Meuwissen, Daniels and Bobe, 1991; Turkie, 1991); and the lack of planning behind the Canary Wharf development (see Barnes, 1990; Brownhill, 1990; Fainstein, 1994, 1995; Thornley, 1993; Turkie, 1991). Fainstein (1994) also alludes, in an insubstantial manner, to a third factor - the personal characteristics of Paul Reichmann, head of the Reichmann family which owned Olympia and York. These factors are all important but, this thesis argues, there is a crucial missing ingredient, and that is Canary Wharf's relationship with the City of London and the significance of the complex interplay between these two neighbouring localities. Thus, although this thesis is concerned with the complex of circumstances surrounding the fortunes of Canary Wharf, its principal contention is that an assessment of Canary Wharf's fortunes is best made in the context of its relationship with the City, where the City is perceived in a broad economic and political sense. The thesis is centrally concerned with the relationship between Canary Wharf and the City not only because it is important in its own terms, but also because this relationship has been largely ignored or under-analysed within existing academic accounts.

The relationship between Canary Wharf and the City of London is considered at two levels. First, as one between neighbouring local coalitions where the relationship is characterised by intra-urban competition. In contrast to existing accounts which argue that Canary Wharf complements the City (see Daniels and Bobe, 1991, 1993; Meuwissen, Daniels and Bobe, 1991), this thesis argues that, politically, the 'City' has always viewed Canary Wharf as a competing location for global financial services. The prospect of an alternative international financial centre at Canary Wharf, this thesis argues, has been perceived as both a political and an economic threat to the City by its dominant 'territorially-organised interests' (this concept is borrowed from Swyngedouw, 1992). These dominant territorially-organised interests are conceptualised here as the City's major landowners. It is shown that the City's political response, which has been driven by the Corporation of London (the City's local authority and largest landowner), has been determined by the perception that Canary Wharf represents a political threat because of its potential to undermine the City's status as London's preeminent location for financial services. It is also shown that Canary Wharf represents an economic threat to the City's dominant territorially-organised interests because of its related potential to undermine City land values. The City's competitive response is principally manifest in the radical, pro-development overhaul of local planning in the mid-1980s. Thus, it is argued that in the first place, the City's political response undermined Canary Wharf's ability to establish itself as a new node for global financial services in London.

Secondly, it is argued, the relationship between Canary Wharf and the City illustrates a complex interplay between global forces manifested locally at Canary Wharf and economic, social and cultural processes local to the City of London. It is shown how such local processes further constrain the global ambitions of Canary Wharf. Thus, the reluctance of financial institutions to locate at Canary Wharf is explained by such factors as agglomeration economies, the continuing 'need' for face-to-face contact, the 'need' amongst financial institutions for the City's 'comfort factor', and the dominant perception of Canary Wharf as 'foreign territory', an unacceptable location for financial services. The combined impact of the local political, economic, social and cultural processes outlined above have shaped the marketing strategies adopted at Canary Wharf over time, and it is now marketed as London's 'third business district'. However, the 'reshaped Canary Wharf' continues to illicit a competitive response from the City. A number of factors have recently combined to herald a renewed period of intense intra-urban competition, illustrating the complex changing nature of the relationship between Canary Wharf and the City.

Because of the emphasis on the competitive relationship between Canary Wharf and the City of London, the thesis' investigation of the problems Canary Wharf has faced in establishing itself as a centre for global finance is, in great part, an analysis of the actions of the City of London, in terms of how an 'urban regime' responds politically when 'threatened' by outside developments. The political focus of this thesis complements work done on the City of London of an economic nature by Pryke (1988, 1991, 1994a) and of a cultural nature by Thrift (1994a) and Thrift and Leyshon (1990, 1994). 'Regime analysis' is also applied to the coalition that developed to promote Canary Wharf as an 'alternative' location to the City of London. This case study therefore studies the politics of the 'Canary Wharf story' in two respects: on the one hand in terms of an analysis of the politics behind Canary Wharf's development, which is important to an understanding of the political reaction of the City; and on the other hand in terms of the political response of the City of London to the perceived threat posed by Canary Wharf.

Within the analytical framework of intra-urban competition between Canary Wharf and the City of London, the case study explores the significance of four factors in determining Canary Wharf's ability to establish itself as a location for global finance: the property recession; the absence of planning; the role of local processes and individual agents; and the complex interplay between 'the global' and 'the local'. The emphasis is placed on the latter two factors, which have thus far been ignored or underanalysed. The case study's principal research questions are concerned with understanding the relative roles of 'politics' and 'economics', 'agency' and 'structure', and 'the local' and 'the global' in an analysis of Canary Wharf's fortunes. It is argued that these binaries, or dualisms, do not exist in rigid dichotomies, rather they range along a continuum of explanation and should be conceptualised in terms of 'hierarchical levels of abstraction' (see Cox and Mair, 1989a).

According to Bhaskar (1979), 'structures' are both the result of social (inter)change and a conditioning influence on it, and are produced and reproduced in a dialectical interchange with social agency. Bhaskar argues that,

> [society] is an ensemble of structures, practices and conventions that individuals reproduce or transform, but which would not exist unless they did so. Society does not exist independently of conscious human activity [which is] the error of reification. But it is not the product of the latter [which is] the error of voluntarism (Bhaskar, 1979:120).

Thus, although 'structuralist' explanations of the urban process insist, correctly, on the privileged position of capital, these have their limitations. For, it is not possible to understand the redevelopment process simply through examining a 'logic' of capitalism, since that logic is itself fabricated through human activity (Stone, 1993). Analyses of the processes of the production of the built environment require the development of an explicit approach to the relationship between 'structure', in terms of what drives the development process and produces distinctive patterns in particular periods, and 'agency', in terms of the way individual agents develop and pursue their strategies. Similarly, the relationship between 'the local' and 'the global' should be seen as a complex dialectic (see, for example, Amin and Thrift, 1994, 1995; Lipietz, 1993; Massey, 1991a, 1993a; Merrifield, 1993b). Global forces do, of course, have a significant impact on influencing local action and on determining (local) urban outcomes. However, the central tenet of this thesis is that, in particular circumstances, local processes can simultaneously shape and constrain global processes.

Society, Massey (1984) argues, does not exist 'on the head of a pin', in a spaceless, geographically undifferentiated world. Rather, the social is spatially constructed and social relations are constructed over space (Massey, 1984, 1985, 1988; Massey and Allen, 1985). Because 'geography' does not simply reflect social relationships but actively helps to mould them, there is a need to acknowledge the specificities of places and to recognise spatial diversity and differentiation (see also Beynon and Hudson, 1993; Johnston, 1991). Whilst places are interdependent, they are also unique, representing at one given time a synthesis of political, social, cultural and economic histories within local areas which derive from current and historical spatial divisions of labour (Massey, 1984). These locally-based, historically-produced characteristics have, it is argued, a dialectical relationship with wider social processes, and thus the potential to act as mediating processes within urban restructuring.

Six substantial chapters, plus a seventh chapter which draws conclusions from the preceding analysis, follow this introduction. The chapters are ordered in such a way as to move, progressively, from economic analyses of urban change to a political one which also emphasises other 'local processes' particular to the City of London.

Chapter One examines some of the background to the development of Canary Wharf and analyses the underlying developments in the global economy (structural processes) which created the apparent demand for Canary Wharf. The structural processes examined are: the globalisation of finance and property and the impact on the City of London (as a financial centre); and the deregulation of the City of London's financial services ('Big Bang') and its impact on City office space. The abstract analysis of these structures is undertaken through a review of the literature. This chapter ends by raising the issue of Canary Wharf's location, a factor which permeates this thesis, pointing out that the geography of London's financial services would have to undergo radical change for Canary Wharf to establish itself as a centre for global finance.

Chapter Two has two main aims. First, to undertake a theoretical and empirical appraisal of existing analyses of Canary Wharf. These emphasise two factors in explaining Canary Wharf's problems: a lack of planning; and the property recession. One existing account (Fainstein (1994) has also suggested, albeit inadequately, that another factor could be important - the role of Paul Reichmann. Given that one of the aims of this thesis is to explore the significance of the role of agents, the proposition that Paul Reichmann's characteristics have played an important role in relation to the case study is subjected to empirical investigation and is explored throughout the thesis. The other aim of this chapter is to set out a new approach for analysing the fortunes of Canary Wharf which, it is argued, is best made within the complex interplay that is the Canary Wharf/City relationship. This relationship is considered at two levels. First, it shown, empirically, that it is characterised by 'intra-urban competition'. Secondly, it is argued that the relationship is expressive of the 'global/local interplay' and a theoretical framework for understanding the role of 'the local in the global' is presented.

Chapter Three sets out frameworks for researching, analysing and interpreting the role of local processes and individual agents in a particular instance of urban change. The methodological approach that is adopted to examine the role of local processes and individual agents is based in the qualitative research tradition. Specifically, the case study pursues an 'intensive' research approach to understand the roles of agents and how they perceive their roles. Because 'explanation' in intensive research techniques tends to situation-specific, it is necessary to demonstrate 'rigour' in the way research is carried out. As such, three strategies for enhancing the 'credibility', or 'reliability', of the research are emphasised: respondent selection procedures; interview practices; and strategies for analysis. The conceptual framework that is adopted to analyse and interpret the empirical material is based on a revised urban regime theory. This revised regime theory, whilst emphasising the importance of human activism in shaping urban politics, incorporates both the concept of 'local dependence' and the role of local state structures. It is argued that 'the local state', which is locally dependent, has played a crucial role in local coalition-building at both Canary Wharf and in the City, albeit in starkly contrasting ways.

Chapter Four is concerned with the politics of local coalition-building. The chapter focuses on an empirical analysis of the coalition that developed to promote Canary Wharf, but it also addresses, abstractly, the applicability of regime theory to the coalition that developed to promote the City of London in competition to Canary Wharf. This chapter's focus on an analysis of the politics of coalition-building at Canary Wharf is necessary to fully understand the City's political response to Canary Wharf, which is the subject of the following chapter. Regime theory stresses the role of agency, and this is borne out in this chapter's analysis. It is shown that Canary Wharf's coalition displays the characteristics of an 'instrumental urban regime' (see Stoker and Mossberger, 1994), in which both governmental and non-governmental agents have played a key role. However, the revised regime analysis presented here also stresses the concept of 'local dependence' and the role of social structures, such as 'the local state' which is locally dependent. In the case of Canary Wharf, although it is argued that the restructured local state has played a crucial role, it is shown that Canary Wharf's coalition has been driven by the entrepreneurial activity of its global developers. At Canary Wharf, the relationship between structures and agents is one of dependency; the entrepreneurial role of agents at Canary Wharf has been dependent upon the entrepreneurial role of the restructured local state, and vice versa. In the case of the City of London, it is argued that the key agents have operated within the local state. The state form in the City has a 'local specificity' which is explained historically. This specificity is seen to be crucial in the following chapter's empirical analysis of the way the City of London, as an 'organic urban regime' (see Stoker and Mossberger, 1994), defended itself against perceived competition from Canary Wharf.

The major part of the thesis' empirical research into more concrete 'events' is undertaken in Chapters Five and Six. These are both concerned with understanding the role of local processes and exploring the significance of the role of agents. *Chapter Five* is concerned, empirically and theoretically, with the politics of change in the City in the mid-1980s, particularly the City's political response to both global competition and local competition (from Canary Wharf) which mainly took the form of a radical pro-development overhaul of the local planning system. In the context of the Canary Wharf/City relationship as expressive of the 'global-local interplay' (Dunford and Kafkalas, 1992), this chapter examines the way in which local political processes -

influenced by both structural and contingent factors - constrain the global ambitions of Canary Wharf. Similarly, *Chapter Six* explores the way in which local economic, social and cultural processes - again influenced by both structural and contingent factors - have constrained and shaped the global ambitions of Canary Wharf.

CHAPTER ONE

THE GLOBAL ORIGINS OF CANARY WHARF

1.0: Introduction

The aim of this chapter is to demonstrate that Canary Wharf is, in great part, a product of global forces. Thus, the emphasis for the moment is on the importance of particular processes of 'globalisation' for the drive to develop Canary Wharf as an international financial centre. This chapter does not, therefore, detail the development of Canary Wharf as such; rather, this is undertaken analytically in subsequent chapters. Here, Canary Wharf's global origins are traced through the combined impact of a number of related structural processes on the City of London and its office space: the globalisation of financial services; the globalisation of commercial property; innovations in information technology; and the deregulation of financial services.

The plan to develop Canary Wharf as a new node for global finance was predicated on two assumptions: first, that financial deregulation would lead to an explosion in financial services' employment in the City of London; and secondly that the 'Square Mile' would be unable to provide sufficient suitable office space necessary to accommodate this explosion. This chapter ends by raising the issue of Canary Wharf's location, a question with which this thesis is centrally concerned. It is pointed out that for Canary Wharf to establish itself, the geography of London's financial services would have to undergo a radical shake up. In this sense, it can be argued that the plan to develop Canary Wharf was predicated on a further assumption: that alongside the deregulation of London's financial services, the locational habits of financial services firms would 'deregulate' to such an extent as to take in the Isle of Dogs.

1.1: The globalisation of finance and property - an introduction

> [Recent] changes in the functioning of cities have had a massive impact upon both international economic activity and urban form ... finance and specialised service industries have restructured the urban social and economic order. Thus a new type of city has appeared. It is the global city [of which] leading examples are New York, London and Tokyo (Sassen, 1991:4).

Over the past few years the concepts 'globalisation' and 'global economy' have attracted increasing attention from economic geographers (1). Although these notions are highly contested, many commentators seem to agree that the transition from an international to a global economy can be dated from the early 1970s and the break-up of the Bretton Woods system of control of national economies. The emergence, in the 1970s, of a number of 'world cities' directly connected through intricate communication networks and commanding global space is well documented (2). At the top of the world city hierarchy are the 'truly international financial centres' (Thrift, 1988), such as London, New York and Tokyo. In the 1980s, the importance of these centres grew dramatically (City Research Project, 1994c; Leyshon, Thrift and Daniels, 1987; Pryke, 1991, 1994a; Sassen, 1991, 1994, 1995; Swyngedouw, 1992). Sassen (1991) argues that the combination of spatial dispersal and global integration has created a new strategic role for 'global cities' such as London, Tokyo and New York (3). According to Sassen, beyond their long histories as centres for international trade and banking, global cities function in four new ways: first, as highly centralised command and control posts in a decentralised world economy; second, as key locations for finance and for specialised service firms, which have replaced manufacturing as the leading economic sectors; third, as sites of production, including the production of innovations in these leading industries; and fourth, as markets for the products and innovations produced.

Nowhere are the processes of globalisation more pertinent than in the realm of money, for it is within the financial sphere that globalisation is arguably most developed (Martin, 1994; Pryke, 1994a). According to Martin (1994), the globalisation of finance is characterised by the emergence of truly transnational banks and financial companies that integrate their activities and transactions across different national markets. Globalisation in this sense is marked by the increasing freedom of movement, transfer and tradability of monies and finance capital across the globe, in effect integrating national markets into a supranational system (4). The process of the globalisation of finance stems from at least three interrelated changes that have been remoulding financial markets in the advanced industrial economies since the early 1970s. First, the internationalisation of domestic currency, with massive growth in trading in exchange rates, and the growth of the eurodollar market (5). Second, developments in communications technologies and the broader sphere of information technology, which have transformed the financial services industries. The global integration of financial markets has now become possible, collapsing space and time and creating the potential for virtually instantaneous financial transactions in loans, securities and a whole variety of financial instruments (6). Third, there has also been an increased internationalisation of the state (Picciotto, 1991; Thrift, 1988), which in many cases, actively engaged in attracting foreign investment and foreign companies (7).

Occurring simultaneously with the globalisation of finance, a globalisation in commercial property can be identified [8]. "Local players, it seems, are being replaced with national and international conglomerates [that] can operate simultaneously in Singapore and in Cincinnati, that can draw upon investment funds from Switzerland to build a hotel in San Fransisco, that can raise a billion dollars in a single deal" (Logan, 1993:35-36). The globalisation of commercial property can be understood through the changes in the financing of commercial property development and the increasing integration between the financial and property markets, despite the relative decline in institutional property holdings [9]. First, the historical links between these two markets are highlighted before briefly commenting on the changes in the financing of commercial property development.

Key to understanding the nature of the links between the financial and real estate markets is the nature of property as a commodity which has both a use-value and an exchange-value (Coakley, 1994; Haila, 1988; Harvey, 1982; Lizieri, 1994). Commercial property serves as both a use-value for financial services firms and other occupiers, and as an exchange-value for financial investors. The owner (investor) views the property as an investment producing rental and capital returns, whereas to the occupier the property is a factor of production (Henneberry, 1994). The boom in financial services over the course of the 1980s, brought about in part by technical changes in financial services (Ball, 1994), generated a new source of effective demand for prime commercial property as a use-value in London and especially in the City. The boom in commercial property can be explained both by user demand from rapidly expanding financial services firms and the response of property companies, which were quick off the mark in an attempt to take advantage of this new source of demand (Pryke, 1994b), and the banks which financed the 1980s' real estate boom [10]. During booms, the exchange-value of property reasserts itself, and property, by becoming apparently more liquid, increasingly takes on the attributes of a 'pure financial asset' (Harvey, 1982; Haila, 1988; Merrifield, 1993a) or, as Coakley (1994) contends, a 'quasi-financial asset' [11].

Commercial property development is a highly leveraged industry, which means that development firms have traditionally operated with little of their own capital, borrowing instead against the value of their projects at completion (Feagin and Parker, 1990). There have been radical changes in financial mechanisms in commercial property over the past decade, and one of these has been the process of 'securitisation', involving the development of (financial) asset-backed securities. There has been an increasing linkage between the financing of commercial property development and the broader financial markets, particularly in the US, with securitisation of property the critical innovation that has allowed local property development to be financed in the national and international financial markets (Logan, 1993). Historically, many kinds of investors have been willing to invest in stocks and bonds. These 'securities' had the virtue of being easy to trade on the stock exchanges. But commercial property, on the other hand, has historically been a risky investment, because investors are tied to the fate of that particular building, in a particular location, with little information about where the 'market' was headed (12).

In the early 1980s, the large development firms directly entered the financial markets with the assistance of investment bankers. In 1983, Olympia and York (13), assisted by investment bankers Salomon Brothers, pioneered the use of mortgage-backed securities for commercial properties. The purpose was to obtain better rates than available through a private placement and limit potential liabilities by making it a 'non-recourse' loan, where only the mortgaged building could be taken over in case of default (Logan, 1993). In 1986, O&Y entered the eurobond market (14) with a mortgage-backed security on individual Manhattan buildings which were successfully marketed by Salomon Brothers, the world's investors putting up nearly $500 million in return for pieces of paper whose value depended entirely on the future of the Manhattan property market (Logan, 1993).

Alongside these developments there have been corresponding changes in the inter-organisational network of property development with the emergence of a number of mega-developers (many closely tied to non-property organisations), such as O&Y, Canary Wharf's North American developers. O&Y, which in the 1980s was the world's largest privately-owned development firm, began diversifying out of property in the early 1980s (Foster, 1986, 1993; Stewart, 1993). For example, in 1985, O&Y bought 60% of Gulf Canada from Chevron for $2.8 billion; and in 1986, through Gulf Canada, O&Y paid $3 billion for a 69% interest in Hiram Walker Resources.

To recap, the globalisation of finance that has taken place over the last couple of decades points to the increasing importance of 'global cities' such as London. Simultaneously, the globalisation of commercial property has produced a new breed of developer, the 'mega-developer', who is able to raise vast sums through the international money markets to finance property development. To fully understand the attraction of London in the mid-1980s to a global property developer such as O&Y, and also to illustrate that global financial services have been the major source of demand for new and refurbished commercial property in London, the expanding international role of the City over the previous two decades is briefly outlined.

1.2: The City of London - 'doyenne of international financial centres' (15)

> ... London maintained a formidable position as the centre of a sterling area to which its ex-imperial territories subscribed. Moreover, it held on to this role despite its involvement in two, economically disastrous, world wars. While Britain's economic decline in the international pecking order, as measured by gross domestic product, continued (and continues) unchecked, the City [has] demonstrated an absolute and progressive rate of growth from the 1960s (Whimster and Budd, 1992:8).

By the 1930s, the City of London's supremacy had been eclipsed by New York (McRae and Cairncross, 1987) (16). Its re-emergence in the 1950s and 1960s as the world's preeminent *international* financial centre can be explained by two factors. In the first place, the City was able to hold on to its accepted strengths. London maintained its position as the centre of a sterling area, and it maintained a surprisingly high profile of British-based multinational companies (despite their decline at home) which required financing (King, 1990). London continued to have a major presence in shipping and insurance, and the City maintained a core role as financial intermediary between savings and government borrowing (Coakley, 1992). In addition, the City was able to capitalise on its reputation of trust, its concentration of expertise, its political stability, and its role as entrepot in relation to changing global exigencies (Thrift, 1994a; Thrift and Leyshon, 1994; Whimster and Budd, 1992). Secondly, the City of London was able to benefit from its relative independence from the (declining) British domestic economy (Ingham, 1984; Moran, 1991; Thrift, 1987) (17). When London re-emerged in the 1950s and 1960s as a great world centre again, it did so in a very different way to that previously. The City's new prominence rested neither on the strength of the British economy, nor on the competitive practices of British firms. It was, instead, largely a regulatory creation: the informal and consensual regulatory style practised by the Bank of England made London attractive to the emerging euromarkets.

London's historic international dominance was based on its role in capital markets, issuing bonds and shares and exporting capital (Coakley, 1992), whereas the rise in the eurocurrency markets in the 1960s transformed the City preeminently into a banking-orientated financial centre (Blanden, 1986). The City entered the 1970s as the leading centre for international banking and other financial services such as eurobonds and specialist insurance and, during the 1970s, it improved the crucial element of that lead -

its banking strength - by consolidating its position as the world centre for the new forms of eurocurrency banking (Coakley and Harris, 1992). The arrival, after the oil crisis of 1973, of petrodollars from the OPEC countries attracted by London's role as a centre of the euromarkets massively expanded London's international banking role (Coakley and Harris, 1992; Leyshon, Thrift and Daniels, 1987), and the legal regulatory regime of US banking laws meant it was more profitable for corporations to locate dollar deposits in London which acted as an 'offshore banking centre' (Blanden, 1986; Coakley and Harris, 1992). Thus, London attracted foreign banks from around the world eager to share in the syndicated loan market (18). For example, from 1968 to 1986, when the City's 'Big Bang' (19) was introduced, the number of foreign banks and securities houses represented in London increased from 135 to 491, with employment increasing by almost 500% during the same period (see Table 1 below). Table 2 (over) illustrates the continued stability and steady increase in the presence and numbers of foreign banks in London throughout the 1980s and 1990s. London remains the largest international banking centre. In 1994, London's total of 529 foreign banks compared with roughly 340 in New York (20), 170 in Paris, 150 in Frankfurt, and 90 in Tokyo (City Research Project, 1994b, 1994c).

TABLE 1: FOREIGN BANKS/SECURITIES HOUSES IN LONDON, 1968-86

Year	Banks/ Securities houses	Employ-ment
1968	135	9107
1970	163	11813
1972	243	14970
1974	336	19082
1976	343	21799
1978	382	28808
1980	403	31132
1982	449	35155
1984	470	39175
1986	491	53833

Source: Blanden (1986)

According to the City Research Project (1994c), London's share of bank cross-border claims has fallen from a peak of 18.6% in 1983 to about 14% in 1993, a period in which the UK's share of world trade has remained stable at between 5% and 5.5% (21). New York's share has also dropped since 1983, from 19% to 8%, whilst Tokyo has now become the second largest centre with 13% of the world total, as against the 5% it had in the early 1980s. London remains the largest centre for the international business of Japanese banks outside their home country, about one-quarter of their international assets are booked through London; this represents about 30% of the total international bank lending out of London and, as a result, the share of both British and American banks has fallen.

TABLE 2: FOREIGN BANKS/SECURITIES HOUSES IN LONDON, 1987-96*

Year	No.
1987	518
1988	530
1989	521
1990	530
1991	541
1992	527
1993	527
1994	529
1995	532
1996	533

* as at February 1996

Sources: The Bank of England; The London Investment Banking Association; The British Bankers' Association; The Bankers' Almenac, 1995, 1996; Noel Alexander, The Banker, November 1995, February, 1996; City Research Project, 1994b, 1994c, 1995.

Apart from international banking, London has a major share in the international financial markets, particularly in foreign exchange transactions, but also in international bond trading, in international equities, and in futures and options. The foreign exchange market is the one international market where London still enjoys a lead over its principle rivals, New York and Tokyo. A survey undertaken by the Bank of England (cited in City Research Project, 1994c) shows that London's daily turnover of foreign exchange transactions in April 1992 totalled $300 billion, compared with $187 billion in 1989. London increased its share of dealing slightly over this period and captured 27% of net business in 1992, with New York in second place with 17% and Tokyo third with 11%. A previous Bank of England survey, in April 1989, had found that both New York and Tokyo had been expanding faster than London (Stafford, 1992), indicating a major threat to London in the 1990s for leadership of the foreign exchange markets. Despite the fact that foreign exchange business is closely related to the eurocurrency business which is shifting from London to Tokyo (Coakley, 1992), London is, for the moment at least, holding on to its leading position in foreign exchange (22).

It is important to note an important fact concerning the change in the character of the City of London from a sterling-based banking centre to a multi-currency one. The leading role of London is by no means synonymous with a leading role for British banks; Japanese and American banks account for most international bank lending in London (City Research Project, 1994c; Coakley, 1992) (23). Whereas the decline in the international use of sterling has not in the event weakened the City as a centre for global finance, it has diminished the part played by British institutions (24). The City achieved its position as a leading international financial centre during the 1960s and 1970s because of its attraction to North American firms, and its has retained its prominence in recent years because of its attraction to the Japanese (Davis and Latter, 1989; Moran, 1991) (25).

To recap, over the last few decades the City of London has become preeminently a banking-orientated international financial centre. However, the markets that expanded due to the new international role of the City that developed in the 1960s and 1970s - eurodeposit banking business, the eurobond market and foreign exchange dealing - were soon dominated by foreign concerns. It was the Square Mile as a virtual 'offshore' base of operations which expanded (Coakley, 1992), not the traditional City institutions already based there. The domestic financial system, encompassing securities markets, merchant banking and retail banking was, in the early 1980s, still dominated by restrictive practices, substantially protected from external competition, and governed by a system of 'meso-corporatism' loosely coordinated by the Bank of England (Moran, 1991). In the mid-1980s, this system was thoroughly undermined by deregulation of the City's domestic markets. Deregulation, it is argued below, was seen as a necessary competitive move aimed at maintaining the City's preeminent position as an international banking centre. As Tables 1 and 2 have illustrated, the number of foreign banks in London rose quite dramatically in the mid-1980s and has continued to rise steadily over the last decade.

Before analysing the impact of the rise in the number of banks on City office space in the mid to late 1980s, the following section briefly outlines the 'Big Bang' and traces its roots. It is important to emphasise the history and politics of Big Bang because of the pro-active role of the Bank of England. The City's politicians claim a close relationship exists between the City Corporation (the City's local authority) and the Bank of England, dating back to the creation of the Bank over 300 years ago (26). Despite this close relationship, the 'City fathers' (27) claim to have been unaware, until late 1984, of the plans to deregulate the City's domestic financial markets and defended the 1984

Draft Local Plan's omission of any reference to Big Bang and its potential impact on City office space (see Chapter 5.5).

1.3: 'Turning global' - the politics of the City's Big Bang

> In the British case [of the financial services revolution] a new theme introduces itself - Americanisation (Moran, 1991:57).

Three aspects of the 'City Revolution', as Big Bang is often called, can be identified. The first concerns the actual structure of the regulatory system. In the Financial Services Act, 1986, the dispersed system of meso-corporatism, which was loosely coordinated by the Bank of England, was replaced by more elaborately codified, institutionalised and juridified arrangements (Moran, 1991). A second aspect involved widespread changes in competitive practices. By the end of the 1970s, many City markets were already highly competitive, including the euromarkets and the large areas of banking that had been freed from controls as long ago as the early 1970s (Coggan, 1989). But in the chief domestic securities markets, limits on price competition and on market entry remained in force. However, in the space of three years after 1983, there took place substantial changes in these market practices. The most important included the phasing out of limits to price competition on the Stock Exchange, the abolition of rules separating firms acting as principals in trading from those acting as brokers, and the ending of prohibitions on the sale of Stock Exchange firms to outsiders (Ingram, 1987).

These two changes paved the way for the third major feature of the City Revolution, a transformation of ownership structures. Until the 1980s, firms in the domestic securities industry were, characteristically, small, independent British-owned concerns, often run as partnerships. In a few short years after 1983, the most important became subsidiaries of multinational conglomerates, many foreign-owned, operating across the financial services sector. The scale of this change is remarkable. Between 1983 and 1986, 105 Stock Exchange member firms were the subject of outside participation in ownership, and over 30 of these involved foreign concerns (Ingram, 1987:55). This drastic competitive shake-up, which was fostered by the Bank of England, with the government's blessing, was aimed at entrenching the City's securities market as the main European time-zone site in a troika of stock market centres, with Tokyo and New York (Reid, 1989). This revolution in regulation and trading practices in Britain was in large measure a response to the 1975 deregulation of the New York Stock Exchange and developments in American-dominated international financial markets (Moran, 1991).

Thus, the City Revolution was due to the transmission of external influences to the British system (28). But it also hinged on the role of domestic forces.

The three faces of the City Revolution, outlined above, are all closely connected. Why the changes came about, and why they came about so swiftly in the early 1980s, can be understood through the chain of events that led to them. The 'critical revolutionary moment' (Coggan, 1989) happened in July 1983 with the 'Goodison/Parkinson agreement', an agreement to reform competitive practices on the Stock Exchange, concluded by Nicholas Goodison of the Stock Exchange and Cecil Parkinson, at that time Trade and Industry Secretary (29). But the origins go back a decade earlier, to the Fair Trading Act of 1973 (30). In 1976, the Office of Fair Trading issued an Order obliging the Stock Exchange to register its rule book with the OFT and to reform its restrictive rules; failure by the Stock Exchange to agree to reform would mean the OFT would bring the rule book before the Restrictive Practices Court (Webb, 1987). The Stock Exchange supported (at the time) at the highest levels by the Bank of England, lobbied the Labour government for exemption from the 1976 OFT Order (Thomas, 1986). The attempt failed.

The return of the Conservatives to office in May 1979 gave renewed hope to the Exchange that it might escape the clutches of the OFT. That hope was an illusion, for reform of the City's domestic markets was rapidly becoming inevitable (31). By the late 1970s, structural change in the financial markets had already damaged the interests traditionally in control of institutions like the Stock Exchange, had created doubts about the very viability of existing trading practices, and had brought to prominence new institutions with interests different from those of the elites entrenched in the traditional system of meso-corporatism; the result was the slow creation of a coalition of reformers (Moran, 1991) (32). The pressure for reform intensified with the abolition of both exchange controls in 1979 and the 'corset' on bank lending in 1980. Abolition of these was both a response to the increasingly global character of markets, and an additional stimulus to the process of global integration (McRae and Cairncross, 1987). After 1979, the British securities industry no longer operated in a protected, domestic arena; it was a small declining part of ferociously competitive world markets (Reid, 1988). London's survival as a significant trading centre depended on full integration into these markets, and that in turn entailed the destruction of traditional regulation. The structural changes both at home and abroad had, by the beginning of the 1980s, begun to mobilise interests favouring reform.

It is, however, extremely unlikely that reforms would have happened spontaneously. By the beginning of the 1980s, the interests in the City were effectively deadlocked over the question of reform; for reforms to be implemented, state compulsion was necessary (Moran, 1991). The decisive event leading to the revolutionary changes of 1983 took place a year earlier when the Bank of England deserted the Exchange, just as the latter was in the last stages of preparing the defence of its rule book it would present to the Restrictive Practices Court (Reid, 1989). The Bank of England, originally the protector of the City elite against the state, had, by the end of the 1970s ceased to be a reliable guardian; it had become a governing institution, and had even been itself penetrated by the ideologies of fair trade and free competition (Moran, 1991). The Bank of England was becoming increasingly worried about foreign challenges to London's position in the globally integrated system for markets, and its power and prestige both within the British state and internationally rested on its position as the regulator of a world financial capital (Moran, 1991).

1.3.1: The impact of Big Bang on City office space

> The root of the matter is that the optimum requirement of an increasing number of City-based companies is for a centrally-located building with an impressive 'presence' or external appearance, with a high quality interior capable of flexible adaptation and with first rate provision for data communications of increasing sophistication (The Twelve Great Livery Companies: Comments on DLP, 1984:5).

Rather than leading to a rationalisation of property needs, there were dynamics behind the 'merger mania' which emerged in the wake of Big Bang which made the opposite true, particularly in the need for flexible, 'intelligent' office space (Pinker, 1987). Developments in information technology had accelerated throughout the 1970s and early 1980s to such an extent that most existing City buildings proved inadequate to accommodate IT in the ways in which modern office users, particularly bankers, demanded (Daniels and Bobe, 1992). Thus, in the mid-1980s, bankers' needs for intelligent space came from the requirement to have the most up-to-date IT systems, because their buildings needed to accommodate automated quotation systems and a whole range of peripheral services (Cundell, 1988). For bankers, what this added up to was a need for buildings with high structural ceilings to accommodate raised floors, and false ceilings in order to house heating, ventilation and air conditioning, an effective cable management system, and large, deep and open floor plates not only to accommodate large dealing floors, but also to allow the maximum flexibility in layout as needs evolved (33).

By 1985, a new City office demand had developed - Large Open Area Floors, or *LOAFS* - that would allow a large number of market dealers to work together in a single space with line-of-vision communications and the electronics and air-conditioning a modern trading floor requires (see, for example, DEGW, 1985; Duffy and Henney, 1989; McDougal, 1985; Whelan, 1985). High on the list of demands from the financial services community was for the type of flexible space which could be quickly adapted to take account of organisational changes. According to City agents, Baker Harris Saunders, from the mid-1980s "the new [merged] financial houses will increasingly require up to 300,000 sq ft in a single building, offering large open-floor areas ranging from 20,000 sq ft to as high as 45,000 sq ft" (Estates Gazette, 28.3.85). The corporate shopping list included floor depths which went beyond the 45 ft norm, uncluttered floor areas offering easy layout and flexibility, higher floor-to-ceiling heights and generous ducting to house the proliferation of cables spawned by office technology.

Large-scale trading floors were considered paramount because after the Big Bang, in 1986, companies would be dealing in many markets: for example, UK and foreign equities; gilts; US Treasury bonds; eurobonds; foreign exchange; commodities; and financial futures. In anticipation of the Stock Exchange's deregulation, 1984 and 1985 saw a rapid inflow of international competition into the City (see Table 1, page 45). Companies began demanding more space, particularly after 1985, and total take-up of space in the City between 1985 and 1987 averaged about 6 million sq ft net, double the rate in the previous three years (Duffy and Henney, 1989:17). Under the new rules, bankers could now take shareholdings in stockbrokers and jobbers. Institutions were therefore seeking to forge closer links, with the emphasis on a stronger business image and new premises consisting of flexible, open-plan office space. To get that extra space, banks began looking to the City's fringes where some broking houses had already located (for example, the ultra-modern Broadgate development, on the City's north-eastern fringe, had by 1985 already captured major corporate names such as Security Pacific and American Express).

This 'spatial contestation' (Pryke, 1988, 1991) had begun to take place in the late 1970s. "With the increasing numbers of foreign banks and their growing economic muscle in markets that originated outside of the City's 'old' markets, the US banks (in particular) found themselves in a position to challenge the authority of the Bank of England" (Pryke, 1991:209), the 'spatial guardian' of the City's banking sector (Pryke, 1988, 1991). The first to challenge the Bank's authority and the 'old spatial matrix' (34) were Citibank, Chemical Bank, Security Pacific and United Bank of California which, by 1979, had all relocated to the Aldwych on the City's western fringes and the Strand in the West End. The larger US banks were showing themselves to be far less location-sensitive than other foreign banks (Pryke, 1991) (35).

Up to 1985, the Bank of England had been able, apart from a few (mostly North American) exceptions, to confine the banking sector to the old banking matrix in the postcode areas EC2 and EC3. After 1985, with deregulation looming, and pressure from large US banks to locate outside the 'old City' increasing, the question was how far west, north, south and east the (financial) City would extend (Pryke, 1988, 1991); and in its expansion eastwards, would it extend as far as Canary Wharf?

1.4: The 'demand' for Canary Wharf

> Canary Wharf was conceived as a large space alternative for tenants in the City. It was the only place at the time where we could get what we wanted, which was large, quality buildings of at least half a million sq ft with large floorplates anything from 30,000 sq ft to 40,000 sq ft for the large trading operations (Peter Marano, First Boston Corporation/Olympia and York) (36).

The plan to build a 12 million sq ft financial centre at Canary Wharf on the Isle of Dogs was announced in May 1985. The promoters, Credit Suisse First Boston and Morgan Stanley International (both US-based merchant banks), formed a development company, First Boston Real Estate, chaired by G Ware Travelstead an entrepreneurial troubleshooter who pushed the scheme through and earned the nickname 'G Whizz' in the process (Brownhill, 1990). The banks' interest in Canary Wharf coincided with the government's announcement on Big Bang and, according to the City's planners, Travelstead used the fact of deregulation to argue that Canary Wharf was a necessary extension to the City of London (37). The City, Travelstead argued, had to expand to accommodate the predicted explosion in financial services from Big Bang. According to an undated Canary Wharf broadsheet, produced by the Travelstead consortium,

> [Canary Wharf] responds to the need of the financial services sector for space in which to grow and thus secure London's future ... these needs cannot be met within London's Square Mile except through extensive destruction of the City's historic fabric (quoted in DCC, 1992:6).

Suggestions were also made that a development on a low-cost site near the City could absorb six to seven million sq ft of potential demand in the City that could not afford to locate there (Daniels and Bobe, 1991). In addition, the case for the scheme was predicated on an assumption that the City would require an additional 30 million sq ft of office space to accommodate anticipated expansion in financial services employment alone (Meuwissen, Daniels and Bobe, 1991).

1.4.1: A radically new geography for London's financial services?

> City office occupiers prefer to stay in the Square Mile, but for some the right type of space is beginning to take priority over the right address ... The criteria for City property used to be 'location, location, location'. Now they are 'specification, location' (The Banker, November 1985:69).

By 1985, as the quote above indicates, some City analysts were already suggesting that the impact of economic restructuring on office development - in particular the effect of IT on the internal operations of financial services firms - meant that the rules for property investment in London were about to be rewritten. By the turn of the decade, these production-based analyses of the changing structure of office location in London had been joined by space-based accounts which challenged the efficacy of the City's spatial matrix. An example is that of the research team of US securities firm Salomon Brothers, which argued that a 'polycentric London' was developing because non-central areas had either accumulated, or were in the process of accumulating, the critical mass of space necessary to compete with the established nodes of the City and the West End. Specifically, Salomon Brothers predicted the formation of a radically new geography for financial services in London in the 1990s, because

> the code [of the local market had] been broken ... through the adoption of an open-market system on the US model. [North American] developments such as Canary Wharf ... appear to have 'broken the code' ... The property adage of location, location, location - once a euphemism for the City, the City, the City - has now become product, product, product (Byrne and Kostin, 1990:7-11).

The extent to which financial services are prepared to consider Canary Wharf an acceptable location is a central question in this thesis.

1.5: Conclusion

This chapter has shown that the origins of Canary Wharf are directly linked to the globalisation of both finance and property. Three factors associated with these structural processes have impacted most on City office space. First, due to particular historical, legal and social conditions, the City of London has become the world's pre-eminent international banking centre, the leading centre for foreign exchange and a lead player in other international financial markets. Secondly, developments in communications technologies and information technology, which have transformed the operational capabilities of global financial services, produced a demand for a new type of office space for financial institutions in the mid-1980s - Large Open Area Floors, or LOAFS. Thirdly, the deregulation of the City of London, which can be seen as a 'national' response to the globalisation of finance, was expected to bring about an explosion of employment in financial services, leading the Travelstead consortium to conclude that the City would require an additional 30 million sq ft of office space. Moreover, Big Bang brought about a 'merger mania' in which the large domestic and foreign financial conglomerates took over many of the City's small specialised merchant and stock broking banks. Many of these merged institutions were subsequently looking for suitable accommodation in which to expand.

Canary Wharf, a North American-led initiative, was a response to the Square Mile's perceived inability to accommodate the predicted explosion in financial services' employment in the City. However, to establish itself as a centre for global finance, Canary Wharf has to succeed in radically altering the geography of London's financial services. The problems Canary Wharf has faced in achieving this aim are the subject of this thesis. The following chapter begins with a critical appraisal of existing analyses of Canary Wharf's fortunes, before outlining a new approach for undertaking such an analysis.

Notes: Chapter One

1. See, for example, Amin and Thrift, 1992, 1994, 1995; Cohen, 1981; Dicken, 1992, 1993, 1994; Friedman and Wolff, 1982; Friedman, 1986; Hall, 1984; King, 1990; Logan, 1993; Peet, 1991; Pryke, 1991, 1994a; Pryke and Lee, 1994; Sassen, 1991, 1994, 1995; Sassen-Koob, 1986; Soja, 1987; Thift, 1987, 1988).
2. See, for example, Cohen, 1981; Friedman and Wolff, 1982; Friedman, 1986; Hall, 1984; King, 1990; Soja, 1987; Thrift, 1987, 1988.
3. In Sassen's analysis, the fundamental dynamic is that the more globalised the economy becomes, the higher the agglomeration of central functions in relatively few sites, that is, the global cities.
4. According to Martin (1994), the contemporary 'late industrial' phase of capitalism is marked by the onset of a shift in the nature of the financial system toward a 'transnational' and 'securitised' form, whereby money has become commodified and capital and money markets are separating from industry. Within this process Martin observes that as national financial centres become increasingly globalised and globally integrated, it is now national monetary autonomy that is being challenged.
5. The first eurocurrency was the eurodollar. Eurocurrencies are normally held as bank deposits, are international and sold in all markets. Because they are not issued within the framework of a particular country's regulations, Eurocurrencies can avoid much regulation.
6. Specific treatment of these technologies in the context of financial services is provided by, for example, Bertrand and Noyelle, 1988; Dicken, 1992; Hamilton, 1986; Warf, 1989.
7. It is important to stress, alongside the observation concerning the internationalisation of the state, that state intervention helped shape the financial services revolution in Britain (Moran, 1991). The UK's competitive response to the globalisation of financial services and its associated technological changes was to deregulate the City of London's domestic markets. 'Deregulation' suggested that the role of the state in regulation was diminishing, but the reality has been otherwise (see Section 2.1.2). "The world financial services revolution has not involved retreat by the state. On the contrary: state agencies have been central actors in the revolutionary process" (Moran, 1991:2).
8. See, for example, Coakley, 1994; Lizieri, 1994; Logan, 1993. Logan (1993) is in fact cautious in the conclusions he draws from the phenomenon of the globalisation of real estate, arguing that it has progressed in fits and starts, not least because of the recession in global property which began in the late 1980s.
9. The decreasing relative significance of the property holdings of insurance companies and pension funds appears to run counter to the thesis of deepening links between the property and financial markets, but Coakley (1994) argues that this overlooks three important points. First, the institutions remain significant property owners in absolute and relative terms. Second, they were significant traders of property in the 1980s as they sought to rationalise and upgrade their property portfolios to include mainly prime properties. Third, in the current recession overseas buyers have begun to play a significant role in UK property markets, and many of these buyers are overseas financial institutions.
10. The source of user demand which provided the initial stimulus for the 1980s' property boom in the City and its environs was in decline from 1988 onwards (Ball, 1994).

11. Since the mid-1980s, land and commercial property have come to be treated as just another option in an investment 'portfolio', which is to say, just another (pure) financial asset. Merrifield (1993a) argues that this mechanism helped spur the frenetic speculation and over-investment in London's property sector in the latter half of the 1980s, stressing that investment activities were further catalysed in London's Docklands by an urban and economic policy that endorsed market-driven, speculative short-term practices (see Chapter Three).
12. Thus, one advantage that local investors have is their connections and knowledge of the local scene (Logan, 1993).
13. O&Y's global empire was owned by the Reichmann family. In 1987, when O&Y took control of Canary Wharf, it was reputed to be worth $20 billion (Business Week, November, 1988), spread among a mass of strategic financial assets, with large energy interests. O&Y's main interest was however in property. By the end of the 1980s, O&Y was the largest developer of office space in North America, owning over 50 million sq ft, half of which was in New York (O&Y, 1990). Prior to its collapse in 1992, O&Y was a 'partner' in some of the biggest redevelopment projects in North America, including the World Financial Centre in New York.
14. Eurobond is a term applied to any long-dated stock issued in the euromarket. They are usually taken up by countries, international organisations such as the World Bank or the EC, government-based bodies and the larger multinational corporations (Coggan, 1989).
15. This phrase has been borrowed from Thrift (1987).
16. In the 18th and 19th centuries the City of London reigned supreme amongst financial centres. Sterling was the major currency, Britain was the regulator of the international financial system and British banks were the major world financial institutions. This preeminence was beginning to pass away by the beginning of the 20th century, and after the first world war and the 'Great Depression', London's international significance was greatly diminished.
17. Thrift (1987) argues that by the middle of the 19th century, the extent of the City's *international* role meant that it was already becoming divorced from the British domestic economy, and indeed had little to do with the industrial revolution or subsequent developments.
18. A syndicated loan is a large, long-term bank loan in which a syndicate of banks club together to provide a loan when no one bank wants to commit that much capital to any one borrower (McRae and Cairncross, 1987). In the euromarket, syndicated loans carry interest rates at a margin relating to the London Interbank Offered Rate (Coggan, 1989).
19. The term 'Big Bang' is an analogy for deregulation and operational change. Technically, it refers to the abolition of minimum commissions on the London Stock Exchange (the market where shares and government bonds are traded). However, as the pace of change accelerated, the term grew to encompass a whole range of alterations to the City's operations. Thus, 'Big Bang' is a misnomer. It suggests there was a single event which changed the face of stockbroking on 27 October 1986. But in reality Big Bang was a series of explosions, which started some time before 1986 and has yet to stop.
20. Of the 340 foreign banks in New York, 69 are Japanese, a higher number than in London (City Research Project, 1994b).

21. In contrast to most other financial centres, both the number of foreign banks and the volume of international bank lending in London are clearly much larger than can be explained by the UK's volume of foreign trade.

22. The dominance of foreign banks within London's foreign exchange markets should not be overlooked. According to Coakley (1992), foreign banks accounted for no less than 80% of total turnover in London in April 1989, with North American banks being the market leaders.

23. London's position contrasts sharply with that of Tokyo and New York where domestically headquartered multinational banks dominate international lending (City Research Project, 1994c; Coakley, 1992).

24. Even by the 1970s and 1980s, British banks commanded only around one-fifth of London's international banking (Bank of England Quarterly Bulletin, February, 1986).

25. By 1988, for instance, Japanese banks in London were accounting for 36% of international banking business that had once been dominated by American banks (Bank of England Quarterly Bulletin, February, 1989).

26. Interviews: Michael Cassidy; Peter Rees, Corporation of London.

27. The term 'City fathers' is used to describe the City's leading politicians and officers (see Doolittle, 1982; Kelly, 1992).

28. According to Moran (1991), London is the most important arena through which the American financial services revolution had been exported, both to Britain's own financial system and to those of other major capitalist economies.

29. The 1983 agreement had two objectives - to reform trading practices *and* to protect the City from control by a state agency; thus Goodison traded a commitment to reform the Stock Exchange in return for a promise that the Office of Fair Trading would no longer have jurisdiction over it (Hilton, 1987; Webb, 1987).

30. This legislation strengthened the law against restrictive practices in Britain and, in the OFT, established a highly influential institutional advocate of ideologies of free competition (Moran, 1991).

31. Moran (1991) argues that by the 1970s, ideologies of free competition and fair trading had penetrated key elites, including the Conservative Party, the City's traditional political ally.

32. The ideologies of free competition and fair trade, promoted by the OFT, were shared by Margeret Thatcher (Moran, 1991). 'Thatcherism' involved attacks on the entrenched privileges of specific fractions of capital and the restrictive practices of private sector members of the service and professional classes (Jessop and Stones, 1992).

33. The equipment that is used in the modern office cannot be treated in isolation; it requires power and in most circumstances requires linkages to other items of hardware within the same building or at other locations (Daniels and Bobe, 1992). This is manifest in the need for masses of cabling which, for safety and convenience, must be located 'out of harm's way' but at the same time must be easily accessible. Thus, in the technology-friendly office, the raised floor is seen as an essential element. Another aspect of the new technology and its associated equipment is that it produces 'wild heat' during operation and in enclosed buildings this heat must be removed and/or controlled by air-conditioning.

34. In his analysis of the City's changing social relations, Pryke (1988, 1991) uses the concept 'old spatial matrix' to refer to what the City's planners and chartered surveyors call the 'City core' (see Appendix 9).

35. This distinctiveness on the part of the large US banks towards the City location is a theme which is developed in Chapter Six's analysis of Canary Wharf's viability as a centre for global finance.
36. All subsequent quotes using this type face are taken from interviews carried out in the course of research for this thesis. Only the names and organisations of interviewees are indicated in the text. For details, see Appendix 2).
37. Interview, Stuart Murphy, Corporation of London.

CHAPTER TWO

EXISTING ANALYSES OF CANARY WHARF, THEIR SHORTCOMINGS, AND A NEW APPROACH

2.0: Introduction

This thesis is concerned with the complex of circumstances surrounding the fortunes of Canary Wharf. Its analysis begins here with a critical appraisal of existing accounts which, it must be stressed, focus on explaining the apparent collapse of Canary Wharf in 1992. These emphasise three factors, all of which formed a part of the empirical research interests of this thesis: the combined impact on Canary Wharf of the recession in global property and the downfall of O&Y's global empire; the personal characteristics of Paul Reichmann (1); and the 'planning' of Canary Wharf. The impact of the first of these three factors can be considered in a relatively straightforward manner, however, the focus within existing accounts on the planning of Canary Wharf and the role of Paul Reichmann cannot be so considered. Whilst it is widely believed that Canary Wharf has suffered from an absence of planning, some accounts have used arguments which are inherently contradictory to call for more government planning. The emphasis on the role of Paul Reichmann is also problematic. Fainstein (1994) merely asserts that the personal characteristics of Paul Reichmann played an important role in the downfall of O&Y at Canary Wharf, an assertion that is based second-hand on the account of a journalist. However, even though this theme has been explored in the course of the research for this thesis, it remains problematic, for this research is based on in-depth interviews with ex-O&Y executives at Canary Wharf and not Paul Reichmann himself.

The other purpose of this chapter is to elaborate upon the theoretical inadequacy which, it is argued, is inherent in all existing accounts of Canary Wharf's fortunes and also to set out the contributory explanation that will follow. Existing accounts fail to analyse Canary Wharf's fortunes within the complex interplay that constitutes its relationship with the City, and this failure forms a major justification for this thesis. The chapter ends by outlining a new approach, which analyses Canary Wharf's fortunes within its relationship with the City of London. This relationship, it is argued, is characterised by intra-urban competition and is also expressive of the 'global/local interplay'.

2.1: The property bust

> The developer, investor and occupier all operate within an unstable market prone to strong cyclical behaviour. This instability has contributed to the unbalanced development of London's office economy over the past thirty years [and] it has created particular tensions in the aftermath of the recent development boom (Barras, 1994:2).

The 1980s' property boom, which has been attributed to the transformation of the financial services sector, technological change, deregulation, credit expansion, tax policies, and 'globalisation' of real estate activity (see, for example, Ball, 1994a; Barras, 1987, 1994; Coakley, 1994; Lizieri, 1994; Logan, 1993), came to an abrupt end in London two years after the October 1987 stock market crash. The rapid fall in commercial property values in London in 1989/90 was soon mirrored in cities throughout North America, mainland Europe, Japan and the Pacific Rim (Ball, 1994a; Lizieri, 1994). As Lizieri (1994:6) notes: "the global integration of financial markets means that shocks and cyclical movements are quickly transmitted around the system; there is an increasing tendency for international financial markets to move in unison". There was a lagged effect of continued property investor confidence in 1988, 1989 and even 1990 which meant that millions of sq ft of new office space were becoming available in both London and New York just when demand was dropping precipitously, creating a situation of massive oversupply. O&Y had the misfortune to bring Canary Wharf onto the market when it was plummeting into the bottom of a cycle.

London's commercial property recession of 1988-1993 is its worst since 1945. In 1992, at the peak of the recession, vacancy rates reached 19% in the City (DTZ, 1993) and 40% in Docklands (DCC, 1992, 1993). This compares with peak vacancy rates in the City of 11% in the property crash of 1973-74 (DTZ, 1993). Between 1989 and 1993, whilst interest rates remained high, rents plummeted by 40% (Daniels and Bobe, 1993). As office vacancy rates increased in response to both job-shedding in financial services and the completion of buildings planned in more optimistic times, so it became more difficult for property companies to repay the high interest on their loans. Interest rates remained high throughout the recession, and overstretched property companies became caught up in an interest rate trap (Hallsworth and Bobe, 1993a, 1993b). Defaults and bankruptcies followed and by the end of May 1992, O&Y Canary Wharf Limited, long considered too powerful to be seriously affected, had been placed in 'administration' by the banks that by then effectively owned the development. In what follows, the main factors that lie behind the spectacular collapse in London's commercial property market and its impact on Canary Wharf are briefly detailed.

Office development in London exhibits strong cyclical tendencies. The underlying mechanism causing supply cycles is the delay of three to four years between the start and the completion of a major development scheme, which causes development supply to lag behind changes in market conditions (Barras, 1983, 1984). Thus, increasing demand leads to shortages of space and rising rents, and the resultant increase in capital values encourages developers to obtain planning permission and initiate schemes without full appreciation of the total volume of development being started. Only when the first wave of developments comes on to the market, stabilising rents and values, does the level of new starts begin to slacken off, by which time a potential over-supply has been created. Speculative development then drops to a low level until this new supply is absorbed and the cycle can begin again. The structure of the property industry also contributes to its strong cyclical tendencies, because the industry has a tendency to overproduce. No group of firms within the property industry dominates the market sufficiently to control overall supply, thus a cap cannot be put on the total amount built (2). Moreover, the easy availability of finance during the boom drove the market, and developers continued to build office space as long as someone was willing to provide the necessary funds. As noted in the previous chapter, UK property investment throughout the latter half of the 1980s was dominated by non-institutional investors (3), with loans from banks to property companies dominating the supply of finance to the commercial property sector (4). Between 1985 and early 1991, the bank debt extended to property companies increased almost sevenfold to a peak of just under £41 billion (DTZ, 1992a:4).

The rapid expansion of bank lending to property companies in the 1980s, brought about by the liberalisation of the financial sector, affected the nature of office development in four specific ways. First, banks are purveyors of short-term finance, seldom lending beyond a period of seven years (DT&C, 1989). Consequently, they tend to promote a corresponding short-termism and 'windfall' feverishness with respect to property (Merrifield, 1993a). Secondly, in making loans, banks appeared to place greater importance on the creditworthiness of the borrower than the characteristics of the proposed development. According to a representative of one of the major bank lenders to property developers in the 1980s,

> we weren't investing in Canary Wharf, we were lending to O&Y, the biggest property company in the world (John Latham, Lloyds Bank).

Bank lending freed those developers considered creditworthy from the conservatism of the institutions, enabling developers to move into fringe locations such as London's Docklands, which the institutions considered too risky for long-term investment

(Adams, 1994). Thirdly, the willingness of banks to form syndicates, combining with each other to fund developments beyond the resources of any one bank, allowed developers to contemplate 'mega-projects' that would not previously have been financed. Rosehaugh Stanhope's Broadgate development on the fringes of the City, for example, was funded by a consortium of 21 separate Japanese banks, and Canary Wharf was funded by over 100 banks from all around the world. Fourthly, and perhaps most significantly for the whole development system, the excess enthusiasm of British and overseas banks to lend and lend again, explicable only by their collective failure to understand the development cycle, inevitably created a substantial oversupply of commercial property, especially in London.

Why did the banks continue to lend money to developers in the face of mounting evidence of the fragility of commercial property development? To answer this question Fainstein (1994) focuses on the modus operandii of the property development industry in the 1980s which, she argues, was driven by emotion not experience. She identifies a pervasive 'pressure to build', arguing that "a herd instinct was at work amongst the banks" (1994:64). Banks acting as property investors tend not to rely on advice and research, preferring instead to rely on personal relationships built up with property developers (5). Institutional investors rely much more on market data when making their decisions than do banks or property developers and, unlike the institutions, banks tend not to have in-house research units, though they do have various marketing research advisors. For the banks that lent to property companies throughout the 1980s, more important than undertaking much research into the viability of office projects, was believing in and developing a relationship with the property developer, and having a 'feel for the market' (Fainstein, 1994). Even if developers and investing banks had relied less on their intuition and more on 'outside' professional advice, Fainstein (1994) notes that it was not in the financial interests of consultants (chartered surveyors, brokers, lawyers and other advisors) to discourage property investment once the property market had worsened.

The growth of banking capital within the UK commercial property sector was not all UK capital by any means. Having run at well under £200 million for most of the 1980s, direct investment from abroad in UK property rose to nearly £2 billion in 1988 and reached over £3 billion in both 1989 and 1990 (DTZ, 1992b). Most of this rise was due to the activities of two groups, the Swedes and the Japanese, but also to an extent US investors, all of whom sought 'spatial fixes' (6) through unloading surpluses of capital into the UK property market (notably office space), which was seen as attractive in terms of rental returns and tax benefits (7). Importantly, overseas bank-lending to property companies active in the UK is able to circumvent Bank of England parameters which essentially 'cap' property debt exposure of UK clearing banks. These borrowings, then, add to the UK property debt burden, yet the security for these loans lies overseas. In other words, overseas banks represent a completely unrestrained and deregulated source of loan capital circulating through the whole sector as 'fictitious capital' (Merrifield, 1993a). The dangers contained in this state of affairs became evident at Canary Wharf, which had been financed mostly by overseas banks.

This financial explosion within the property sector, combined with the far-reaching changes that have occurred in the global capitalist political economy since the mid-1970s, "paved the way for reckless speculation and over-investment which was so acutely apotheosised at Canary Wharf, particularly as it took place within a milieu that endorsed market-driven, speculative short-term dictates" Merrifield, 1993a:1251). As the overbuilding of commercial space during the 1980s attests, and Canary Wharf's history reinforces, only so much building can take place; there is a limited capacity for investment, and financiers and developers can chase only so much rental income (8). With an oversupply of office space in London, and rents falling to below £10 per sq ft on the Isle of Dogs (DCC, 1992), "it was only a matter of time before such a fragile edifice - with the mountain of fictitious (and surely unrealisable) titles to rents invisibly building up within - would come crashing down" (Merrifield, 1993a:1257).

2.1.1: The downfall of Olympia and York

> Like many others O&Y followed the herd during the 1980s, not only by investing heavily in London but also by borrowing heavily against existing assets to continue with business expansion [at Canary Wharf]. In doing so they became caught in the interest rate trap, unable to pay off their debts. They have also become victims of a global recession which has particularly badly affected their main asset base in North America (Hallsworth and Bobe, 1993b:67-8).

In August, 1991, O&Y's tenants began moving into Canary Wharf, beginning with Credit Suisse First Boston. The start of tenants moving in, however, was not a simple case of rental income coming on stream. Some tenants had been 'lured' to Canary Wharf with lucrative deals involving their former office premises. The practice within the UK of 25-year property leases forced O&Y into buying up existing leases of prospective tenants to allow them to move freely to Canary Wharf. The theory behind this ultimately futile move was to create a 'critical mass' by encouraging well-known companies to relocate there, hoping others would follow. Since this did not happen in any great way, it led in part to the meltdown of O&Y (Hallsworth and Bobe, 1993a). Other tenants took advantage of prices at well below 'market rates' (Meuwissen, Daniels and Bobe, 1991). O&Y did not reveal the extent of the 'sweeteners' used to attract tenants to Canary Wharf, however, four-year rent-free periods have been widely mentioned (Hallsworth and Bobe, 1993a). The first real evidence that O&Y was overstretched and in difficulty had come in September 1990, when the Reichmanns liquidated some 20% of its New York real-estate portfolio, which consisted of 22 million sq ft of office space, to finance its equity contribution to Canary Wharf (Hallsworth and Bobe, 1993a). These properties were offered as security against loans needed for Canary Wharf, but once the New York property market slumped too the loans exceeded the collateral value of the properties. By November 1990 Paul Reichmann announced that O&Y would concentrate on capital liquidity and divest itself of non-property business, after a decade of diversification (Daniels and Bobe, 1991), and between 1990 and 1992 the Reichmanns invested $500 million of their own money in an attempt to shore up the O&Y empire (Hallsworth and Bobe, 1993a).

Hallsworth and Bobe (1993a, 1993b) describe how O&Y became caught up in an interest rate trap. After the 1987 Stock Market crash and the 1988 'Lawson boom', when interest rates were kept artificially low, property went into severe recession in 1989/1990. Interest rates were then raised dramatically, which meant that the real cost of money went up and those with debts began to suffer from high real interest rates. Like the other developers in trouble, O&Y could not refinance its loans, as investors cut off lending to the property sector. Since all construction loans are short-term and intended to be refinanced through long-term mortgages when construction is finished, withdrawal of mortgage money from the market destroyed the viability of developers whose buildings were approaching completion (Hallsworth and Bobe, 1993a). Firms like O&Y, which had issued short-term bonds backed by occupied buildings as collateral so as to finance further growth, were in the especially unenviable situation of needing to either pay off or roll over the bonds on a quarterly or even monthly basis.

A chain of events took place throughout the early months of 1992 which led irresistibly to the collapse of the O&Y empire. The first of these, which came on February 13, was a downgrading of the company's commercial paper by Toronto's Dominion bond-rating agency, which estimated that the value of O&Y's listed investments (i.e., investments in publicly-held companies) had fallen by over 40% from C$6.6 to C$3.9 billion in the preceding two years (Stewart, 1993). After the downgrade by the rating agency, O&Y began buying up about $400 million of its commercial paper itself (Foster, 1993). On March 12, Morgan Stanley International won a $240 million judgement enforcing

O&Y's pledge to buy Morgan Stanley's Canary Wharf building upon completion. When O&Y had taken over the Canary Wharf project in July 1987, both CSFB and Morgan Stanley effectively had effectively become tenants on 50-year ground leases. But O&Y needed to raise cash, and in the Summer of 1991 the company sold the leases to both buildings occupied by CSFB and Morgan Stanley to the banks. However, Morgan Stanley's agreement with O&Y required the developer to purchase its building upon completion if the bank so demanded. O&Y resisted the exercise of this option and lost in court (9).

On March 22 O&Y admitted that it was sustaining a 'liquidity crisis' and called a meeting of its creditors to restructure about $12 billion of its debt, and Paul Reichmann symbolically stood down as Chair of O&Y (Foster, 1993; Stewart, 1993). The next week O&Y failed to make the first instalment on its £400 million contribution toward the Jubilee line extension (DCC, 1993). Over the following few weeks, O&Y missed a series of bond and mortgage payments on instruments secured by a tower in the World Financial Centre and Toronto's Aetna Centre and First Canadian Place (Foster, 1993; Stewart, 1993). At the end of April 1992, as part of the restructuring of O&Y's debt, Paul Reichmann proposed that creditors forgo the company's $12 billion real-estate debt for five years in exchange for a 20%, non-voting equity stake in the holding company and 30% in Canary Wharf. O&Y's lenders refused, and by the end of May 1992 had placed Canary Wharf in the administration of a court (10).

2.1.2: The deterioration in Paul Reichmann's relationship with 'his friends' the bankers

> Despite Paul Reichmann's plea to the Wall Street Journal (1.6.92) when he asked: 'why are they doing this to me? These people are my friends', the real question was why it had taken the banks so long to decide to pull the plug on Paul Reichmann (Foster, 1993:291).

Bankers are taught to secure adequate collateral and obtain current financial information about a borrower before lending. But, according to a Midland Bank property manager,

> then there's the fuzzy part, the intangibles, the magic touch (Michael Warburton, Midland Bank).

A senior City property developer believes that

> bankers must have been so bedazzled by Paul Reichmann's stature and reputation, they either forgot, or didn't dare, to ask for security on their loan (Sir Nigel Broackes, Trafalgar House).

Paul Reichmann *had* to be exceptional, otherwise why did the banks lend $15 billion (Foster, 1993; Stewart, 1993) to someone who wouldn't open his books? One answer could be that

> Paul Reichmann convinced the bankers he didn't really need it, and they were worried that if they didn't lend him money others would (Paul Storey, Nat West Bank).

According to Sir Nigel Broackes, Chair of the giant property company Trafalgar House and first Chair of the LDDC,

> O&Y had created the impression in Britain that they could walk on water. But it's one thing for a spectator to observe and quite another for all these banks to take O&Y on trust and put all this money into Canary Wharf ... they lent money believing the Reichmanns were feeding in their own money from North America, when, in fact, the Reichmanns were borrowing at the same time in North America to put in what appeared to be their own equity. But it wasn't, it was more debt.

Some of O&Y's biggest lenders colluded in Paul Reichmann's unwillingness to recognise his true condition, in an attempt to avoid looking foolish (Foster, 1993). Up until the middle of 1992 they continued to lend Paul Reichmann money for Canary Wharf, albeit small amounts that literally kept the development afloat on a week-by-week basis (11). At the beginning of May, 1992, Paul Reichmann asked the 'club of eleven' main lenders on Canary Wharf (12) for an additional £595 million revolving loan to complete Canary Wharf in return for 80% of the equity on the first two phases of Canary Wharf and 35% on the remainder of the project. O&Y would remain in control of the project. The bankers were split, the main stumbling block being Paul Reichmann's insistence on retaining control (Stewart, 1993), and on May 28, the banks which had lent O&Y money to finance Canary Wharf but had secured their loans with O&Y assets, principally Canary Wharf, applied to the courts to have Canary Wharf put into administration.

Under administration, the accountants' job was not to take over the running of Paul Reichmann's dream, it was to rescue as much as possible for the lenders (13). O&Y

executives blame the "short-sightedness" of the bankers for Canary Wharf's predicament, claiming that

> it would have made much more sense to Canary Wharf's long-term future to have left Paul Reichmann running the project (Robert John, O&Y).

Peter Marano, O&Y's Head of Leasing, bitterly recalls the day in September 1992 when the administrators, accountants Ernst & Young, sacked him along with Michael Dennis and Robert John (14), cryptically commenting that

> those well-known property developers, Ernst & Young, felt they could do a better job than us.

Despite losing control of Canary Wharf, Paul Reichmann refused to believe he could no longer regain control of the development. At the end of October 1992, O&Y submitted yet another restructuring proposal for its global empire, splitting the company into three parts: a US property investment arm; a Canadian property arm; and a Canadian investment company, which would have responsibility for Canary Wharf. Once again, it left the Reichmanns in control of Canary Wharf, and the proposal met with the bankers' immediate opposition. "We're not happy with them even keeping a small ownership position, but this is ridiculous" (banker quoted in The Independent, 29.10.92). By the end of November, 1992, O&Y had agreed to the orderly liquidation of some of its most prized assets in North America. And by the end of October 1993, Canary Wharf's unsecured creditors agreed to a rescue package with Sylvestor Investments (named after 'Sylvestor' the Hollywood cartoon cat which chased Tweetie Pie, the canary), the company owned by the 11 banks now running Canary Wharf.

In summary, the global recession in commercial property greatly undermined O&Y's ability to continue funding development at Canary Wharf on the back of loans on their global assets, particularly their office buildings in New York and Toronto. And, after having bedazzled the world's bankers into lending him well over £1 billion to fund construction at Canary Wharf, Paul Reichmann's relationship with the banks deteriorated rapidly in 1992, adding to his problems of finding finance to build Canary Wharf. In addition to this, the massive over-supply of office space in London and the precipitous collapse in rents meant that London's office market became a tenants' market in which Canary Wharf found it increasingly difficult to compete because O&Y was so overstretched. Clearly, the bust in global property, which so badly hit both London and New York, had a profound effect on the ability of Canary Wharf to establish itself. However, whilst this is perhaps the most obvious expression of Canary Wharf's problems, it is undoubtedly the case that other factors played an important role in the mounting problems faced at Canary Wharf. For, whilst the property recession can account for much of the difficulty endured by O&Y, it cannot account for the difficulties faced by Canary Wharf in attracting global financial institutions, particularly in O&Y's early days at Canary Wharf.

2.2: The personal characteristics of Paul Reichmann

> Paul [Reichmann] fell in love with Canary Wharf. Even at the end he didn't want to let go and he's bitter at the enforced divorce ... He blames the banks for not leaving him in control of the project. But he blames others as well, particularly the conservatism of the English and the procrastination of the government (Robert John, O&Y).

Whilst the preceding has often hinted at the significance of non-structural factors, the following section focuses explicitly on the role of Paul Reichmann. It was earlier suggested that Fainstein's (1994:207) assertion concerning the significance of the personal characteristics of Paul Reichmann in the downfall of O&Y at Canary Wharf is analytically inadequate. This is because it is based on the account of a journalist with *The Independent on Sunday* who merely recapitulates the observations of Peter Foster, an author of two books on the Reichmanns, which emphasise the psychology of Paul Reichmann as a 'deal junkie'. Paul Reichmann is, of course, one of the most significant players in the Canary Wharf story, and his role was fully explored in the course of the research carried out for this thesis. On the basis of this research, it is argued that at least three other factors can be emphasised: Paul Reichmann's inflexible approach to the marketing of Canary Wharf; the autocratic manner in which he ran the O&Y empire; and his inadequate grasp of the 'local' in London. In the section that follows, the focus is on the way he ran the O&Y empire and the Canary Wharf project in particular. Paul Reichmann's inadequate grasp of the 'local', namely London's local geographies and property markets, is taken up in Chapter Six.

Whilst Paul Reichmann envisaged Canary Wharf as London's 'Wall Street On Water', O&Y's Head of Marketing at Canary Wharf believes this emphasis on Canary Wharf being an alternative for large-space tenants in the City gave rise to difficulties in letting space.

> Paul had an inflexible attitude towards the marketing of Canary Wharf. Essentially, it was 'we want the large City firms to occupy these huge floorplates'. We [the marketing team] knew we could tenant the buildings more easily if we were able to split the space

> down, but Paul was unwilling to do that ... All the instructions came from Paul. When I say that, I reported to Michael Dennis and his executive team. How much of that reporting got through to Paul was principally up to Michael Dennis and Robert John (Aviva Geshuny-Roth, O&Y).

It would have been difficult, however, for his advisers to suggest a less single-minded approach to Canary Wharf, perhaps one that did not focus so exclusively on City functions. A City banker comments:

> as with a lot of these things, its a bit like the supertanker philosophy. You can't turn it on a sixpence, especially when a very strong personality is driving it (Paul Storey, Nat West Bank).

Foster (1993:187) argues that "Paul Reichmann ran O&Y more like a medieval monarchy than a [modern] company", and interviews with key informants bear this assertion out. According to a senior O&Y executive,

> Paul would tell us no more than he felt we needed to know. He wanted to be in control of decisions (Peter Marano, O&Y).

Another O&Y informant expressed the opinion that Paul Reichmann

> seemed to take pride in disorganisation. He was not very good at delegating responsibility and felt all decisions had to be taken by himself ... I have a lot of admiration for him, but he was a bad manager of people [and] the actual administration of O&Y Canary Wharf Ltd was appalling (Georgiana Gibbs, O&Y).

Michael Cassidy, the City's most senior politician, says:

> I can remember being at meetings late into the evening with Michael Dennis and Robert John, when they'd say 'sorry, we've got to go and ring Paul', who was either in New York or Toronto. There was daily or nightly contact with him. He seemed to have to run everything personally.

Thus, through his highly concentrated empire, Paul Reichmann took all important decisions relating to Canary Wharf upon himself, even though he spent most of his time in North America and he had his executive team here in London (the related suggestion that Paul Reichmann had an inadequate grasp of the 'local' is explored in Chapter Six). Michael Cassidy believes that

> if you run an organisation in such a way, it's no great surprise if you fail to get a feel for what's happening locally. All you know is

> what you're told. And what you're told is often coloured by what your underlings think you want to hear.

The financing of Canary Wharf was a delicate balancing act based on the value of O&Y's North American properties, and perhaps Paul Reichmann believed he could not afford to disseminate too widely the reality of O&Y's consolidated accounts. Because he was juggling 100 of the world's biggest banks, deceiving them of the true position of O&Y's global accounts, perhaps Paul Reichmann only felt confident managing the whole business himself.

Looking back on the downfall of O&Y at Canary Wharf, Foster (1993) believes that Paul Reichmann's fatal flaws were excessive belief in his own powers, corporate acquisitiveness, and a penchant for larger and larger gambles. Before O&Y took over the Canary Wharf project Foster (1986) had already noted that

> the key to everything is the psychology of Paul Reichmann. He is a deal junkie. Deal making is what he lives and breathes for, the obsessive need to go on making bigger and better deals. And the need to encompass it all in his head, with no proper management structure ... money is not the driving force ... his motivation is really the game itself, to do things bigger and better, to work out ever more intricate and imaginative deals (Foster, 1986:154).

Yet the financing of Canary Wharf was such an extraordinary gamble that it ultimately destroyed the O&Y empire. In the end, given the ever increasing complexity of the juggling act with the world's biggest banks, Paul Reichmann simply could not keep all the plates in the air at the same time. This was exacerbated by his chronic inability to delegate responsibility.

To summarise, on the basis of in-depth interviews with key O&Y informants and others, it has been argued that at least two factors pertaining to the personality of Paul Reichmann have contributed to the problems Canary Wharf has faced. First, the inflexible approach he took to the marketing of Canary Wharf which was conditioned by his vision of Canary Wharf as a 'Wall Street On Water'. Secondly, the autocratic manner in which he ran the O&Y empire and his inability to delegate responsibility to his 'local' operatives at Canary Wharf. Implicit in this section has been the suggestion that Paul Reichmann also lacked an adequate appreciation of London's geography, and this question is explored in Chapter Six.

2.3: The consequences of piecemeal planning

> [The 1980s'] approach to developing areas like [London's] Docklands [was] based on the view that planning itself was a cause of decline and had to be remodelled to allow the city to be 'regenerated' by private enterprise ... Planning [however] has not disappeared but has, along with relations between local and central government, been restructured to fit a certain socio-economic situation and certain political objectives (Brownhill, 1990:4-5).

The third factor emphasised by existing accounts is the 'laissez-faire' approach to the planning of Canary Wharf adopted by both central government and the London Docklands Development Corporation, the planning authority for the Isle of Dogs' Enterprise Zone and the surrounding area (see Appendices 3 & 4). It is commonly held that the LDDC's 'failure' to integrate land-use and transport planning has greatly undermined Canary Wharf's viability (15). From the beginning, the LDDC eschewed a formal land-use zoning approach and adopted a planning philosophy whose primary goal was to attract development first and to worry about essential infrastructure later. The LDDC's approach has been one of using 'catalytic developments', an approach which reached its zenith in Canary Wharf, "the ultimate in flexible planning" (Brownhill, 1990:54). Thus, it has been argued, Canary Wharf was 'planned' in a strategic vacuum (16). Despite the fact that the LDDC claim responsibility for the 'far-sighted' proposals represented by Canary Wharf (17), the LDDC did not envisage major office development on the Isle of Dogs *until* the advent of Canary Wharf. Up to that time, the LDDC promoted the area as a location for low-rise, high-tech industry which it believed the market demanded (18). The LDCC's planning philosophy can be described as 'demand-led' in that it was entirely correlated to whatever the market wanted at the time:

> When the market wanted low-rise office development, the LDDC's planning system was geared towards the provision of this, and when the market demand was for high-rise, major office development its planning system geared itself towards that. Their planning system changed in response to the market and so, to that extent, their planning system was market-led (Bob Colenutt, Docklands Consultative Committee).

The result is that planning has been piecemeal and incremental, the strain placed on existing infrastructure by the needs of Canary Wharf being met over the years by the LDDC with a response that can be characterised as a 'knee-jerk' approach to planning (Turkie, 1991). This piecemeal approach has permeated the redevelopment of the Isle of Dogs, beginning, in 1981, with the construction of the EZ's 'red brick roads'. Dubbed locally as 'yuppy roads', they were the most expensive of their kind (JDAG, 1984).

Because the LDDC originally envisaged a small-scale approach to development, the EZ roads were all single lane. Much of this early and expensive road network had to be dug up and widened to accommodate the far greater volume of traffic anticipated due to the Canary Wharf development, adding greatly to congestion in the area. Moreover, the Canary Wharf site's unpredicted leap from industrial sheds and low-rise business park to high-rise financial centre made the Docklands Light Railway (see Appendix 5) obsolete before it was even opened. The DLR, a subsidiary of London Regional Transport, is perhaps the best illustration of the unplanned approach and its principal symptoms: incremental upgrading and improvement; severe disruption and inefficiency; and a poorly integrated railway. A principal criticism from the outset was that the DLR's 1,500 passengers per hour capacity was insufficient to serve the growth (and projected further growth) in the Isle of Dogs' working population.

The LDDC and LRT were committed to upgrading the DLR to allow it to carry 15,000 passengers per hour by 1992/93, but their progress was continuously dogged by problems.

> The basic problem was quite intractable. We were trying to build a super modern light rail system on top of an infrastructure that was technologically inadequate (Stephen Gibbs, DLR).

O&Y's transport directors were aware of the problems associated with upgrading a system that had been "built on the cheap" (19), yet O&Y exasperation at the situation brought forth a public attack on the competence of the LDDC and LRT in a statement to a House of Commons Transport Committee, which also implicitly blamed the government for the budgetary restraints imposed on the LDDC and LRT:

> [The DLR's] failure rate is up to 100 times worse than any comparable system in the world ... the whole system comes to a halt when one train fails ... the explanation lies in the fact that the line was built when traffic projections were lower and it cannot cope with the demands now being made of it ... the DLR suffers greatly from having been designed down to a price rather than up to a specification. But both the LDDC and LRT have had three years notice [of the coming of Canary Wharf] and a great deal more could have been done. A budget has restrained what was a contractual agreement (Hansard, 15.11.90).

2.3.1: Just a bit more planning...?

> Canary Wharf is unplanned in the sense that it didn't feature in any local development plan. It's also unplanned in the sense that it arose from entrepreneurial developers seeing the opportunity there, securing the opportunity with the LDDC and going ahead with a vision of what they were trying to achieve (Martin Simmons, London Planning Advisory Committee).

Three recent accounts (Fainstein, 1994, 1995; Thornley, 1993) which have analysed the fortunes of Canary Wharf have argued that the project would have benefited from greater planning, though there are differences of emphasis between the accounts. Thornley (1993) concludes his analysis by questioning "whether the by-passing of planning has actually been in the interests of O&Y ... it can be suggested that it would have been in their long term interest to have had more of a planning framework" (1993:17). Fainstein is more thorough in her argument for greater planning, identifying an ambivalent attitude on the part of the government towards Canary Wharf. The government, Fainstein argues, turned its back on the project when it was most in need by not moving civil servants to Canary Wharf (20). "Central government's final unwillingness to subsidise Canary Wharf through putting many of its own offices there, which offered the potential of tiding the development over until it became more accessible, [contributed] to the ultimate debacle" (Fainstein, 1995:135). Moreover, she argues, "the government's reluctance to shoulder the full cost of the Jubilee line extension and build it in advance of development reflected a half-hearted commitment to Canary Wharf that foreordained its failure" (Fainstein, 1994:209). Fainstein concludes that "the other strategy the government could have adopted at the onset would have emulated Paris's La Defense in its policy mechanisms" (1994:210).

Whilst it may appear that the argument calling for greater planning flows from the earlier analysis concerning the absence of planning and the implications of this for Canary Wharf, there are contradictions inherent in Fainstein's analysis (21). Her argument that the UK government should have emulated the interventionist strategy adopted by the French government at La Defense overlooks an important fact. La Defense, in stark contrast to Canary Wharf, has been a *centrally-planned* project to decentralise office development in Paris since it was conceived almost 40 years ago (22). Moreover, Paris's new business district was developed on top of a major metro and railway station, providing a properly financed high-speed link to the city centre long before the development was complete. While a government corporation, or quango, was responsible for building and planning La Defense, a government department used its powers to coerce tenants into the development. For those who complied, the government held out a wide range of financial inducements; those that didn't were denied office permits to move elsewhere in Paris (Sudjic, 1993).

Whilst Fainstein refers, confusingly, to Canary Wharf's "state-based origins" (1994:211), the reality is that Canary Wharf came as much as a surprise to the government as it did to anyone else including, of course, the LDDC. Reg Ward, the LDDC's first Chief Executive, has said, with startling candour, that "no masterplan or detailed framework has been produced, no coherent development thesis has been elaborated" (cited in Sudjic, 1993:83).

> Travelstead just appeared one Easter [1985] with his plans for a financial centre at Canary Wharf. It was such an exciting scheme, just the sort of thing we wanted to see come out of the marketplace (Peter Turlik, LDDC).

Since its inception the LDDC adopted what it has called 'an organic approach' to planning.

> We were trying an organic, flexible approach, whereby we would see what came forth from the marketplace and hopefully we could relate transport infrastructure to the potential development (Ted Hollamby, LDDC).

Such arguments suggest that Canary Wharf cannot be considered a state-based project. An argument can be made, however, to suggest that Canary Wharf was an unintended consequence of EZ policy. The deregulated planning environment was crucial because "Canary Wharf couldn't have been built anywhere else", as were the public subsidies which "must have been a significant factor" (23) in attracting O&Y.

> There were no planning difficulties. This was [one of] the reason[s] the project came to the Isle of Dogs. I can't imagine a project that had fewer planning restrictions placed upon it. [The developers] had a completely free run, there was no public investigation into the project whatsoever. It was in an EZ, which meant there was no problem with the height of the buildings and no problem with the design of the buildings. Canary Wharf couldn't have gone ahead as it did within a normal planning framework (Bob Colenutt, DCC).

However, it is not out of the question that a development such as Canary Wharf could have proceeded within a 'normal' planning framework, but it is unlikely, for two reasons principally. In the first place, if Canary Wharf had gone through the normal planning process, it would have been subject to some form of public inquiry. Whilst this would have meant developing Canary Wharf within a London-wide context, the project would have come on stream far later. Whilst this *might* have meant that Canary Wharf would have been better timed, it seems unlikely that the developers would have endured such a lengthy process. Indeed, one of the attractions for the developers must have been the speed with which Canary Wharf was able to go ahead. Secondly, there would have had to have been in existence an effective strategic planning authority for London in the mid-1980s concerned with framing a policy for retaining London's position as the preeminent international financial centre. A view could have been taken that London needed a new node for global finance, and the Docklands area, with its land opportunities, could have provided a location for such a development. However, the decision to abolish the Greater London Council in 1986 had been announced in the Conservative election manifesto of May 1983, and part of the attack on the GLC was an attack on strategic planning itself. The Conservative government, from 1979 onwards, was "committed to a minimalist approach - which meant minimalist planning" (Collins, 1994:98). Nowhere was the new approach better illustrated than in the 1980 regional review for the South East, which consisted of three type-written pages setting out the new priorities: to promote economic recovery; to restrain public expenditure; to stimulate the private sector, to sweep away obstacles to commercial enterprise; and to achieve more homeownership and housing for sale (Gifford, 1994).

> The waning of strategic planning, which began under the last Labour government, accelerated dramatically in the 1980s. Michael Heseltine thought that a strategic planning framework for the whole of the South East region could be written on two sides of A4 ... in 1985 Nicholas Ridley responded with about five pages on a strategic planning framework for the region ... but none of these went to the heart of the matter - the need to adopt a coherent office development strategy for London (Martin Simmons, LPAC).

A government White Paper in 1983 had already declared that the GLC had been set up during "the heyday of a certain fashion for strategic planning, the confidence in which now appears exaggerated" (DoE, 1983:2). 'Strategic planning' was now to be conducted within the Department of the Environment. Instead of the London Boroughs and the City of London adhering to the 1976 Greater London Development Plan, they were now to follow 'advice' as laid down by the DoE in drawing up their Unitary Development Plans. This new planning environment and, in particular, Canary Wharf's deregulated planning environment, were crucial to attracting both Canary Wharf's original developers and O&Y (see following chapter). The dominant politics and ideology of the day are one very important reason why it is highly unlikely that a development such as Canary Wharf could have been developed within a strategic framework.

> Given the prevailing ideology, it would have been a nonsense for government to have sat on development in the City. You may argue that the government should have intervened to prevent the City Corporation suddenly taking the lid off planning permissions for offices when they saw what was about to happen here [at Canary Wharf]. But I don't believe governments should intervene in the marketplace. The market can adjust (Eric Sorenson, LDDC).

Moreover, a strategic approach to the development of Canary Wharf, which would have stressed the 'logic' of development being restricted in the City of London, would have had to have gained the support of the Corporation of London. This seems unlikely for two major reasons which are explored in detail in subsequent chapters. First, Canary Wharf represents an economic threat to powerful interests in the City. It is a threat to property values in the City, thus a threat to the major landowners in the City of which the biggest is the Corporation of London itself, owning about 30% of the land in the Square Mile. And secondly, it represents a political threat to the City Corporation's control over the flows of financial capital into London.

In summary, Fainstein's argument that the government displayed "a half-hearted commitment" (1994:209) towards Canary Wharf is incoherent. According to Fainstein, the government's 'ambivalent attitude' is expressed by three 'failures': to restrict office development in the City; to locate civil servants at Canary Wharf at a critical time for the project (24); and to shoulder the full cost of the Jubilee line extension. The government has, however, seen Canary Wharf in many ways to be a representation of the power of the 'free market', and these 'failures' merely reflect the government's market-led approach to urban renewal. There were strong political and ideological reasons why the government did not, or rather, would not, restrict office development in the City. In relation to the locating of civil servants at Canary Wharf, the government had always made it clear that it would do so only if the price were competitive with alternative locations. And in respect of the Jubilee line extension, the government consistently held the position that O&Y must hold good on its contribution, a position that is entirely consistent with government policy on the provision of infrastructure (see Banister, 1994).

Whilst it is clear that Canary Wharf and its associated needs developed in a piecemeal manner to the detriment of the project as a whole, the calls for greater planning are inherently contradictory because it was the very absence of planning that attracted the developers in the first place. It is unlikely that the private sector would have been interested in investing in and developing Canary Wharf if the project had come through a 'normal' planning framework. Fainstein (1994, 1995), the greatest advocate of more planning at Canary Wharf does note that the City of London reacted competitively towards Canary Wharf and, as part of her call for greater planning, argues that the government should have restrained the City. However, her argument is limited; she does not explain how the government could have performed such a political and ideological U turn, regardless of what reaction this would have produced from the 'City'. Nor does she address why the City reacted in the way that it did. This last omission is important, for it is not only the strategies of the LDDC and central government that need to be subjected to analysis, but also those of the City.

2.4: A new approach

> Canary Wharf played a very positive role in waking up a complacent City Corporation. It changed the whole climate at Guildhall and speeded up the process of change. The City was threatened more by competition from international financial centres, but Canary Wharf provided the evidence that we needed better office space (Andrew Fielder, Lloyds Bank).

It should be clear from the preceding that existing analyses of Canary Wharf which call for more planning are analytically and theoretically contradictory, and that which emphasises the role of Paul Reichmann is empirically inadequate because it is based on second-hand accounts. Over and above this, existing explanations all suffer from a conceptual framework which is theoretically inadequate. The changing fortunes of Canary Wharf, this thesis argues, cannot be fully analysed merely by focusing on planning and examining the impact of the recession in global property on Canary Wharf. These are clearly important, but there is a crucial missing ingredient, and that is Canary Wharf's relationship with the City of London and the significance of the complex interplay between them.

The Canary Wharf/City relationship is considered here at two levels. At one level, intra-urban competition characterises the relationship. Canary Wharf - as a location for financial services - is perceived by the 'City' to be a threat in two respects. First, because as such it represents an economic threat to the City's major landowners, conceptualised here as the City's dominant territorially-organised interests. Secondly, because as a location for financial services, it represents a political threat to the Corporation of London in that the City's hegemony over the flows of global financial capital coming into London is threatened. At another level, the relationship is illustrative of the interplay between 'the global' (expressed by global forces manifested locally at Canary

Wharf) and 'the local' (expressed by political, economic and social processes local to the City of London). Even though the City is, in more than one sense, a global phenomenon, the paradox is that it is also important to analyse its 'local' actions in this context. Because society and the economy are unevenly developed, the interplay between the global and the local is not uniform, and the significance of 'the local in the global' (Amin and Thrift, 1994, 1995) will vary from place to place. Nor is the relationship between the local and the global static, and the view is taken here that, along with other 'dualisms' (such as structure/agency), global/local oppositions are false (25). Here, the local is conceived within a dialectical relationship with the global (see, for example, Amin and Thrift, 1994, 1995; Lipietz, 1993; Massey, 1991a, 1993a; Merrifield, 1993b) and, it is argued, that in some sense what counts as the local has been transformed by globalisation, producing "a new 'globalised' localism" (Thrift, 1994b:224) (26).

The empirical analysis of the Canary Wharf/City relationship, which forms the bulk of this thesis, illustrates just how complex the interplay between the global and the local can be. Chapter One has already illustrated that within the Canary Wharf/City relationship, 'the global' has influenced 'the local' in two ways. In the first place, without global pressures and influences, the impetus to develop Canary Wharf as a centre for global finance would not have come about. Secondly, the globalisation of finance brought about a competitive response from the City, driven by the nation state, in the form of the deregulation of the City's domestic financial markets. These global processes, including the globalisation of property, manifested 'locally' at Canary Wharf, threatened the City's dominant territorially-organised interests and influenced 'the local' in a third way, pushing the City to overhaul its planning system in direct competition to Canary Wharf.

> The City was threatened more by global competition, from Paris, Frankfurt, Tokyo and New York [than by local competition from Canary Wharf]. But the threat of Canary Wharf was a catalyst to major change in the City (David Charles, Sun Alliance Insurance Group).

Illustrating the complex nature of the global/local interplay, the resultant competitive response from the City can conversely be seen as 'the local' influencing 'the global'. For, the fortunes of Canary Wharf are tied up with the political response of the City to both globalisation and the local manifestation of global forces at Canary Wharf. Canary Wharf's fortunes are also tied up with other economic and social processes local to the City of London, concerned with the locational behaviour of financial services. However, it is not simply that local politics have been able to shape external influences.

The City's re-shaped local politics, which in turn shaped global forces in a new way, are now having to respond to Canary Wharf once more. For, a number of factors have recently combined to produce a renewed optimism at Canary Wharf, re-invigorating the competitive aspect of its relationship with the City, and the current relationship between Canary Wharf and the City is a clear illustration of its complex, changing nature.

2.5: A question of intra-urban competition

> Canary Wharf is in direct competition with the City of London. It can only be a successful financial centre through diluting the City of financial services (Michael Warburton, Midland Bank).

Canary Wharf is located in an area which has traditionally been considered 'off limits' for commercial office development, and a mismatch appeared to exist between the concept of Canary Wharf as a financial centre and its location. In terms of office development, London has historically developed to the west, and Canary Wharf can be considered to be on the 'wrong side' of the City of London. The idea of a financial centre on the Isle of Dogs thus made Canary Wharf a giant leap of faith because it contradicted the maxim long-favoured by the development industry - that what matters most for a successful speculative office project is its location.

> Canary Wharf is only 2.5 miles from the City of London, approximately the same distance as from the Bank of England to Hyde Park. Whilst the physical distance involved may not be very great the perceived distance is likely to be much greater. The area to the east of the City of London has traditionally been seen as undesirable, with respect to both its physical and social fabric (Daniels and Bobe, 1991:7).

If, as suggested above, 'location' does matter, analysis of the nature of this significance depends, in great part, on the interpretation of Canary Wharf's relationship with the City of London; in other words, on whether this relationship is conceived as complementary or competitive. Meuwissen, Daniels and Bobe (1991) rationalise their view that Canary Wharf complements rather than rivals the City by arguing that "the greater choice of premises as a result of the vast amount of high quality office space ... improves London's competitiveness with other world business centres and will do the City no harm at all" (1991:69). Despite misgivings concerning its location, Daniels and Bobe (1991:9) argued that Canary Wharf was an "ambitious solution" to the City of London's problems. Moreover, Canary Wharf was cheap enough and of sufficient quality and grandeur, Daniels and Bobe (1993) argued, to overcome negative views and to achieve a 'critical mass' of financial services tenants. Canary Wharf was poorly serviced by both public and private transport links, but, given that it was no longer *functionally* necessary for financial services to be located in the financial core, once Canary Wharf attained a sufficient level of accessibility, its location would cease to be an overwhelming problem (Daniels and Bobe, 1991, 1993; Meuwissen, Daniels and Bobe, 1991).

> In one sense Canary Wharf can be seen as being in direct competition with the City for office tenants. Conversely, it can be viewed as complementary to the City, and this is probably the most valid interpretation in that success for Canary Wharf relies in essence upon the continued success of the City of London as an international financial and business centre (Daniels and Bobe, 1993:548).

One problem with this analysis is that it presumes a strategic approach to the planning of office development in London during the 1980s which, in fact, did not exist. Linked to this analysis is an inadequate notion of the City of London, which merely considers its economic functions as an international financial centre, and takes no account of the City's political response and its impact on Canary Wharf's development. Because of both the absence of a strategic plan for London's office development and the City's response to Canary Wharf, this thesis argues that Canary Wharf was, and still is, engaged in a process of intra-urban competition with the City, as distinct from one of intra-urban complementarity.

> Canary Wharf was being touted as an alternative financial centre and promoted by two very big US banks. Of course it was competing for financial services with the City (Paul Storey, Nat West Bank).

Even though Canary Wharf was promoted as a complementary 'alternative location' to the users of large space in the City, principally the banks, the reality was that Canary Wharf was perceived by the 'City' as competition precisely because it was being marketed as an international financial centre and because its backers were two large US banks. It was perceived as competition, moreover, because it was potentially so large - a 'whole (new) district' - and therefore able to promote itself as a new London node for international financial services.

As an alternative location for financial services, Canary Wharf represents an economic threat to the City's major landowners because it threatens potentially to lower property values in the City, a threat which can be experienced individually and collectively. If Canary Wharf successfully attracts financial services, this is to the detriment of individual landowners (if the firm relocates to Canary Wharf from the City) and also undermines the position of the City as a whole. Moreover, the more successful Canary Wharf is in attracting financial services, the more competitive rents have to be in the

City, thus further bringing down property values in the City. The City's two largest landowners are, respectively, the Corporation of London and the Great Twelve Livery Companies. Lesser, but nevertheless significant landowners, include the large domestic banks, insurance companies, property investment companies, and the pension funds and life funds (the 'institutions'). All of these landowners, to varying degrees, and in differing ways, were threatened by the promotion of Canary Wharf as a centre for global finance. At one level, because of the threat to property values, the larger the City landowner the more their financial situation could be undermined by Canary Wharf. In this sense, the City Corporation and the Great Twelve Livery Companies, who together own 50% of the Square Mile, stood to lose most from a drop in City land values (27). However, some of the City's smaller landowners, such as property investment companies, were directly threatened by Canary Wharf in that it was competing with their buildings in the City (28). Unlike the institutions, for whom investment in property is an asset, the viability of property investment companies depends on them tenanting the buildings they own.

> It was important to City-based property companies that Canary Wharf didn't take tenants away from the City (William Walker, City Property Association).

Even the institutions, which considered Canary Wharf a marginal location and therefore a risky investment, considered the development a threat to their interests.

> We never even considered investing in Canary Wharf because it was in competition with our investments in the City (David Charles, Sun Alliance Insurance Group).

The four large domestic banks, although significant City landowners, were more concerned with the threat to the City as a whole than to their own individual holdings.

> The competition from Canary Wharf was a challenge that had to be met by the City Corporation (Andrew Fielder, Lloyds Bank).

The Great Twelve Livery Companies, interestingly, held a very similar position to that of the big domestic banks. This is interesting for two reasons. First because they are such large City landowners, and secondly because they, like the property investment companies, depend greatly on finding tenants for their buildings. They were concerned about the overall effect of Canary Wharf on the City's land values, but could afford a relatively relaxed attitude towards Canary Wharf:

> Canary Wharf is very different to what we offer. We offer very high class, centrally-located buildings around the Royal Exchange [which the Mercers part-own], the Bank of England

and the Mansion House. We're very much *core* people here ... some of the biggest national banks have their headquarters in our buildings. They like the presence, they like being in a central location next to the Bank of England, in the Royal Exchange, or wherever. These people wouldn't dream of going anywhere near Canary Wharf (Michael Wakeford, Mercers' Company).

The political threat Canary Wharf posed to the City's dominance over the flows of finance capital in London was interpreted as a threat to the overall efficiency of the City as a financial centre by the Corporation's planners, though their argument was couched in terms of the impact on London's financial services as a whole.

In the beginning we did think that Canary Wharf would attract companies that would normally locate in the City. But, to have had two centres would have been dysfunctional. The City exists because it is functional to have organisations clustering together. We saw Canary Wharf as dysfunctional because it was so far away. You couldn't just hop in a cab and be there in few minutes, or walk there in ten minutes. And so it was seen as dysfunctional to the operation of the City as an extension of the financial centre (John Watson, Corporation of London).

Whilst the City's planners viewed a 'bi-polar City' as dysfunctional, the LDDC and Canary Wharf's developers were keen for the Isle of Dogs to be considered a part of the City. The LDDC and the Canary Wharf's developers had numerous meetings with Corporation of London representatives from the Lord Mayor downwards to try

to convince us that Canary Wharf was complementary to the City, part of the City. They even suggested that when it was all finished, the Isle of Dogs could be made administratively part of the City as a local government area (Peter Rees, Corporation of London).

One implication that can be drawn is that, politically, the position of the City Corporation was that a successful Canary Wharf threatened to make the City less efficient overall. And whilst the City fathers publicly deny the threat of Canary Wharf and suggest it was no more than an irritant (see Chapter Five), it is clear that they nevertheless believed the fact of Canary Wharf required a strong competitive response on their part.

We regarded [Canary Wharf] as a new upstart from down the road that wanted to take away banks and other financial institutions from the City. Our position was that we would do whatever was necessary for the financial community to remain in or on the fringes of the City as an on-going community, rather than have them up sticks and go elsewhere, be it Tokyo, New

> York, Frankfurt, or even Canary Wharf (Peter Rees, Corporation of London).

According to Peter Rees, the City's Planning Controller, the saga over the destination of the City extension to the Docklands Light Railway

> confirmed in our minds that Canary Wharf was out to compete with the City.

Canary Wharf's developers, both the original consortium and subsequently O&Y, had insisted the extension's destination be Bank station.

> There was a fixation in the minds of the Reichmanns that Canary Wharf had to be plugged into the Bank station, next to the Bank of England. The perception was supposed to be 'Canary Wharf - financial centre'. But the perceptions also went the other way. Canary Wharf's obsession with Bank station meant that they were really going to take City financial out of the City (Sir Christopher Benson, MEPC) (29).

The City Corporation opposed (unsuccessfully) the DLR's City Extension Bill, arguing that the Bank station destination made no sense in strategic transport terms. For the Corporation, the logical destination for the DLR City extension would have been Cannon Street station or Blackfriars, linking with the existing infrastructure bringing people in to the City.

> It was daft to end at Bank station. But [Canary Wharf's developers] felt they had to do it because it was a selling point - '10 minutes from the Bank of England' - and that's the only reason it turned at a right angle to come down to Bank. It made no sense in strategic transport terms and it was more expensive than a direct route through to Blackfriars ... the whole saga illustrated they were out to challenge us (Peter Rees, Corporation of London).

To recap, the relationship between Canary Wharf and the City cannot be considered one of intra-urban complementarity, as Daniels and Bobe (1991, 1993) and Meuwissen, Daniels and Bobe (1991) argue. The City's dominant territorially-organised interests perceive Canary Wharf to be a threat because of its potential to undermine City land values. Canary Wharf also threatens the City's hegemony over the flow of finance capital coming into London, albeit that the City Corporation interpret this political threat as one which undermines the overall efficiency of the City as a financial centre. It is shown, in Chapter Five, that the City's practical response in the mid-1980s to both global and local competition took the form of a radical overhaul to the City's planning system. This local response allowed an explosion of office development to take place in the City through the formation of a 'new spatial matrix' (Pryke, 1988), and immediately undermined Canary Wharf's ability to establish itself as an international financial centre. However, other local processes, associated with the locational behaviour of financial services, have also shaped and constrained the global ambitions of Canary Wharf. The impact of these on Canary Wharf's viability is analysed empirically in Chapter Six.

Below, analysis of the role of 'the local in the global' is situated in theory. This discussion is important at two levels which are explored fully in Chapter Six. First, to understand the 'positions' of the City and Canary Wharf in the global political economy. Secondly, to understand the ability of social processes, local to the City of London, to constrain and shape the global ambitions of Canary Wharf.

2.6: Understanding the local/global interplay

> [The] reassertion of an *explicit* dialectical mode of argumentation can make a major contribution to the goal that has hitherto effectively eluded geographers: that of reconciling the way in which experience is lived and acted out in place, and how this relates to, and is embedded in, political and economic practices that are operative over broader spatial scales (Merrifield, 1993b:517 - emphasis in original).

Whilst there is no doubt that profound changes have occurred, and are occurring in the world economy, the significance of 'globalisation' and its impact on 'place' is a highly contested issue. One view is that the process of financial globalisation is already sufficiently advanced to signal the 'end of geography' with respect to monetary structures and relationships (see, for example, O'Brien, 1992; Ohmae, 1990). This view is rejected by numerous economic geographers who argue that, to varying degrees, the process of globalisation is 'incomplete' (30). One of the claims of the 'end of geography' thesis is that the integration of world financial markets has undermined the significance of location, in the sense that the new communications technologies considerably widen the choice of geographical location for financial firms and allow them to serve widely dispersed markets regardless of where they happen to be. Contrary to this thesis Martin (1994:225) argues that "place remains fundamentally important to the structure and operation of the global financial system". According to Martin, market activity has become extremely sensitive to small differences in the competitive advantage of different financial centres under global financial integration, even in the top world centres of London, New York and Tokyo. Similarly, Thrift (1994a) and Thrift and

Leyshon (1994) have noted the persistence of international financial centres, which "have not become redundant in a world where electronic flows of information predominate" (Thrift and Leyshon, 1994:300).

Chapter Two has already noted the globalisation of finance and the simultaneous penetration of the real estate industry by global trends. Yet within the process of the globalisation of commercial property, 'place' has also retained a specificity. According to Logan (1993:36), "the changes referred to as globalisation do not diminish the importance of local decision-making about land development, however much they change the environment in which local officials operate". Although multilocational development firms operate in national and international markets for capital, in practice most operate through local partners who offer local expertise and who are important for the interface between (inter)national developer and local government. Even though the entire development process now includes financial and political dealings at the international and national levels, according to Logan the local dimension is not bypassed but incorporated into this larger network.

> For [many] reasons, publics and policymakers at the local level will increasingly be confronted with mega-developments with the potential of making substantial changes in the built environment. With the apparent power to direct investments elsewhere, global developers have strong bargaining leverage with localities. But ... there are good reasons for [global developers] to operate through partners who are based in the locality and to continue to have to deal with local officials. In some respects both their ability to invest 'anywhere' and their 'global' organisation are more apparent than real (Logan, 1993:52).

If 'place', or 'locality', retains a significance, then the interpretation of this significance is contested. One prominent view is that the new political and economic processes brought about by globalisation bring a renewed political salience to cities and localities (31). This is justified through claims that strategies of 'flexible specialisation' (Piore and Sabel, 1984; Sabel, 1994) and the growth of innovative zones and high-tech industrial spaces (Scott, 1988; Storper, 1993, 1994) have given a new importance to localities. According to Sabel (1994), the resurgence of specialised and self-contained regional economies and localised systems of governance and economic regulation are replacing the era of mass production and mass consumption which was based around the national economy and the nation state (32). In this 'new localist' view, local governance is seen to have an enhanced role in the world economy because it is now able to by-pass national states (Mayer, 1992, 1994, 1995). Mayer (1995) argues that nation states have devolved significant, material powers to cities and regions, which have become direct players in the world economy. Together, it is argued, these forces mean that there is an increased potential for local economic strategies to genuinely improve the economic fortunes of their cities, albeit that a precondition is 'better urban leadership' (Fainstein, 1990a; Judd and Parkinson, 1990b).

In contrast to the new localist position, it has been argued that with the reduction in spatial barriers, competition for development capital between localities has become even more acute, leaving localities with precious little bargaining power (see, for example, Amin and Malmberg, 1994; Harvey, 1987a, 1989a, 1989b; Lovering, 1995; Peck and Tickell, 1994a; Swyngedouw, 1992). "Localities in the *after*-Fordist crisis have, to borrow a phrase from Marx, become 'hostile brothers', flinging themselves into the competitive process of attracting jobs and investment by bargaining away living standards and regulatory controls" (Peck and Tickell, 1994a:280-1). According to Peck and Tickell (1994a), a notable feature of local strategies in the current climate is just how 'unlocal' they are, which is a reflection of the global context within which these strategies are being formulated where localities feel compelled to compete with one another. Within a highly competitive environment the task of urban governance is therefore to lure highly mobile and flexible financial, production and consumption flows into its space. Whilst this may prove beneficial to a few localities, the competition engendered is at best a zero-sum game and at worst destructive (Harvey, 1989b). Moreover, the more vigorous the competition between localities, "the more pronounced their subordination to supralocal forces becomes" (Peck and Tickell, 1994a:304). Amin and Malmberg argue that "if localities are on the march, it is ... to the tune of globalising forces in the organisation of production; a process in which local economic sustainability is far from guaranteed" (1994:234).

The contradictory processes associated with globalisation on the one hand and devolution, decentralisation or localisation on the other is explained by Swyngedouw (1992) as a double movement. Swyngedouw argues that it is a paradox that globalisation processes have coincided with a transfer of functions from national to regional and local levels of the state, and has characterised the coexistence of these apparently contradictory restructuring mechanisms as *glocalisation* suggesting that the local/global interplay within restructuring processes should be thought of as a single, combined process with two inherently related, albeit contradictory, movements. In contrast to new localist theorisations of the enhanced power of local states, Swyngedouw (1992) conceives a narrower role for local regulatory innovation, arguing that the collapse of the national (Fordist) social contract means that structures of social regulation now have to be constructed at the local level (33).

In reality, urban change involves a more complex interplay between forces of localisation and globalisation and economic and political factors (and of structure and agency) than has been suggested by the new localism. However, some of the arguments of its critics, outlined above, can nevertheless also be accused of fetishising 'place', albeit in different ways. For Harvey (1987a, 1989a), globalisation, as the compression and transgression of time- and space-barriers, ascribes (paradoxically) a greater salience to place since firms come to identify the specificity of localities as an element for deriving competitive advantage. Swyngedouw (1992) views the local in the global as expressive of physical fixity in the hyperspace of global capital flows. Thus, he argues that the localisation of regulatory structures "increases the power of capital over space and constrains the command of territorially-organised interests to control territorial organisation" (Swyngedouw, 1992:61).

Despite throwing light on the dialectical nature of the global/local interplay by emphasising the paradoxical tendencies of globalisation and localisation, Swyngedouw (1992) fetishises 'place' because he tends to view the local in the global as amoeba-like (Amin and Thrift, 1994). Locality, as Massey (1993a) stresses, is not a thing but a terrain of struggle. Merrifield (1993b) argues that a dialectical analysis of the relationship between place and space theorises how the global and the local are different aspects of a unity, two facets of a dialectical process. Place and global space are forged together in a dialectical unity, for the global capitalist whole has to ground itself and be acted out in specific places if it is to have any meaning (34). It is under these conditions that a distinction between the realms of place and space should be made, a distinction which represents different 'moments' of a contradictory and conflictual process (Merrifield, 1993b). Similarly, Lipietz (1993) conceives the global and the local as "two momenta of a dialectic" (1993:8).

Globalisation represents, above all, a greater tying in and subjugation of localities to global forces, though this is not to play down the significance of place but to see localities as part of, rather than separate from, the global. In this sense, "globalisation need not necessarily imply a sacrifice of the local ... global processes can be 'pinned down' in *some* places" (Amin and Thrift, 1994:11 - emphasis in original), such as global cities which attract growth because of their strategic position in the international flow of money, goods, services, people, and images. The 'rediscovery of place' is only occurring in a restricted set of localities (Amin and Thrift, 1992), for example in the 'glocal' financial centres (Swyngedouw, 1992) such as the City of London, where certain basic structures are already in place, including a critical mass of know-how, skills and finance in rapidly evolving growth markets. In other words, the variable position of localities in the global economy is important, for the attributes of localities at the centre of global economic circuits make them capable of securing a place in the world (Amin and Thrift, 1995). According to Lipietz (1993), "there can only be certain types of 'regions which win' ... economically, those which know how to create 'a region which wins' " (1993:16).

The greater ability of some localities to 'hold down the global' (Amin and Thrift, 1994, 1995) cannot be reduced solely to economic factors; political, social and cultural factors also live at the heart of economic success (35). Amin and Thrift (1992) identify three non-economic reasons why place-centredness appears to be of particular importance in integrated global production 'filieres', serving to overcome problems of integration and coordination. First, localised centres provide face-to-face contact needed to generate and disseminate discourses and stories. They are also sites in which knowledge structures can be tapped into. Second, centres are needed to enable social and cultural interaction, that is, to act as places of sociability, of gathering information, establishing coalitions, monitoring and maintaining trust, and developing rules of behaviour. Third, centres are needed to develop, test, and track innovations; to provide a critical mass of knowledgable people and structures, and socio-institutional networks, in order to identify new gaps in the market, new uses for and definitions of technology, and rapid responses to changes in demand patterns (see also Leyshon and Thrift, 1994; Thrift, 1994a). These centres of geographical agglomeration are, therefore, centres of representation, interaction, and innovation within global production filieres.

To recap, it is important to avoid an analytical polarisation between the local and the global, that is, it is necessary to go beyond a dualism which considers the world stage as integrated and local economies as fragmented, or vice versa. It is also important to emphasise that the terms 'global' and 'local' are not fixed scales, rather, they represent the extreme points of a dialectical continuum of complex mutual interactions (Dicken, 1994). Some commentators, for example Swyngedouw (1992), whilst recognising that a dialectical process of globalisation and localisation is occurring simultaneously, nevertheless fetishise 'place' in that it is seen, in all aspects, to be subordinate to global forces. Whilst it may be *generally* the case that places and their inhabitants have been weakened in the face of global capital, key nodes in global economic circuits (such as the City of London) and centres of agglomeration in a globalised economy persist, and in some cases are growing (Amin and Thrift, 1992, 1994, 1995).

2.7: Conclusion

This chapter has critically appraised existing accounts of Canary Wharf's fortunes. These emphasise the property recession, planning and the role of Paul Reichmann. The recession in global property has undoubtedly had a profound effect on the ability of Canary Wharf to establish itself as a centre for global finance. However, whilst this is perhaps the most obvious expression of Canary Wharf's problems, it is a limited argument, for it sheds little light on the crucial question of Canary Wharf's location and its attraction, or otherwise, to global financial services. The question of Canary Wharf's location is crucial because, as argued in Chapter One, the geography of London's financial services has to undergo radical change for Canary Wharf to establish itself as a centre for global finance.

Whilst it is clear that Canary Wharf and its associated needs have developed in a piecemeal manner to the detriment of the project as a whole, the calls for greater planning have been shown to be inherently contradictory. For, it has been argued, the 'laissez-faire' approach to planning was crucial in attracting the developers in the first place. Moreover, Fainstein's (1994, 1995) argument that the government should have restrained development in the City is limited, principally because she does not address *why* the City reacted in the way that it did. Fainstein (1994, 1995) also identifies the 'psychology of Paul Reichmann as a deal junkie' as an important element in the downfall of O&Y at Canary Wharf. Whilst research carried out for this thesis suggests that there is much validity to this argument, it is important to stress that Fainstein's assertion is based on journalistic accounts. Moreover, her emphasis on the role of Paul Reichmann is limited. On the basis of interviews with key players, this thesis identifies three other factors: Paul Reichmann's approach to the marketing of Canary Wharf; the manner in which he ran the O&Y empire and Canary Wharf in particular; and his lack of appreciation for 'the local', particularly London's geography.

Over and above these criticisms, it is suggested that accounts which do not analyse Canary Wharf's fortunes within its relationship with the City of London are conceptually inadequate. Moreover, it has been argued, those that do take account of this relationship have incorrectly identified it as complementary (Daniels and Bobe, 1991, 1993; Meuwissen, Daniels and Bobe, 1991). A new approach to analysing Canary Wharf's fortunes has been outlined in which its competitive relationship is considered at two distinct but related levels: the 'intra-urban' and the 'local/global'.

First, it is argued, the Canary Wharf/City relationship is characterised by intra-urban competition for London's financial services. The recognition that the City's dominant territorially-organised interests reacted competitively to Canary Wharf necessitates analysis of the local coalitions that developed to promote both Canary Wharf and the City, for, to understand the City's political reaction it is necessary to examine the politics of change at Canary Wharf. In the following chapter a conceptual framework for analysing these local coalitions is presented, based on a revised urban regime theory which incorporates the crucial role of (locally dependent) local state structures in coalition-building. Chapter Four applies the adopted conceptual framework empirically to an analysis of the role of the local coalition that developed to promote Canary Wharf, and ends by outlining a theoretical framework for understanding the politics of coalition-building in the City of London. Chapter Five constitutes an empirical analysis of the politics of change in the City in the 1980s and the role of Canary Wharf within this process. It focuses on the City's social relations and the role of the City's dominant territorially-organised interests in driving the local coalition that developed to promote the City in the 1980s. The City's political response to both global and local competition, it is argued, greatly undermined Canary Wharf's ability to establish itself as a new node for global finance. This is principally manifest in the radical pro-development overhaul of the City's planning system in the mid-1980s which allowed an explosion of office space to take place there in direct competition with Canary Wharf.

Secondly, it will be argued, the competitive relationship between Canary Wharf and the City illustrates a complex interplay between global and local forces. A key question for any local coalition is the ability of place-based politics and policies to secure a 'place' in the globalised political economy, but localities develop unevenly, and therefore much of this question depends on where localities find themselves within the global political economy, in terms of their established strengths and weaknesses. The ability of both Canary Wharf and the City to 'pin down' global processes is the subject of empirical analysis in Chapter Six, and it is shown that this remains an unequal battle; Canary Wharf has been unable to bridge the gulf in perceptions between the Isle of Dogs and the City as locations for global finance. Contrary to arguments that the globalisation of finance is heralding 'the end of geography', the City's ability to 'hold down the global' remains relatively undiminished, to the detriment of Canary Wharf. Thus, the complex interplay between the global and the local can be considered in another sense. For, it is shown, the global ambitions of Canary Wharf are also partly determined by economic and social process that are peculiarly local to the City of London.

Notes: Chapter Two

1. Although publicly O&Y spoke of the three Reichmann brothers as equal partners, Ralph had little involvement in the company and Albert's chief role had always been that of a sounding board and confidant for Paul Reichmann (Foster, 1993; interviews with various ex-O&Y employees).
2. During the late 1980s/early 1990s, O&Y appeared to follow a deliberate, although ultimately unsuccessful, policy of seeking to control the market in London when it bought 33% of Stanhope Properties and 8.2% of Rosehaugh PLC.
3. Pension funds and insurance companies tend to be interested in the long-term investment value of development. Traditionally, they have adopted a cautious approach to property investment, concentrating funds on what appear to be the most secure, liquid and profitable types of property - what is known as 'prime property' which occupies the best locations (Adams, 1994).
4. Institutional investment in property began to rise again in 1991 when net investment by pension funds and insurance companies totalled £2 billion, as against just under £600 million in 1990 (DTZ, 1992a). 1991 was also the year when the banks began to adopt very conservative appraisals of loans to property companies; the level of outstanding debt to property companies fell during 1991, indicating that 'repayments' were exceeding new credit for the first time in over a decade (DTZ, 1992b).
5. This is borne out by the fact that, right up until the Summer of 1992, banks from around the world continued to lend hundreds of $millions to Paul Reichmann without asking to examine O&Y's books (Foster, 1993; Stewart, 1993).
6. One important element in the expansion of the financial sector in the 1980s has been the off-loading of over-accumulated capital into the production of new urban spaces. Such a switching of capital through a 'spatial fix' (Harvey, 1985a) can be seen as an important factor in the increasing tendency to view land and property as a 'pure financial asset' (Harvey, 1982; Haila, 1988; Merrifield, 1993a).
7. 1991 saw total overseas investment halve to just over £1.5 billion, partly as a result of the poor prognosis for UK property but mainly because of external influences (DTZ, 1992b). In 1992, total overseas investment fell again to about £1.2 billion; over half of this total came from Germany, but the USA and the Middle East were also important inward investors in 1992 (ibid).
8. To this degree, Merrifield (1993a) argues, unfettered speculation in the built environment simultaneously ameliorates and internalises capitalism's contradictions, and contains within this dialectical nexus the source of its own restabilisation and destabilisation.
9. Interview, Peter Marano (O&Y), who stated that O&Y was surprised when Morgan Stanley took them to court, as the bank had a long-standing business relationship with O&Y, and continued to act as a financial adviser to the developer. Peter Marano was involved in the Canary Wharf project from its inception in 1985 until September 1992. In 1985 he was working for the First Boston Corporation and prepared Canary Wharf's first feasibility analysis (from New York). In 1986 he moved to London to work on the project staying on with Olympia and York on secondment until Febuary 1988. He was subsequently appointed Head of Leasing and an executive member of O&Y (see also Appendix 2).

10. On May 14 O&Y's Canadian parent company and some of its subsidiaries filed for bankruptcy protection in Canada, and some of the subsidiaries filed for Chapter 11 protection in the US as well. The Canadian bankruptcy court restricted O&Y's ability to shift money from its Canadian properties to other projects including Canary Wharf, and by the end of the year, lenders had begun to take possession of the firm's Canadian holdings.
11. For example, in early 1992, Citibank lent O&Y $75 million, despite the fact that an internal Citibank study in 1991 had forecast a 20% chance of O&Y foundering by the first quarter of 1992, and an 80% chance of it going bankrupt by the final quarter of 1992 (Foster, 1993).
12. The 'club of eleven', which took control of Canary Wharf in 1992, consists of Barclays Bank (UK), Canadian Imperial Bank of Commerce, Chemical Bank (US), Citibank (US), Commerzbank Aktiengesellschaft (Germany), Credit Lyonnais (France), Credit Suisse (Switzerland), European Investment Bank, Kansallis-Osake-Pankki (Finland), Lloyds Bank (UK), and Royal Bank of Canada.
13. It was at this point that American Express and Chemical Bank, who were both signed up for Canary Wharf, began to pour over their leases. The courts eventually released them of any obligation to move to Canary Wharf (see Chapter 4.4.1).
14. Michael Dennis and Robert John were the two top O&Y executives at Canary Wharf.
15. See, for example, Barnes, 1990; Brownhill, 1990; Colenutt, 1990, 1991; Docklands Consultative Committee, 1988a, 1990, 1991b, 1992, 1993; London Planning Advisory Committee, 1993, 1994; Town and Country Planning Association, 1992; Turkie, 1991.
16. See, for example, Docklands Consultative Committee, 1988a, 1990, 1991b, 1992, 1993; Turkie, 1991. 'Strategic planning', it is argued here, would encompass two aspects: first, the geographical aspect, by which strategic planning would look across the whole of London and seek to relate development in the different parts of London; second, the functional dimension, by which strategic planning relates land-use decisions and land-use opportunities and constraints to transport, to broader environmental concerns, to the need for training and other urban policy issues.
17. Such a claim is made in the LDDC's Annual Review, 1985/86 (page 5).
18. Current development on the Isle of Dogs, typified by Canary Wharf, is not only a departure from strategic and local plans, but also from the LDDC's own design philosophy for the area. In 1982, the LDDC published a *Guide to design and Development Opportunities for the Isle of Dogs*, illustrated by Dr Gordon Cullen, which outlined a small-scale approach to development with no tower blocks and little office space.
19. Interview, Stephen Gibbs, Docklands Light Railway.
20. This argument bears an uncanny similarity to that of O&Y executives, who blame the government for letting the project down by procrastinating over the move of civil servants to Canary Wharf and also over the provision of the Jubilee line extension.
21. The focus is on Fainstein's work because Thornley's comments on the need for greater planning at Canary Wharf is suggested in the conclusion to his analysis of the impact on developments that are able to by-pass the 'normal' planning system, whereas Fainstein actually constructs arguments within her analysis of Canary Wharf calling for greater government intervention.
22. In 1958, the French government inaugurated the Etablissement Public d'Amenagement de La Defense to build the project.
23. Interview, Peter Turlik, London Docklands Development Corporation).

24. This decision is tied up with a whole range of dynamics, not least labour relations.
25. There is, however, no suggestion that the authors of existing analyses of Canary Wharf would disagree with this assessment.
26. In order to perceive change, dialectics emphasises process, movement, flow, relations and, more particularly, contradiction, which has often been singled out as the principal feature of dialectics (Merrifield, 1993b). Contradiction may be understood as some kind of incompatible development or movement of different elements within the whole whereby each element within a relationship simultaneously supports and undermines the other (Merrifield, 1993b on Ollman, 1993). All contradictions, however, must be viewed relationally within an internally-related holistic framework (Merrifield, 1993b on Ollman, 1976); it is not possible to understand different interrelated parts of a whole without understanding how the parts relate to each other within this whole.
27. According to interviews with Ted Hartill, City Surveyor, and Peter Bennet, Deputy City Surveyor, the Corporation owns approximately 30% of the Square Mile and the Great Twelve approximately 20%.
28. Interview, William Walker, City Property Association (formerly the Association of Owners of City Properties).
29. Sir Christopher Benson was the LDDC's first Chair, from 1984-88.
30. See, for example, Amin and Thrift, 1994, 1995; Boyer, 1993; Dicken, 1993, 1994; Fagan and LeHeron, 1994; Gordon, 1988; Hirst and Thompson, 1992; Hu, 1992; Martin, 1994; Massey, 1991a, 1993a; Peck and Tickell, 1994a; Picciotto, 1991; Pitelis, 1991.
31. See, for example, Clarke (1993), Cooke (1989b [ed], 1989c), Harloe, Pickvance and Urry (1990 [eds]), Hirst and Zeitlin (1991), Mayer (1992, 1994, 1995); Murray (1991), Sabel (1994), Scott (1988), Storper (1993, 1994).
32. This 'new localist' approach has been criticised for a) extending regulationist theoretical formulations to unreserved and generalised claims about the direction of contemporary change in the production system (see, for example, Amin and Malmberg, 1994; Lovering, 1995; Sayer, 1989), b) overstating the capacity of localised production complexes to 'spread' throughout the regions (Amin and Robins, 1990), c) ignoring additions to the geography of 'success' that have little in common with the logic of flexible specialisation (Amin and Thrift, 1992).
33. Peck and Tickell (1994a) argue that Swyngedouw is right to frame localisation as a regulatory problem, and that this contrasts sharply with the new localist tendency to see localisation as portentous of a new, post-Fordist mode of social regulation.
34. According to Merrifield (1993b), the space of the global capitalist whole therefore takes on meaning through place, and each place in its interconnection with other places creates the space of the global capitalist whole.
35. These non-economic factors are summed up by Amin and Thrift (1994, 1995) in the phrase 'institutional thickness'. Local institutional thickness is constituted through a strong institutional presence (including firms, financial institutions, local authorities, etc) and is defined as the combination of factors including inter-institutional interaction and synergy, collection representation by many bodies, a common industrial purpose, and shared cultural norms and values.

CHAPTER THREE

SETTING OUT THE CONCEPTUAL AND METHODOLOGICAL FRAMEWORKS

3.0: Introduction

The purpose of this chapter is to set out both a theoretical framework for analysing and interpreting the role of local processes and individual agents, and a methodological approach to research these roles in a specific instance of urban change. Whilst 'structuralist' approaches to understanding urban development processes draw much of their strength through countering the individualist and voluntarist view that social processes are reducible to the actions of individuals, these approaches dehumanise social science by ignoring the activity of agents (Sayer, 1992) and the significance of local processes. Capitalist imperatives have an important bearing upon how local areas evolve, but they cannot provide a complete explanation. Social processes associated with place, and role positions held by key individuals, will also have a bearing upon any fully rounded explanation. Hence, it has been argued that the "answer to the question 'is it structure or is it agency?' is [that] it is both, and both at the same moment" (Molotch and Logan, 1990:85).

The chapter begins by outlining a conceptual framework for analysing and interpreting non-structural processes, based on four theories of urban change which emphasise local factors in coalition-building and which operate at the 'meso' level between 'grand' structures and specific agents: *growth coalition theory* (see, in particular, Logan and Molotch, 1987); *urban regime theory* (see, in particular, Elkin, 1987; Stoker and Mossberger, 1994; Stone, 1989, 1991, 1993); *local dependence* (Cox, 1991a, 1991b, 1993, 1995; Cox and Mair, 1988, 1989a, 1989b, 1991); and *the local state* (see, in particular, Duncan and Goodwin, 1982a, 1982b, 1984, 1988; Goodwin, 1986, 1992; Goodwin and Duncan, 1986; Goodwin, Duncan and Halford, 1993). The conceptual framework that is then adopted to analyse coalition-building, and the role of local processes and individual agents in a specific instance of urban redevelopment, is based on a revised regime theory. This revised urban regime theory incorporates both the concept of local dependence and the role of local state structures, whilst continuing to emphasise the central tenet of both growth coalition theory and urban regime theory - the importance of human activism in shaping urban politics.

The approach adopted to examining the role of local processes and key agents is based in the qualitative research tradition, which has a long history in the human disciplines (Denzin and Lincoln, 1994). Qualitative research attempts to capture people's meanings, definitions and descriptions of events (Berg, 1989), studying the motives, meanings, actions and reactions of people in specific research contexts. An understanding of the role of local processes, Peters (1995) argues, is best pursued within a qualitative approach, examining abstract structural conditions and exploring the concrete actions of individual agents, in order to capture 'causal' processes. Because the roles of agents are considered here to be of importance, i.e., capable of exerting some local influence within the overall constraints of structure, the case study pursues an 'intensive' research approach to understand their roles and how they perceive them. Because 'explanation' in intensive research tends to be situation-specific and can therefore be accused of being unrepresentative, it is important to demonstrate the validity, or credibility, and reliability, or dependability of the research carried out for this case study. To demonstrate the 'rigour' of this case study, three strategies for enhancing credibility are emphasised: respondent selection procedures; interview practices; and strategies for analysis.

3.1: Local coalition-building - a framework for analysis

> [Partnerships operate] as urban regimes in representing coalitions of significant local elites and agencies, with varying degrees of local dependence, in order to exert influence over growth-related and redistributive strategies in defined areas (Bailey, Barker and MacDonald, 1995:37).

As the above quote indicates, it is becoming increasingly common for analytical frameworks of coalition-building to incorporate various theories of urban change which emphasise local factors. In setting out a framework for analysing local coalition-building, this section is divided into four parts. First, both growth coalition analysis and urban regime theory - which have been labelled by Cox (1991a, 1991b, 1993) as expressive of the 'new urban politics' (NUP) - are critically appraised. The 'new urban politics' attempts to situate the politics of local economic development with respect to processes of globalisation. In particular, the globalisation of the economy and the correlative hypermobility of capital are seen as exerting strong redistributive pressures on urban communities. The NUP stresses the activism of entrepreneurs and raises questions concerning the relationship between structure and agency and economics and politics in urban development. As such, it is important in the context of this thesis. The NUP is, however, criticised here in four respects: first, in its tendency towards ethnocentricity; secondly, in its narrow view of the economic development process; thirdly, in its 'hyperpluralism'; and fourthly, in its reduction of the role of economics to the global and the role of politics to the local or urban.

Secondly, the concept of local dependence, which can be seen as a theoretical response to the NUP, is briefly outlined. 'Local dependence' has been described as a relation to locality resulting from the relative spatial immobility of some local social relations, where the question of the relationship between the hypermobility of capital and the immobility of urban communities is respecified as one of local dependence and the scale at which agents are locally dependent (Cox, 1993; Cox and Mair, 1988, 1991). This response is important because it emphasises the significance of socio-spatial structures that are necessarily local (such as the local state) and which are inextricably linked to local structures of relations. Thirdly, the role of local state structures is emphasised. The local state is locally dependent and, Cox and Mair (1988) suggest, is important in the process of coalition-building. The local state actively promotes, facilitates, opposes and interprets change (Goodwin, 1992), and the analysis presented here identifies a crucial role for the local state in the development and maintenance of both local coalitions at issue, albeit in starkly contrasting ways. Fourthly, on the basis of the preceding analysis, a revised regime theory to be applied to the case study is presented.

3.1.1: The NUP - a critical appraisal

> Regime theory, [along with] the growth machine thesis, represents the most systematic recent attempt to develop a political economy of 'place' (Harding, 1995:41).

Logan and Molotch's (1987) research on the significance of growth coalitions in North American cities has been important to the study of urban politics, provoking a widespread debate on the relationship between structure and agency both in the USA and in the UK where growth coalition politics has attracted considerable interest (1). According to Molotch (1976:312) "the prime imperative of any locality is growth", which provides the basis for consensus amongst a politically-motivated local elite. Borrowing from Harvey (1982), Logan and Molotch identify 'rentiers' as standing to gain from intensive use of their land and property and who therefore tend to form coalitions to apply pressure through local government in support of their interests. In Logan and Molotch's terms, rentiers are 'parochial capital'. They own assets that cannot be shifted from place to place, and attempt to attract investment that is more mobile ('metropolitan capital'). The allies rentiers have within the growth machine consist of both place-bound interests and others, which may or may not be place-bound, but who profit from the development process. The aim of the growth machine is to increase 'exchange-values' within an ideology of 'value-free development'. This aim will frequently run counter to the interests of residents, who might seek 'use-values' such as a non-congested city. While giving considerable weight to political machinations at the local level, Logan and Molotch argue that the battle of interests usually favours the growth machine. As such, their argument continues the older US-dominated community/power debate, a debate which is taken up with more sophistication by urban regime analysis.

In accounting for the pervasiveness of their model, Logan and Molotch appear to contradict themselves. On the one hand they suggest that growth machines are all-pervasive and dominate local politics, but on the other hand they also suggest that anti- or controlled-growth movements, usually led by neighbourhood organisations, can also be powerful (Molotch, 1990; Molotch and Logan, 1990). Regime theory offers a way around these apparent contradictions by allowing for the fact that the growth machine model - what Elkin (1987) calls the 'entrepreneurial political economy' and Stone (1989) the 'corporate' or 'activist' regime - is only one form of regime amongst others. Stone and Elkin both identify three ideal types of regime which vary according to the economic and political conditions found at different times in different places. Underlying their typologies are three arguments. First, that the salience of urban development and regeneration issues varies significantly over space and time. Secondly, that electoral coalitions which are not firmly pro-business can achieve ascendancy in city politics and can construct wider governing regimes. Thirdly, however, where urban development does become a critical issue, the complex coalitions necessary for regime formation favour business-friendly electoral politics and a growth machine model over alternative forms.

Whilst regime theory continues the 'who benefits?' debate in the US community/power literature, it is less voluntaristic than growth coalition-analysis, taking more account of contextual factors and the structural features of the urban development process (Harding, 1994; Newman, 1994). However, regime theory draws heavily on neo-pluralist arguments about relations between state and market. Following Lindblom (1977), regime theorists accept that liberal democracies have two, interdependent systems of authority: one, comprising the various organs of representative government, based on popular control; the other, encompassing the sphere of business, based on private ownership of productive assets (see Harding, 1995; Stone, 1991). Because business decisions are critical to public welfare, widely conceived, public officials cannot be indifferent to them. And since productive assets lie substantially in private hands, officials cannot 'command' business to perform their necessary functions; they can only provide inducements. This 'structural' power of business means that public policy-makers will be keen not to damage business performance through their actions. They are also likely to encourage business representation - far more than that of other civic interest groups - within the various fora for policy negotiation, bargaining and persuasion.

Business groups, however, do not rest happy in the knowledge that their needs are taken seriously by public officials. They also act instrumentally by organising independently in an attempt to ensure that the institutional structures for public policy-making, along with detailed policies, serve business interests (Stone, 1991). In so doing they can mobilise human and financial resources which far outstrip those of other interests groups. In short, business interests are structurally and instrumentally privileged when it comes affecting public policy agendas and outcomes. Thus, regime theory argues, in respect of urban redevelopment projects, votes count but resources decide. Because popularly-controlled public authorities have limited authority over the market decisions which underpin urban prosperity, "successful electoral coalitions do not necessarily govern" (Stone and Sanders, 1987:283). *Governing* coalitions must be fashioned between those actors who have access to, and the power to deliver, the resources of key public and private institutions. There being no "conjoining structure of command" (Stone, 1989:5) to achieve this, a governing regime can be constructed only through informal bargaining and the "tacit understandings" (Stone, 1989:5) of its members. Urban regimes work through a system of "civic co-operation based on mutual self-interest [and are] informal arrangements by which public bodies and private interests function together in order to be able to make and carry out governing decisions" (Stone, 1989:6).

Although regime theorists have taken on board the central thrust of neo-Marxist urban theory, namely that business control over investment decisions give it a privileged position in relation to government decision-making (Judge, 1995), in contrast to much neo-Marxist work, regime theorists argue that 'politics matters'. In regime analysis, politics is about achieving governing capacity which has to be created and maintained, and power is a matter of social production rather than social control (Stone, 1989). According to Stone (1989:229), "what is at issue is not so much domination and subordination as a capacity to act and accomplish goals. The power struggle concerns, not control and resistance, but gaining and fusing a capacity to act - power to, not power over". Regime theorists view power as structured to gain certain kinds of outcomes, the key driving force being "the internal politics of coalition building" (Stone, 1989:178). If capacity to govern is achieved, if things get done, then power has been successfully exercised and to a degree it is irrelevant whether the mass of the public agreed with, or even knew about, the policy initiative (2). Regime theory is thus primarily concerned with the capacity to act.

Both growth coalition analysis and regime theory have been criticised as undertheorised (3), and below four relevant criticisms of the NUP are appraised. First, because of the difference in economic, institutional and cultural characteristics between urban development in the UK and that in the US, a simple replication of US-style growth machines and urban regimes cannot be expected (4). The urban system in the UK is more centralised than in the US, urban political activity by business leaders in the UK is low compared to that in the US, and there is no significant private sponsorship of local politicians (Harding, 1991). However, Harding (1991) argues that there are signs of convergence between the US and the UK on important features of local governance, with the system in the UK becoming more like its US counterpart. Moreover, it is not the case that local authorities and business interests in the UK are, or ever have been, unconcerned with the relative economic vitality of 'their' localities (Harding, 1995). In the UK the politics of urban production may have been subordinate to those of consumption, but they were never absent, and there has always been pressure for some form of public/private cooperation in urban development even if not to the same extent as in the US (Harding, 1994). Nevertheless, despite some convergence, UK coalitions tend to reflect the centralisation of both capital and politics that has taken place in the UK (Axford and Pinch, 1994; Harding, 1991), for, unlike in the US, in the UK it was national government, not urban local authorities, which came closer to espousing pro-growth ideology.

Secondly, growth coalition analysis has been criticised for taking a narrow view of the economic development process and focusing on just one aspect of local economies and business concerns, namely property development. On the basis of a simple distinction between rentier and non-rentier interests and between 'parochial' and 'metropolitan' capital, Logan and Molotch boil the economic process down to one where rentier-led coalitions compete to offer low-cost sites to footloose corporate investors (5). Harding (1991) has argued that the emphasis on property interests is misplaced, generally, in the UK. Moreover, in the course of analysis (even in the US context) the category of 'rentiers' tends to dissolve, discussion covering an amorphous mass of all sorts of property interests, Logan and Molotch being unable consistently to identify a fraction of business with a primary interest in increasing land-rent as opposed to other forms of capitalist investment (Cox and Mair, 1989b). According to Stoker (1995) and Stoker and Mossberger (1994, 1995), regime theory is not much more capable than growth coalition analysis in specifying the types of business that are likely to be involved in regimes in a non-contingent manner. Not withstanding these criticisms, it is nevertheless important to note that the coalitions at both Canary Wharf and the City are dominated by property interests, albeit that these are predominantly international in character at Canary Wharf as opposed to local in the City (6). Indeed, the notion in growth coalition-analysis of place-specific capital (expanded by the concept of local dependence) is of major significance to the City's coalition.

Thirdly, Judge (1995) has criticised growth coalition analysis as 'hyperpluralist', and Cox and Mair (1989b) have argued that the origins of the literature's defects in not taking adequate account of structural factors are to be found in the idealism and voluntarism of a neo-Weberian theoretical framework and an associated simplistic account of capitalist accumulation. Growth machine politics has a "limited conceptualisation of the local state" (Clarke, 1990:191) and does not adequately relate to 'local state' structures (Harding, 1995, Low, 1994; Peck, 1995b; Peck and Tickell, 1995a). Logan and Molotch are unclear whether local state structures are actually members of growth machines, although they do argue that they will support them because they are "primarily concerned with increasing growth" (Logan and Molotch, 1987:53). Whilst regime analysis can be distinguished from the 'hyperpluralist' growth machine analysis, it has nevertheless 'backed into' the same ground as the neo-pluralists (Judge, 1995). By focusing on the local individual and organisational actors involved in coalition-building, regime analysis neglects to evaluate the effect of structural constraints, such as that of the role of the local state (Lauria, 1995).

Fourthly, in the NUP, there is an uncritical use of dualities in the debate about the role of politics, which reduces the economic to the global and the political to the local or urban (Cox, 1993). At the heart of the NUP's understanding of contemporary urban politics is the power relation between capital ('the global') and local 'communities', where the relationship is seen as significantly to the advantage of capital as a result of a supposedly greater relative mobility. Thus, it is argued, 'communities', by virtue of their spatial fixity, cannot play one capital off against another, whereas capitals, as a result of their mobility, can substitute one 'community' for another and so substantially determine the terms on which they invest. According to Cox (1993), the differential mobilities at the heart of both regime analysis and growth coalition analysis are quite seriously undertheorised, and he reformulates the question of relative mobilities and immobilities as a question of local dependence and of the scale at which agents are locally dependent.

3.1.2: Local dependency

> [Local dependency is] a relation to locality that results from the relative spatial immobility of some social relations, perhaps related to fixed investments in the built environment or to the particularisation of social relations (Cox and Mair, 1989b:142).

According to Cox (1995), the idea of local dependence can provide some insight into why particular agents have a stake in the future growth of a particular economy by virtue of their necessary dependence on it. Local dependence is seen as unavoidable, and even though agents have incentives to liberate themselves from dependence on particular locations, local dependence will reassert itself in a different form and at a different scale; therefore, if capital does succeed in becoming hypermobile, it is a hypermobility with respect to a series of bounded areas (Cox, 1991a, 1993).

Cox and Mair (1988, 1989a, 1991) and Cox (1995) have explored the implications of local dependence for the concept of 'local social structures'. Cox (1995) conceptualises a local social structure as a 'realist' concept of a set of internally related objects and practices, where constituent objects have particular properties by virtue of their internal relations [(7)]. "The concern is not just with social relations but with local social relations: how, in other words, do necessary social relations become not merely *in* but also *of* a particular place?" (Cox, 1995:5 - original emphasis). Necessarily local socio-spatial structures, such as the local state or major landowners in civil society, all create and come to depend on local structures of relations such as information networks and spatially limited markets (Cox and Mair, 1988). To understand localised social structures, Cox and Mair (1991) introduce the 'scale division of labour' concept, to complement other concepts such as territorial production structure, spatial division of labour, the contradiction between mobility and immobility, and local dependence. Scale division of labour describes what roles in the social division of labour exist at different scales, and hence of what social relations localised social structures consist.

Insertion of the localised social structure both into spatial and into scale divisions of labour means that local politics is, paradoxically, rarely about purely local issues, but is rather about how local actors relate to wider social structures (Cox and Mair, 1991). One way of relating to wider scale structures, Cox and Mair argue, is through the creation of locality as agent, in which agents dependent on socio-spatial structures at similar scales located in the same place deal with interspatial competition and other uncertainties of capitalism through the formation of local alliances. Such action is frequently aimed at harnessing state powers or to capture resources allocated by the state for 'their place'. The way in which local coalitions are formed, and whether they are realised, depends upon the shifting interplay of attachments to class and place and, more generally, of social and spatial loyalties, and upon the links between objective social processes and subjective understandings of these (Cox and Mair, 1991).

The local state has come to assume a major role in local struggles, partly because of the powers it has for constructing and funding infrastructure and partly because of the forms of its own local dependence (Cox and Mair, 1988). Whilst recognising that locally-dependent firms will attempt to harness the power of the state in their pursuit of pro-growth coalitions, Cox and Mair also argue that "local state institutions are active on their own behalf because they too face problems of local dependence" (1988:310). According to Cox and Mair, local states are locally dependent because they depend on a local tax-base and because of their fixed investments in the built environment. However, Cox and Mair's emphasis on *fiscal* local dependence can be criticised as ethnocentric. In the UK, the local state's financial dependence on the market and local taxes is lower than in the US. In the UK, central government grants continue to account for a higher percentage of local state expenditure, and local state borrowing is both tightly controlled and effectively underwritten by the centre (Harding, 1994).

Before outlining a revised regime theory, which incorporates Cox and Mair's concept of local dependence and which is based substantially in Stoker and Mossberger's (1994) interpretation of urban regime theory, the 'local state' is conceptualised to enable understanding of its crucial role in the two coalitions at issue.

3.1.3: Conceptualising the 'local state'

> Because social relations are unevenly developed there is, on the one hand, a need for different policies in different places and, on the other hand, a need for local state institutions to formulate and implement these variable policies. Local state institutions are rooted in the heterogeneity of local social relations, where central states have difficulty in dealing with this differentiation (Duncan, Goodwin and Halford, 1988:114).

The approach adopted to the local state is based on that of the British geographers Simon Duncan and Mark Goodwin who have explicitly related the notions of 'uneven development' and 'local social relations' to debates on urban politics. Duncan and

Goodwin (1980, 1982b, 1988) base their arguments for the *theoretical specificity* of the local state on Miliband's (1969:49) statement that the local state is both an 'agent of' and 'obstacle to' the central state, and their main concern is with the degree of freedom of the local state to pursue local interests which may, perhaps, be in opposition to the central state. Duncan and Goodwin's approach departs from other Marxist-inspired theories of the local state in two fundamental ways: by emphasising uneven development; and by rejecting economic reductionism (8). First, it is argued that capitalist development is spatially uneven, and the need for a local level of government is a product of this because it is the only way central government can hope to manage the effects of this unevenness. Secondly, it is argued that this unevenness is not solely economic, and there is a local variation in social relations (such as class relations, gender relations and political traditions) which is not simply a product of the economic base. Social relations are unevenly developed over space and in time, and class relations, gender roles and political cultures will vary from place to place. It is this uneven development of social relations over space that necessitates local states, and it is by focusing on uneven development in capitalist society that we can begin to understand where local peculiarity comes from (Duncan and Goodwin, 1988).

Pickvance (1995) criticises Goodwin and Duncan's explanation for failing to account for the observed structural pattern of UK local government which is strikingly uniform. He argues that if the form of local government is to be explained by the need to manage spatial unevenness in economic development, then there should be a correspondence between the heterogeneity of local government structure and the extent of unevenness. Yet Duncan and Goodwin make no claims that the patterns of the structure of local government reflect spatial diversity. What they do claim, and this is not contradicted by Pickvance, is that because society develops unevenly each local area has specific local social relations, and because the central state needs to manage local areas in all their diversity, the local state must therefore have some capacity to reflect different local needs and interests.

Whilst Duncan and Goodwin (1984) readily admit that use of the term the 'local state' in many academic texts could be replaced by 'local government' without making much difference to the analysis, they argue that there is a difference, and the concept 'local state' attempts to capture this difference. The principle difference is that "the idea of the 'local state' suggests much more of a pervasive social restructuring, much less of a neutral institution" (Duncan and Goodwin, 1984:28). The 'state', generally, can be understood as having developed historically as one part of the social relations between subordinate and dominant classes (Jessop, 1990), and is taken by Duncan and Goodwin

(1980, 1982a, 1982b, 1984, 1988), Duncan, Goodwin and Halford (1988), and Goodwin (1992) to refer to the social relations between people and groups which lie behind concrete institutions such as central or local government. If, as Duncan and Goodwin argue, the state form has a local specificity, in other words that there are local social relations and consciousness as well as national variants, then the concept local state can be used to refer, abstractly, to the specificity of the state form at the local level.

Stoker (1991) has argued that, as a model, the social relations approach does not explain how particular local interests come to dominate particular local states [9]. The view that is taken here, however, is that an emphasis on social relations, organised in and around the local state, greatly aids understanding of the two coalitions at issue, abeit in starkly contrasting ways. First, the LDDC, in common with all UDCs, represents a fundamental restructuring of central-local relations and can be conceptualised as a 'central-local state' (Duncan and Goodwin, 1988). These arguments, which are summarised below, are important because they help understand how the 'restructured local state' established the necessary conditions for the development of Canary Wharf and how the coalition at Canary Wharf came to be dominated by the interests of international property and central government. Secondly, it will be argued, the state form in the City has a local specificity which is a product of the peculiarity of its historically-formed social relations. These arguments are important to the subsequent analysis of the City as an '(exclusive) organic regime'.

The restructured local state

> The fairly uniform system of local government has been transformed into a more complex one of local governance, involving agencies drawn from the public, private and voluntary sectors. But behind the alliterative phrase 'from government to governance' lies a series of crucial transformations in the social, political, economic and cultural relations which operate in and around the local state (Goodwin and Painter, 1996:16).

The restructuring of the local state is well documented [10] and includes: the centralisation and control of local finance; the privatisation and 'marketisation' of public services; the loss of local state autonomy over the remaining public services; and the expansion of non-elected agencies, such as UDCs [11]. It is this last feature which is of most relevance to the analysis of the role of the LDDC at Canary Wharf. The 'non-elected local state' (Shaw, 1990b) plays a crucial role in the restructuring of both central-local relations and the local state's 'representational regime' (Goodwin, 1992), such that the local state may no longer represent specifically local interests in particular circumstances. Imrie and Thomas (1995) have argued that UDCs are representative of the local state's changing institutional fabric, in which power is being transferred from elected local authorities to business-led bodies appointed by central government (12). The operation of non-elected agencies within the local arena is of course not a new phenomenon (see, for example, Lawless, 1988; Moore, 1988; Shaw, 1990b; Stoker, 1991). Nonetheless, a major factor in the growth of the non-elected local state has been the varied political and ideological motives of the post-1979 Conservative administrations. Thus, as a result of the Conservative government's desire to by-pass Labour-controlled local authorities hostile to 'market-led' plans for urban redevelopment, UDCs have become important bodies in several English cities (Stewart, 1990, 1995) and Enterprise Zones, although now discontinued, proliferated throughout the UK during the 1980s (Bradford and Robson, 1995). The fact that the LDDC is, at once, the most financially favoured UDC and an EZ Authority, has been crucial to the development of Canary Wharf, for Canary Wharf is situated mostly in the Isle of Dogs' EZ (see Chapter Four).

According to Stoker and Mossberger (1995), behind the changed context for local governance in the 1980s and 1990s lies the gradual collapse of Fordism (13). Harvey (1989b) similarly observes that the transformation in urban governance in late capitalism from managerialism to entrepreneurialism has had important repercussions for the politics of urban development (14). The new entrepreneurialism in urban governance has, as its centrepiece, the notion of 'public-private partnerships' in which local businesspeople join with 'dynamic' and 'entrepreneurial' local politicians to market the locality. 'Place-marketing' is now virtually the core activity in local economic development (Lovering, 1995), and involves the construction of particular images of place which enmesh with the dynamics of the global economy to produce 'appropriate' policy responses (Sadler, 1993). The extent to which the industrial, commercial and cultural history of places has been fiercely contested while exploited as 'cultural capital' has been portrayed by several commentators (see, for example, Kearns and Philo, 1993). Marketing consultants, appointed to repackage and sell an urban image, now undertake comprehensive audits of a locality's strengths, weaknesses, opportunities and competitors, devising slogans such as 'Glasgow's Miles Better' to help focus place-based campaigns (Bailey, 1994). Such 'entrepreneurial planning' (Adams, 1994) seeks to work alongside market operators, and is a style that Bryndley, Rydin and Stoker (1989) call 'leverage planning', since it aims to lever private sector investment into a weak market through a highly interventionist approach and large amounts of public-sector finance.

Thus, central to the transformation of local governance in Britain is a new 'partnership' in urban politics, in which power is being transferred from elected local authorities to business-led appointed bodies. "Increasingly, this [transformation] is characterised as a shift from local govern*ment* to local govern*ance* ... One of the defining characteristics of [the] new structures of governance is that in different ways and to different degrees they are *business-led*" (Peck and Tickell, 1995b:3 - emphasis in original). The new complex of institutions of local governance range from organisations such as the comparatively autonomous English Partnerships, which have a 'roving' agenda (Peck and Tickell, 1994b), through to local 'quangos', such as UDCs, with a business majority at board level and close links to central government. Alongside and deeply networked with the burgeoning system of quangos is a range of other business-led 'partnership' bodies, such as London First, which is supported by central government and represents the voice and vision of business as the legitimate interest in local policy formulation (Peck and Tickell, 1995a). According to Burton and O'Toole (1993:196), the new mechanisms, such as UDCs, should be conceived "as being part of the complex power struggle for control of the new urban governance", representing a distinctly post-Fordist view of the process of urban governance (15). Tentatively, Stoker and Mossberger (1995) conclude that a centralised Conservative-inspired post-Fordist local state is emerging.

The specificity of the local state

> [It is] not its functions that give the local state its specificity, but the contradiction inherent in its representational and interpretative roles, a contradiction that is activated and sustained through the uneven spatial development of social relations (Duncan and Goodwin, 1988:43).

Summarising arguments by Middlemass (1979) and Foster (1974), Duncan and Goodwin (1980, 1982b, 1988) observe that the modern local government system emerged as one important component of reformist, social-democratic relations; with its electoral element, the modern local government system was achieved in class conflict based over access to political power. This development of local representative democracy in the latter half of the 19th century was hugely important because it strengthened and legitimised the role of representing local interests to the centre. Since local groups may place a different interpretation over local policy from that of the centre, central-local conflict is a persistent structural possibility. Contradictory social processes are at play within the local state, Duncan and Goodwin (1988) argue, processes that can make it simultaneously both an agent of the centre and an obstacle to it. In other words, the local state has two socially-contradictory structural roles: one that is *interpretative* of the social interests that dominate central government: the other that is *representative* of local interests.

The local state's interpretative role follows from the key (although unfixed) role of the capitalist state in transmuting real and unequal social relations into the artificial legal relationships of supposedly equal individual citizens (Duncan and Goodwin, 1988; Pinch, 1992). Simultaneously, however, the representational role of the local state provides a legitimate access to power for different social groups over space. Emphasising the particularity of local class relations, Duncan and Goodwin argue that the local state gains its specificity because, through the processes of representative democracy, it is vulnerable to pressures from locally powerful class organisations which can make it temporarily autonomous from both central state and the individuation of bourgeois class dominance (Cooke, 1983; Duncan and Goodwin, 1988). Such autonomy is a reflection of locally-formed consciousness which the local state may both, on occasion, augment, as well as more commonly, undermine (16). Thus, Duncan and Goodwin argue, the local state has a *theoretical specificity* which occurs when the two structural roles of the local state coalesce, albeit in a contradictory way.

The state form in the City enjoys a local specificity, which, it is demonstrated in Chapter Four, can be understood historically. It is unlike any other local state: it was created almost 500 years before Parliament achieved sovereignty over the Crown, and is the sole remaining 'prerogative corporation'; it is not a product of modern representative local democracy, and its legal status still lies in the Magna Carta (Melling, 1973); it is a non-statutory body, yet it can promulgate statutes; and its interpretative role does not stem from social interests dominant at the centre but rather, uniquely for a local state, from peculiarly local interests which tend not to challenge or penetrate the capitalist state's hegemony (this is not to suggest that the City's political interests are synonymous with those of the centre). Therefore, the City not only enjoys a uniquely independent relationship with the centre (17), its interpretative and representational roles do not, uniquely, exist within a contradictory framework. This complementary interplay between the City's interpretative and representational roles can be understood historically, for the Corporation of London sprang out of the local civil society nearly one thousand years ago and the close links between the City Corporation and the City's broader financial and civic elements endure to this day. If, as Duncan and Goodwin (1988) argue, the local state partly derives its specificity from the uniqueness of local class relations, then the City's specificity is enhanced by the complementary relationship between its two structural roles, for, the City also derives its specificity from the uniqueness of local cultural relations which stem from the local civil society and exist in the sphere of reproduction (Cooke, 1983).

In the following section, a revised regime theory, based on the work of Stoker and Mossberger (1994) is outlined. Crucially, their revision incorporates Cox and Mair's concept of local dependence. In the context of this thesis, however, Cox and Mair's theoretical response to the NUP is particularly important because it emphasises the importance of socio-spatial structures that are necessarily local (such as the local state) and which are inextricably linked to local structures of relations. The local state is locally dependent, though not exclusively so, and as such it is important in the process of coalition-building.

3.1.4: Outlining a revised regime theory

> To be effective, governments must *blend* their capacities with those of various non-governmental actors (Stone, 1993:6 - original emphasis).

Regime theory emphasises the way governmental and non-governmental actors work across boundaries, and because of this regime analysis is seen as especially relevant given the shifting role of urban governance (Stoker, 1995). Despite its North American orientation, Stoker and Mossberger (1994) argue that regime theory holds substantial promise for understanding the variety of responses to urban change in the UK. However, to be of use in cross-national research it is necessary for regime theory to adopt a flexible approach when conceiving the constituent parts of an urban regime. In the US-based regime literature two groups are seen as the key participants in most localities: elected officials and business. Beyond this there is a recognition that a variety of other community interests may be drawn in. From the UK perspective, Stoker and Mossberger (1994) argue it is necessary to include technical or professional officials. Moreover, it is argued here, necessarily local socio-spatial structures such as the local state need also to be included. Stoker and Mossberger (1994) have offered a three-fold typology of regimes for cross-national research, although they stress the diagnostic role of such a typology (see Table 3 below). First, the *organic regime*, which characterises localities that have a tight knit social fabric and a shared history and sense of place. Second, the *instrumental regime*, which predominates in the US literature, and is typified by Stone's (1989) description of Atlanta as a 'business-centred activist' regime. Third, the *symbolic regime*, where a 'progressive' locality is concerned with changing the direction and ideology of local governance.

TABLE 3: A DIAGNOSTIC TYPOLOGY OF URBAN REGIMES

DEFINING CHARACT-ERISTICS	ORGANIC REGIME	INSTRUM-ENTAL REGIME	SYMBOLIC REGIME
Purpose	Mainten-ance of status quo	Project realisation	Redirection of ideology or image
Motivation of partici-pants	Local dep-endency	Tangible results	Expressive politics
Basis for common purpose	Tradition and social cohesion	Selective incentives	Strategic use of symbols
Quality of coalition	Political communion	Political partnership	Competitive agreement
Relationsh-ip with env-ironment:			
Local;	Exclusive orientation	Exclusive orientation	Inclusive orientation
Non-local	Indepen-dent	Dependent	Dependent

(Stoker and Mossberger, 1994:199)

From Table 3 it can be seen that Stoker and Mossberger identify five characteristics of urban regimes. The first is purpose. The organic regime, which, it will be argued, is highly applicable to the City of London, seeks to sustain the status quo and is close to Stone's (1993) 'maintenance regime'. Stoker and Mossberger schematically identify various sub-types of the organic regime. One sub-type is the (exclusive) organic regime, based upon strategies of exclusion where 'maintenance' involves sustaining social cohesion through homogeneity. The purposes of the instrumental regime, whose characteristics, it will be argued, are highly applicable to the coalition that developed to promote Canary Wharf, are short-term and project orientated. The driving force behind this sort of regime is power to get specific projects accomplished, and goals are shaped in part by what is feasible rather than by a strong local consensus, as with organic regimes. The second characteristic of an urban regime is the motivation of its participants. A key motivating factor is a concern with tangible results, which is a typical concern for members and potential members of the instrumental regime. Local dependency is another motivating factor, typical of the organic regime. Much local business and local politicians and officials depend on the locality and seek actively to support its renewal (18).

The third defining characteristic of an urban regime concerns the development of a common sense of purpose. Stone's (1989) description of the instrumental regime emphasises the use of selective material incentives to buy off strong opponents, giving further credence to the applicability of such a regime's characteristics to the coalition that developed at Canary Wharf. For, it is shown in Chapter Four how both the LDDC and Canary Wharf's developers separately used incentives to draw the London Borough of Tower Hamlets, potentially the biggest obstacle to Canary Wharf's development, into the Canary Wharf regime. According to Stoker and Mossberger, "the general argument is clear: that selective incentives in a fragmented and uncertain world provide a powerful mechanism for establishing a common sense of purpose" (1994:204). In contrast, in an organic regime there exists "an 'organic' base for the establishment of a shared outlook" (Stoker and Mossberger, 1994:204). In the City of London, for example, there exists a sense of place and community which is a product of history which social and economic forces have helped to sustain. Moreover, the quality of an urban regime will depend upon the degree to which there is a congruence between the interests involved, which is a fourth characteristic. In the organic regime, coalition partners enjoy a 'political communion', a very close identity of interest which requires little active political organisation. In the instrumental regime, the relatively high congruence of interests between partners is nevertheless tempered by conflicts of interest, a position captured by the term 'political partnership'.

The fifth characteristic discussed by Stoker and Mossberger is a regime's relationships both within and beyond the locality. Within the locality, both organic and instrumental regimes are likely to operate highly developed strategies of exclusion, a practice carried out both in the City and at Canary Wharf. As for the relationship with the non-local political environment (such as central government), the key issue is the degree of independence a regime can establish. In the UK, the system of levering sources from central government undermines the ability of local elites to behave in an independent way (Keating, 1991, 1993). Even the newly-created business-dominated government institutions such as UDCs are hampered by the tensions created by the centralisation of control in Whitehall. Thus, it is argued in Chapter Four, Canary Wharf's coalition is dependent on central government and other non-local forces. In contrast, the organic regime in the City operates in a largely independent manner. Crucially, it has no need to lever monies out of central government. The City is less dependent than Canary Wharf on the cooperation of non-local forces albeit that it is equally dependent on attracting flows of global financial capital.

3.1.5: Recap

Both growth coalition analysis and regime theory can, to varying degrees, be criticised as voluntaristic. In particular, the NUP cannot adequately for role of socio-spatial structures that are necessarily local, such as the local state, in the process of coalition-building. It has been argued that the weaknesses of the NUP can be remedied in three ways: by adopting a flexible approach to the identification of key participants in coalition-building; by incorporating Cox and Mair's approach, which starts from the notion of local dependence; and by emphasising the structural role of the local state (which is locally-dependent). Whilst Cox and Mair (1988), Clarke (1990), Lauria (1995), Low (1994), Peck (1995b) and Peck and Tickell (1995a) all clearly identify an important role for the local state in coalition-building, none of these commentators conceptualise the 'local state'. A framework for understanding the role of the local state, based on the work of Goodwin and Duncan, has been outlined which emphasises the notions of uneven development and local social relations. It has been argued that the local state at Canary Wharf contrasts sharply with that in the City; the LDDC is representative of the 'restructured local state', and the state form in the City displays a local specificity. Chapters Four and Five illustrate the importance of these arguments to the analysis of coalition-building at Canary Wharf and in the City.

Notwithstanding the NUP's inherent problems of voluntarism, the emphasis in the NUP on non-structural factors - particularly the activist role of entrepreneurs and the role of place-specific capital - is viewed within the context of this thesis as a strength in the literature because it aids understanding of the coalitions that formed to promote both Canary Wharf and the City of London in the 1980s. The NUP is deliberately voluntaristic, emphasising the role of individuals and interest groups "to show how human activism is a force in cities" (Logan and Molotch, 1987:11). The critical role of Paul Reichmann in Canary Wharf's development has already been noted in Chapter Two, and further analysed in Chapters Four and Six. Other entrepreneurial individuals have also played crucial roles in the Canary Wharf story, most notably: Michael Cassidy, the leader of the City Corporation (see Chapters Five and Six); Sir Peter Levene, Chief Executive at Canary Wharf between 1993 and 1996 (see Chapter Six); and Reg Ward, first Chief Executive of the LDDC (see Chapter Four).

Having set out a conceptual framework for analysing and interpreting the role of local processes and individual agents, the rest of this chapter is concerned with the methodological approach adopted to explore these roles in a specific instance of urban change. In the first place, the intensive approach adopted, which is based in the qualitative research tradition, is set out. Secondly, to demonstrate the case study's rigour, three strategies for enhancing credibility are emphasised: first, respondent selection procedures; secondly, interview practices; and finally, strategies for analysis.

3.2: The qualitative approach to research

> Inanimate objects do not react differently because a theory has been advanced or a prediction made, but human beings can alter their behaviour precisely because social scientists have proffered a theory or made a prediction (Smith, Johnson, Paulsen and Shocket, 1976:59).

Qualitative research, as a set of interpretive practices, privileges no single methodology over any other. As a site of discussion, or discourse, qualitative research is difficult to define clearly. It has no theory, or paradigm, that is distinctly its own. Multiple theoretical paradigms claim use of qualitative research methods and strategies, and qualitative research is used in many separate disciplines and does not have a distinct set of methods that are entirely its own. Qualitative research can thus be many things to many people, however, its essence can be said to be two-fold. First, qualitative research is multi-method in focus, involving an interpretive approach to its subject matter (Marshall and Rossman, 1995). Secondly, qualitative research is an ongoing critique of the politics and methods of positivism and quantitative research (Eyles, 1986b). Quantitative research methods are based on positivist understandings of social reality and assume that human beings can be studied by a social scientist in the same way as a natural scientist would study things, an assumption that is challenged by qualitative researchers.

The word *qualitative* implies an emphasis on processes and meanings that are not rigorously examined, or measured (if measured at all) in terms of quantity, amount, intensity, or frequency. Qualitative researchers stress the socially constructed nature of reality, the intimate relationship between the researcher and what is studied, and the situational constraints that shape inquiry. Such researchers usually study things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them. Thus, qualitative research seeks to uncover the perceptions of 'informants' in the research process and to understand human behaviour from the informant's perspective. Here, the value-laden nature of inquiry is emphasised. In contrast, quantitative researchers frequently take a different view of the role informants play in the research process. In quantitative research, informants are usually treated as subjects who supply data that have been preordered by the researcher (Smith et al, 1976). Many quantitative researchers argue that informants hold a blurry understanding of their social world (see, for example, Babbie, 1979), assuming that it is up to social scientists to provide accurate accounts of 'what is really going on out there' by using the tools of science. Quantitative studies emphasise the measurement and analysis of causal relationships between variables, not processes (Smith et al, 1976), and aims to count and measure things. Here, inquiry is purported to be within a value-free framework.

The qualitative approach to research often employs a flexible proposal so that data gathering can respond to increasingly refined research questions. Thus, in studying the problems Canary Wharf has encountered in establishing itself as an international financial centre, albeit from a particular perspective, it was important not to close off any avenues of exploration in the early stages of research. Marshall and Rossman (1995) suggest that focusing the study and posing general research questions are best addressed in a developmental manner, relying on discussions of related literature and theory to help frame and refine the research topic. Indeed, in the initial stages of my research the primary research goal was discovering those very questions that are most probing and insightful. However, whilst many relevant concepts were developed during the research process my original research questions were general enough to permit exploration but focused enough to delimit the study. These early general questions can be divided into 'theoretical' questions and 'site-specific' research questions (Marshall and Rossman, 1995). Examples of the former posed in this case study include: what factors can help explain the problems Canary Wharf faced/faces in establishing itself as an international financial centre?; how is the relationship between Canary Wharf and the City to be understood?; if local processes are important, can the Canary Wharf/City relationship be conceived as both one of 'intra-urban competition' and as illustrative of a complex 'global/local interplay'?; are the roles of individual agents important in this case study? Examples of the latter include: why has Canary Wharf encountered problems establishing itself as a centre for global finance?; how did the City react to the prospect of Canary Wharf?; are Canary Wharf and the City in competition for global financial services?; was the City's 1984 Draft Local Plan considered inadequate to meet the demands of both global and local competition?; how and why was the 1984 DLP radically revised?; what is the locational behaviour of global financial capitals and is this important in the competition between Canary Wharf and the City?; what are 'City' perceptions of Canary Wharf and how can these be considered and conceived?

Qualitative research can be 'intensive', looking in great detail at a few cases, or 'extensive', taking many cases but sticking to a more surface level of description. In qualitative research, extensive research is seen as the weaker explanatory tool. Extensive research approaches tend to be taxonomic, aimed at identifying systematic trends in aggregate variables, exploring common features and relationships within these aggregate patterns, and then breaking down these patterns into separate components. Here, the tendency is to adopt techniques such as large-scale formal questionnaire surveys and descriptive and inferential statistical analyses to uncover these regularities. The analysis which results is arguably descriptive and synoptic in nature, rather than explanatory, because the relations it discovers are formal ones of similarity, dissimilarity, correlation, etc., rather than substantial causal relations of connection. In contrast, the goal of intensive research is to expand and promote theoretical inferences, not to enumerate frequencies (Healey and Rawlinson, 1993). Intensive research frequently uses informal interviews, and works on the assumption that causes and effects of phenomena will be situation-specific where factors need to conceptualised as processes and structured together interactively rather than just added up [19]. The 'individuals' to be researched should be such that they relate to each other either structurally or causally, thus permitting analysis of causality through an examination of actual connections. The informality of intensive research techniques is aimed at 'getting through to' those particular circumstances that are significant to individuals, and corroborates evidence to ensure that the findings really do apply to those individuals actually studied. The main weakness of intensive research methods is that they lack representativeness; crucially, 'explanation' in one specific situation cannot be transferred to another situation, where constituent processes may interact in an entirely different way. As Sayer and Morgan (1985) warn:

> In so far as intensive research identifies necessary relations or properties of objects, then one can say wherever those objects exist then so will those relations or properties ... [But] actual concrete processes or events are produced through a combination of necessary and contingent relations, and so the research findings describing these are unlikely to be generalisable to other contexts (Sayer and Morgan, 1985:154).

Although there is a need to be aware of general processes, the feasibility of generalisation is limited in this case study because it is primarily concerned with uncovering causes and effects of phenomena that are situation-specific. Thus, an intensive approach has been adopted, using informal, interactive interviews. According to Sayer, these can facilitate "a meaningful type of communication which maximises the information flow by making use of communicative and social skills, by being willing to adapt preconceived questions and ideas in the course of the interview" (1992:223). Similarly, Sykes (1991:8) argues that this "responsive interaction ... between interviewer and respondent(s) allows meanings to be probed, topics to be covered from a variety of angles and questions made clear to respondents".

According to Sykes (1991), intensive research is not a linear process, it rather proceeds "in a series of iterations with modifications of understanding occurring throughout the interviewing stage as well as during the formal analysis and writing up stages" (1991:4). Whilst illustrating the iterative process in intensive research, this position also recognises a crucial aspect of the interview - that it is an interaction between interviewer and interviewee. Generally, the less structured the interaction the more explicit the interviewer has to be in constructing an agenda. In these circumstances, Pratt (1995) argues, the 'framing' becomes more visible and thus potentially more accountable for. This point can be practically illustrated by the current case study. Following on from letters of introduction, telephone calls, etc., the first few minutes of every interview were always devoted to discussing the agenda. I would very briefly outline the few themes I considered appropriate for discussion, giving my interviewee the opportunity to turn down particular discussions and perhaps suggest others. When interviewing, I always tried to give the interviewee an active role (see Schoenberger, 1991) and to be as flexible as possible with the agenda. It is important to stress, however, that these were not *un*structured interviews; it was always important for the interviews to retain a focus on my research interest (see Section 1.4 below).

3.2.1: Strategies for establishing 'rigour' in qualitative research

> [On the one hand,] objectivity is an aim or goal which is not really an achievable one [nor] necessarily [a] desirable [one]. The researcher should be critical and espouse particular values in an explicit fashion. [On the other hand,] the aim of objectivity in research is making knowledge shareable. [In this sense,] qualitative research can be examined and evaluated in terms of its validity and reliability (Minichiello, Aroni, Timewell and Alexander, 1991:209).

There is an apparent tension between the creativity of the qualitative research process, which implies contingent methods to capture the richness of context-dependent sites and situations, and evaluation, which implies standardised procedures and modes of reporting. Nevertheless, the task of evaluation is key if qualitative evidence is to gain acceptance outside the community of practitioners (Eyles, 1988). Two of the most important criterion of evaluation concern the 'validity' and 'reliability' of research findings. The validity (or credibility) of qualitative research is taken to refer to the meaning and meaningfulness of the data, whereas its reliability (or dependability) is taken to refer to the consistency of the results (see, for example, Eyles, 1988; Healey and Rawlinson, 1993; Kirk and Miller, 1986; Sayer, 1992; Sykes, 1990, 1991).

Eyles (1988) promotes a meaning-centred version of the notion of validity, whereby "principles of validation are internal to the discourse itself ... interpretations must be justified in terms of the presented evidence [and] much depends on the coherence of argument and the reason, consistency and honesty of the theorist" (1988:11). Based on Smith's (1984) discussion of 'logical inference', Eyles distinguishes the qualitative interpretation of validity as involving data-to-concept links which not only make sense to academics, but also to the lay people on whose experiences interpretations are based. Similarly, McDowell (1992a) maintains that validity in qualitative research should be seen as "the collective agreement of intended audiences that the interpretations are convincing" (1992a:214). This argument aligns well with Eyles' concern that these interpretations be credible to both those within the research endeavour and the larger scientific and lay communities. In brief, then, it is argued that there are two aspects to validity in qualitative research. First, it is important to use 'logical inferences' (Smith, 1984) which emphasise the relationship between phenomena or data (characteristics) and constructs of these phenomena (explanatory schema or theory). Secondly, interpretations should appeal to scientists, those researched, and a wide array of lay people. The key to validity in qualitative research is therefore clarity, making the implicit 'rules' explicit (Eyles, 1988).

'Credibility', a parallel notion to validity, is based on the notion that there is no single reality (Eyles and Perri, 1993). There may be disagreements between researcher and those interviewed, and interview statements should not be treated either as accurate or distorted versions of reality. According to Silverman (1985:176), interview data "display cultural realities which are neither biased nor accurate but real". Hence, the goal of the qualitative researcher is to represent adequately the realities of a group of individuals such that not only does the academic community understand the (re-)construction of that reality, but also the people who constructed that reality in the first place.

Reliability involves the standards of stability, consistency, and predictability whereby multiple applications of the same instrument are expected to yield similar findings, based on the existence of a single, unchanging reality (Berg, 1989). However, since qualitative researchers accept the inevitability of changes in 'reality', they tend to focus on the interpretations and their consistency from one interview transcript to another (Eyles and Perri, 1993). In this sense, Eyles and Peri (1993) argue, dependability refers to the plausibility of accounts, reliability to the plausibility of design. So although both qualitative and quantitative research are concerned with similar issues, they are seen and treated differently.

Lincoln and Guba (1985) have argued that a demonstration of credibility is sufficient to establish dependability. A number of strategies to enhance the credibility of qualitative research can be adopted. In the following sections, three strategies adopted in the course of the research for this case study are emphasised: respondent selection procedures; interview practices; and strategies for analysis.

3.3: Selecting respondents through theoretical sampling

> Theoretical sampling ... involves [qualitative] researchers in observing groups with a view to extending, modifying, developing and verifying theory (Burgess, 1984:56).

Patton (1990) distinguishes two broad strategies for recruiting respondents: random sampling and purposeful sampling. The latter, the strategy most often used by qualitative researchers, stresses the search for 'information-rich cases' (respondents). Sample size is determined largely by the need to involve as many relevant experiences as possible in the development of a conceptual framework/theory. One type of purposeful sampling has been termed 'theoretical sampling' (see, for example, Burgess, 1984; Glaser and Strauss, 1967; Strauss, 1989; Strauss and Corbin, 1994), a process of data collection which is generated by, and is used to generate, theory. In theoretical sampling, 'saturation level' is reached when no additional data can be found that would add to the theoretical categories being developed and examined. Because recruitment often occurs until 'redundancy', that is, until no new themes or constructs emerge, credibility need not be threatened by low sample sizes. The approach adopted to recruiting respondents for this case study, which is based in theoretical sampling, is outlined below.

Having decided upon a flexible research proposal - to explore Canary Wharf's problems in establishing itself as a location for global finance - my first step was to become thoroughly familiar with the related literature. It is important to stress that the particular issues surrounding this 'story' captured my imagination as they reflected an intersection between a personal and professional interest (20). Thus, I did not enter the subject area 'cold'; I had what Hirsch (1995) refers to as 'street sense'. At the same time as familiarising myself with the related literature, I carried out primary documentary research into the City of London's 'pro-conservation' 1984 Draft Local Plan: its aims and objectives; who opposed it and why; who defended it and why; its revision and the production of the 'pro-development' 1986 Adopted Local Plan. This primary documentary research into the radical changes in planning in the City in the mid-1980s set the context for selecting the respondent groups that could help explain the phenomenon: Canary Wharf's inability to establish itself as a financial centre.

The organisations identified as theoretically relevant, in that they are key players in the two coalitions at issue, included Olympia and York (Canary Wharf's developers), the LDDC (the planning authority responsible for Canary Wharf), the Corporation of London (the local authority in the City of London), other major landowners in the City (the 'Great Twelve Livery Companies', the major domestic banks, City-based property companies, and the 'institutions'), the big foreign banks, and the City agents and surveyors. The task was then to track down the key players that could help me most with 'my story'. Some were obvious, for example: Michael Cassidy and Peter Rees at the Corporation of London; Sir Nigel Broackes and Sir Christopher Benson (both key Chairs of the LDDC and owners of two of the UK's largest City-based property companies); and Paul Reichmann of O&Y. Some were not so obvious and often involved many telephone calls and letters of introduction (concerning myself and my research project) that would be sent round an organisation in the hope of finding somebody suitable. In other situations, it was 'simply' a case of gaining access to a top corporate executive within a targeted organisation. Top corporate executives tend to be relatively easy to identify and even to locate. But visibility is not the same as accessibility (Thomas, 1995), and gaining access can be a tough proposition. Most businesses, no matter how small, have 'gatekeepers' (Hornsby-Smith, 1993) who keep an eye on the comings and goings of strangers. Even visitors who appear as if they 'belong' encounter inner lines of defence: executive secretaries; public relations departments; and whole levels of management trained in how to represent the business to the outside world.

3.3.1: Gaining access

> Business elites have been traditionally the most difficult settings to gain access to by social scientists. The hierarchies of business organisations are designed to protect those who work there and to deter outsiders from learning more about how they operate (Hertz and Imber, 1995:X).

A glance at the organisations identified as theoretically relevant indicates this case study's overwhelming reliance on interviewing 'elites' (21). It is important to point out, however, that a small group of 'local non-elites' (informed 'local' observers, ex-GLC politicians, conservation bodies, and employees with the London Planning Advisory Committee) was also interviewed. The elites within the sample group can be divided into three broad groupings: 'business elites' (including domestic and foreign banks, Olympia and York, other relevant property companies, the 'institutions', and 'Livery Companies'); 'professional elites' (City agents/chartered surveyors); and 'local political elites' (including the Corporation of London and the LDDC). It is important to note some overlap between the groupings. For example, I was not only interested in the role of Sir Nigel Broackes and Sir Christopher Benson as property developers (business elites), but also as respective Chairs of the LDDC ('local' political elites). Similarly, the City's Livery Companies not only represent business elites, but also local political elites, as Livery Companies are constitutionally part of the 'local state' (see Chapters Four and Five). In the following discussion concerning access, it is important to bear in mind the varying accessibility of these three broad categories (indeed, it useful to keep these distinctions in mind throughout the following discussion on all aspects of the interview process). At one end are business elites which, it has already been suggested, are most difficult to penetrate. At the other end are political elites which have received by far the most attention in sociology and political science (Scott, 1990), have always had the greatest public visibility and have a vested interest in creating constituencies including social-scientific ones (Hertz and Imber, 1995).

As a way of easing into the interview process and building up the sample group, my first couple of interviews were with friendly, easily accessible but knowledgeable senior planners at the Corporation of London and the LDDC (these early interviews acted as 'pilot interviews'). Once 'in the door', I employed the 'snowball' technique (Arber, 1993) to gain access to the key players. Through this and other techniques (see below), I eventually gained access to many of the 'local' political actors I had identified, including Michael Cassidy, Peter Rees, Stuart Murphy (Corporation of London), Sir Nigel Broackes, Sir Christopher Benson, and Eric Sorenson (LDDC) (see Appendix 2 for details). Because of the 'clubby' nature of much of the City, the snowball technique also worked across elites. For example, Michael Cassidy put me in touch with Robert John who had been a senior executive at O&Y. Use of the snowball technique in the early stages allowed me to gain good access into the Corporation of London, the Great Twelve Livery Companies, City-based property companies, O&Y and the LDDC. It proved harder to gain an entree into the world of the banks and the 'institutions'.

Thus, on many occasions, it proved impossible for me to avoid the frustration of 'cold calling' (Useem, 1995). In these situations, I simply wrote to the executive I wished to interview following up with telephone calls to the executive's office shortly after. In the letter I would introduce myself, give a brief description of the research project, and include a problem or a question to 'hook' the targeted executive into the project. Thus, I was indicating that the person I wanted to interview was uniquely qualified in some way, that their insights were the ones I was after. In this way, I hoped I would not be shunted off to someone else. By the time I reached the executive's secretary, the latter had almost invariably been informed of the boss's wishes. If the boss had not declined, the secretary was usually instructed to insert me into a crowded schedule as soon as feasible (whilst I was always prepared to meet interviewees at a time convenient to them, executives tended to be far more generous with their schedules when a date a month or so away was suggested). If the executive declined a face-to-face interview I would explore the possibility of a telephone interview, which I was frequently granted. Whilst these were not as useful as face-to-face interviews, principally because I was unable to tape-record them, they were of some use and they held the advantage of not inhibiting the interviewee.

Company executives, in both business and the professions, can sometimes surprise, and once I had my foot in the door of the world of the banks I was once again able to use the snowball technique to good effect (this situation was mirrored with the City agents). Through a mixture of hard work, a bit of luck, some inside knowledge and, I suspect, a general interest in my research, I was eventually able to interview almost all the individuals/organisations I had identified, involving 44 face-to-face interviews (lasting anything between 30 minutes and two hours) and 14 telephone interviews (lasting anything between five and 30 minutes). Rather than listing the success I had (see Appendix 2), it is perhaps more important to point to the failures. First, and foremost, I have been unable to interview Paul Reichmann who lives in Toronto. Moreover, I have also been unable to interview O&Y's chief executive at Canary Wharf, Michael Dennis, who has moved back to Toronto. However, I succeeded in gaining interviews with five ex-O&Y Canary Wharf employees (three of whom had been executive colleagues of Michael Dennis) and, crucially, Sir Peter Levene, who took over as Chair and Chief Executive of Canary Wharf after the collapse of O&Y [22]. Secondly, I failed to gain access to Credit Suisse First Boston or Morgan Stanley (both US banks), who between them have let 1.3 million sq ft at Canary Wharf and who have been involved in the project since its inception. However, I was able to gain access to American Express and Chemical Bank (two US banks who pulled out of their commitment to Canary Wharf after the collapse of O&Y), Barclays de Zoette Wedd (the merchant banking arm of Barclays bank which has leased 700,000 sq ft at Canary Wharf), the four big domestic banks, the UK merchant bank Hill Samuel, Deutschebank and the Bank of Tokyo (see Appendix 2).

Because of the difficulties associated with gaining access to elites, Thomas (1995:6) warns that "these may be 'important people', but first and foremost, they must be important to ... the researcher". The point may seem obvious, but adequate preparation - becoming 'street smart' (Hirsch, 1995) - is an essential ingredient in any research. Indeed, Hirsch (1995:73) argues that "it is virtually impossible to overprepare for an interview". Part of that preparation involves being certain that you cannot be satisfied by collecting data through other means, for example primary or even secondary documentary sources, so as to exploit to the full the time allotted to the interview and to know as much as possible before going into any interview. Studying elites places great demands on the ability of the interviewer, who must establish competence by displaying a thorough knowledge of the topic and by projecting an accurate conceptualisation of the problem through shrewd questioning (Marshall and Rossman, 1995). As such, Thomas (1995) insists on a clear agenda before going to the trouble of interviewing 'important people' whose accessibility is constrained not simply by elite status but also by rigorous time schedules.

3.4: Semi-structured interview strategies

> The non-standardised interview tries to be a guided conversation ... the bit of paper you hold is only a guide (Fielding, 1993:144).

One of the first steps in designing any non-standardised interview is to think over what is problematic or interesting about the research topic, what Lofland and Lofland (1984) have termed 'puzzlements'. I therefore began by jotting down theoretical and site-specific research questions (referred to earlier) which expressed each of my puzzlements, grouping those that seemed topically related. In the process, some of these puzzlements, expressed as questions, were discarded. Others emerged as being related and were amalgamated. I then grouped my topics, or themes, to suit particular groups of interviewees. For example, although I explored the City's social relations in interviews with all 'City' informants, I considered it particularly appropriate to probe deeply into the relationship between the City Corporation and the local civil society in my interviews with City politicians and senior 'Liverymen' (23). However, no matter which grouping a particular interviewee came under (LDDC, O&Y, City politician, City banker, and so on), I would always prioritise certain themes, for example, Canary Wharf's ambition to become a financial centre, the problems it has encountered, the response of the 'City' (in its broadest sense) to perceived local competition, and the attitudes of the big commercial banks (both domestic and foreign) to Canary Wharf as a location for global finance.

My puzzlements, expressed as questions, were put into the form of an outline of an 'interview guide' (Fielding, 1993). Each guide was prepared individually for each respondent, reflecting issues I believed most appropriate for discussion (however, the guides would not vary greatly from interview to interview, rather the interviews would emphasise different themes). Although the guide did not determine the interview's order of conversation, I had in fact begun my pilot interviews by explaining that I had an agenda which was, to an extent, structured chronologically. Because I gave the interviewees considerable freedom to develop strategies for answering the questions, the order in which they occurred was quite different to my agenda (even though we covered all the themes I had intended). Rather than considering the issues chronologically, the interviewees frequently moved on to the issues 'at the end first'. In other words, they might put the topic I had planned to ask about last 'at the top of agenda', indicating not only the importance they attached to that particular issue but also the ability of elite interviewees to think analytically as they talked. This highlights one of the most significant aspects of the semi-structured interview - that there is no set of preconceived, structured questions. Rather, it is 'guided conversation' (Fielding, 1993), questions revolving around topics of conversations because the guide merely indicates the themes that are of central interest to the research rather than actual questions (however, it is worth bearing in mind that themes were expressed as appropriate open-ended questions).

The last step I undertook in preparing for each interview was to fine-tune the guide for that particular interview and to design my 'probing questions', which are at least as important as generating the main questions on the guide. These acted as reminders to check on each sub-topic, it being essential to keep all these in mind to remember to ask about the ones not mentioned (the technique I used was to have my probing questions on a separate piece of paper, ticking them off as they were raised). It is useful to give a practical illustration of what I mean here. In my interview with the Managing Director of Lloyds Bank Commercial Property Developments, one of the main themes I pursued was the bank's opposition to the City's 1984 Draft Local Plan (the bank took part in the subsequent public consultation exercise and opposed many aspects of the DLP). The probing questions to this theme were: the impact of the DLP on the bank's ownership of land in the City; the impact of Big Bang on City office space; global and local competition to the City; the ways in which the bank pursued its objections to the DLP;

the bank's relations with the City Corporation; perceptions of the City's social relations; personal membership of 'City clubs' (for example, Livery Companies).

In the interview situation I adopted a strategy which closely followed the 'funnelling method' (Ackroyd and Hughes, 1992) in structure and a descriptive form of questioning using a form of 'posing the ideal', opinion/value questions, knowledge questions and cross-check questions as well as probing questions. 'Funnelling' refers to a process of questioning in which the interviewer controls the flow and type of information being asked by starting the interview with questions of a general and broad nature. As the participants engage in conversation, the interviewer then guides the conversation towards the central issues by using questions which narrow the area. By using this strategy, the interview process can be relaxed and less threatening to the interviewee, yet it is being controlled by the interviewer (though this is not without its problems - see Section 1.4.1 below). If a good rapport is developed, it is likely that the interviewee will be communicative. To help establish a good rapport, I always tried to 'set the tone' (Hornsby-Smith, 1993) for my relationship with the interviewee prior to interview. I wanted interviewees to view my research as bona fide and significant, and giving some detail helped achieve this. This was not done just for egotistical reasons. It was important for potential interviewees to find my research project interesting, and it was important that they believed I wished to learn from them. Once in the interview situation, I offered "the flattery of a role reversal" (Thomas, 1995:9). Thus, the status inconsistency between myself and elite interviewees was turned to an advantage by phrasing questions in such a way as to give the interviewee the opportunity to 'play the teacher'.

One interview technique I used to lead interviewees was to 'pose the ideal' (Minichiello, Aroni, Timewell and Alexander, 1991), not in open-ended way, however. Rather, I would pose the ideal according to my perception of the situation and then ask for the interviewee's response. The 'opinion/value questions' were aimed at gaining access to, or understanding, the cognitive interpretive processes of respondents (Heath and Luff, 1993); that is, finding out what they thought about an issue. 'Knowledge questions' were used to find out what factual information the interviewee could offer. Of course, the underlying assumption here is that the interviewee 'knows things', but the point is to find out what the interviewee considers to be factual. However, I often believed it necessary to check an interviewee's account for 'internal accuracy'. Cross-checking, which involves a kind of 'triangulation' process, was one technique I used (24). Gently, I would say something along these lines: 'I'm sorry, I'm a little confused. You have just said that ...... but earlier you said that ......'. Another technique I used was to cross-check information given in one interview with that given in others. However, this technique has its limits as it is important to bear in mind that people can hold logically contradictory views simultaneously and that these form a valid part of any account. Cross-checking will not provide the researcher with a more genuine account if these contradictions are discarded.

Of course, keeping abreast of a conversation and its direction was not always an easy task as it meant that I had to think about each verbal interaction and its theoretical direction: when to probe for clarification or elaboration; and when to move on to another or related issue. At the same time as fully participating in the conversation, I had to sustain a 'critical inner dialogue' (Minichiello et al, 1991). These are the sorts of questions I asked myself whilst listening to an interviewee's account: 'is this interesting in relation to my research problem? (if not, move on); this is not an answer to my question, should I ask the question in a different way?; this is interesting, but what are the central ideas this person is putting forward in this account?; have I fully understood what is being said? I had better use a probe; this data seems unreliable, I had better check for clarification'.

Finally, all interviews were taped using an unobtrusive micro-tape recorder, allowing me to listen and think without having to take notes at the same time. Tape recording also puts over the idea that respondents' views are being taken seriously, and it can enhance greater rapport by allowing an interaction that is not interrupted by the researcher taking notes. I began negotiating to be able to use a tape recorder early on in my correspondence with all interviewees. Although I worried greatly about these negotiations, not one of the 44 face-to-face interviewees refused my request and all were willing to be quoted directly. As a matter of course, I always offered confidentiality. I also made it clear that the interviewee could ask for the tape recorder to switched off at any time (25). I did, however, make some use of note-taking. Note-taking has the advantage of pulling the researcher into analysis and interpretation earlier in the research than tape recording (Minichiello et al, 1991). I often made brief notes reminding me to ask about something, check something, or record an interviewee's body language at a particular point.

3.4.1: Negotiating relations of power and control in the interview situation

> To a greater or lesser extent, politics suffuses all social scientific research. By *politics* I mean everything from the micropolitics of personal relations to the cultures and resources of research units and

universities, the powers and policies of government research departments, and ... the central state itself (Punch, 1994:84 - emphasis in original).

Interview practices have received much attention, largely because the researcher is the instrument in qualitative research. They also bear much of the brunt of concern over the role of 'author' and her/his characteristics and how they become inserted into a situation. More generally, it is the interviewer's skill at developing a rapport with respondents and his/her ability to use this to develop information-rich conversations, which leads to data looking the way they do. Hammersley (1995) has argued that all social research is political because it requires negotiating a set of unequal and hierarchical power relations. Thus, it has been argued, vigilance over the power relations involved in research interviews can enhance rigour (see, for example, McDowell, 1994), as detailing these helps account for the ways in which interview texts are constructed.

The 'politics of power relations' impacts upon the process of analysis and the final presentation of the research document, but it is brought into stark relief within the interview itself. Within the interview it is often the case that a powerful researcher might intimidate a less powerful respondent into revealing aspects of their world they may wish to keep private, usually through playing on their professional credentials (see, for example, May, 1994). As the researcher, I undoubtedly held a good deal of control, though, as I go on to explain, this 'control' was by no means straightforward. The sample group I interviewed was made up of elites and, due to the high status of elites, relations of power were tilted heavily in the interviewees' favour. Elites are 'important people', and the wealth and authority of corporate executives in particular are daunting terrains for the first time visitor. The high status of elites tended to make the opportunity special, and I must admit to feeling 'honoured' to be granted time with a high-ranking executive and was perhaps not as assertive as I might have been with someone less 'important'. It is easy to be drawn in by the articulateness and (in many cases) charm of top executives and politicians without even realising it.

Aside from the high status of elites, other important aspects of the background of interviewees defined the social interaction of the interviews, namely, class, ethnicity and gender. Of the 44 face-to-face interviews I conducted, 37 were with elites (business, professional or political), and seven were with knowledgable 'local' observers/non-elite 'local' players. All 44 interviewees were white and middle to upper class, though not all anglo-saxon. Of the 37 elites interviewed face-to-face, 34 were men, and the three women held relatively minor positions (one senior planner at the Corporation of

London, and two non-executive employees at Canary Wharf). Of the seven 'local' non-elites, only one was a woman (secretary, Save Britain's Heritage). These facts do not only say much about society at large, but also determined - to some extent - the interaction between interviewer and interviewee and hence the interviews' power relations. White, powerful men, as I explain below, have a tendency to interrupt and dominate the flow of conversation and, frequently, to give (set) speeches (see, for example, Pierce, 1995).

The issue of control - specifically, who is in charge of the interview - was crucial to the present case study. Although there is an ongoing debate as to the merits of semi-structured versus unstructured interviewing, I favoured the former as part of a strategy for tipping the balance of power in my direction. I did so in part for reasons of efficiency, as I wanted the opportunity to decide when to cut off a line of response (gently) rather than have the interviewee free to chart his or her own agenda. This was not always easy: talk is the stock in trade of many of the people I interviewed and, given half a chance, many would launch into a speech and/or take the conversation into a different direction. Under these circumstances I was patient but at the first opportunity I would rephrase the question, inviting a response about that in which I was most interested, using techniques of intervention such as 'I see, but I'm curious, what do you think about ...?' If that failed, I shifted to an entirely different line of questioning to break the flow. Because the 'ground rules' had been agreed prior to the interview (and checked at the beginning of the interview) - including what the agenda would be - I was able legitimately (if sensitively) to shift the line of questioning.

On one occasion, the agreed ground rules proved to be exceptionally limiting. These cut off a line of questioning I was particularly interested in and one that could have been very fruitfully explored. Moreover, the demeanour of this particular interviewee intimidated me to such an extent that I frequently felt unable to probe deeply into what he was saying and always felt that the interview was 'getting in the way' of him conducting 'more important business'. At one point in the interview, he was called out by his secretary to take a telephone call (one of the hazards of interviewing 'important people' are frequent interruptions of this kind). Even though we continued the interview, it was clear his mind was elsewhere. Whilst the response from this interviewee was exceptional, I frequently found it difficult to maintain control of the flow and direction of interviews. The nature of my research meant that I had to be adept in two languages, the language of social science and the language spoken by my respondents, and be able to translate in both directions. In the hurly-burly of the interview situation this is often not easy to do quickly, and occasionally interviewees became a little impatient with me (perhaps due to the pressure of work on their time). In such circumstances it is easy to become flustered, and thus not be clear about the direction the conversation should take. A sharp but impatient interviewee would sometimes then direct the flow of conversation, and it is difficult to know now whether this was done deliberately to steer the conversation away from 'sensitive' areas.

It is possible for any topic, depending on context, to be a sensitive one (Sieber, 1993). The sensitive nature of a particular topic is emergent, in other words its sensitive character inheres less in the topic itself and more in the relationship between the topic and the social context within which the research is conducted (Lee and Renzetti, 1993). Although I concentrated as hard as I could on establishing and maintaining a good rapport with respondents, I always approached some topics with caution and sensitivity on the assumption that they were sensitive ones. However, it was not uncommon for me to find that these initial fears had been misplaced. How much of this is due to establishing rapport, and the work I put in to make sure respondents found my research interesting and not threatening, is impossible to judge.

3.5: Strategies for data analysis

> Data analysis is the process of bringing order, structure, and meaning to the mass of collected data. It is a messy, ambiguous, time-consuming, creative, and fascinating process. It does not proceed in a linear fashion; it is not neat (Marshall and Rossman, 1995:111).

Analysis is often assumed to be just one stage in the process of research, one that is preceded by data gathering and succeeded by interpretation (see, for example, Feldman, 1995). However, in qualitative research data collection and analysis go hand in hand, promoting the emergence of substantive theory grounded in empirical data (Huberman and Miles, 1994). Such 'analytic induction' (Silverman, 1993), which allows for the simultaneous collection and analysis of data, uses induction not to justify theories but as a means of creating them. Methodologically, the approach adopted in this case study did not perceive analysis as a fixed stage to be enacted only at a particular time; 'conceptualisation' and 'reconceptualisation' were crucial aspects of the analysis, which itself is an on-going process (see Pratt, 1995). This approach resonates with the emphasis in 'grounded theory' (26) on the development of new theories within the qualitative research process. Grounded theory uses an iterative procedure - a succession of question and answer cycles - to uncover new theories or 'emergent categories' which are then treated as categories for analysis (Strauss and Corbin, 1994).

I made a practice of transcribing (fully) each taped interview immediately, or as soon as possible thereafter. I then read and re-read the full transcript so as to become fully familiar with the data in intimate ways. During this process, each transcript was 'cleaned up' (Marshall and Rossman, 1995) in two ways principally. First, by discarding material not considered relevant; though this rarely amounted to much, a respondent would frequently repeat a point (though perhaps in differing ways) and this 'data reduction' (Miles and Huberman, 1994) allowed for a clearer and better arranged presentation of the data. Secondly, the data was organised under themes and analytical categories using the case study's guiding hypotheses, or 'analyst-constructed typologies' (Patton, 1990), referred to above. In other words, this early grounding and planning was used to suggest several categories that served to 'code' the data (very broadly) initially for subsequent analysis. As categories and patterns between them became apparent, I began the process of evaluating the plausibility of these developing hypotheses and subjecting them to constant refinement.

In common with much qualitative research (for example, Eyles and Donovan, 1986; Valentine, 1993; Wilson, 1993), the research carried out for this case study provides verbatim respondent quotations of considerable detail. Quotations are important for revealing how meanings are expressed in the respondents' own words rather than the words of the researcher. However, the information gathered in intensive research is not a statistical sample; hence, it does not make sense to strive to construct a statistical breakdown of the responses (Healey and Rawlinson, 1993) or even to present qualitative responses in tabular form (Huberman and Miles, 1994; Miles and Huberman, 1994). Although statistical generalisations are of limited use in intensive research, "the method does permit analytical generalisations relevant to theoretical positions" (Schoenberger, 1992:198). Thus, one of the most important issues for analysis is the manner in which interview conversations are constructed into theoretical concepts. The concern arises as to how particular quotations are selected for presentation from the range of available interview texts and how representative they are. In the process of using verbatim quotations as 'evidence', the case study throughout indicates when the empirical material collected throws up contesting views. Generally, the case study uses as evidence quotations from agents instrumental to the 'Canary Wharf story'. However, it is important to stress that, for the most part, the empirical material demonstrates that the views of each 'side' (i.e., the views of City respondents and the views of Canary Wharf respondents) rarely contained contradictions; contesting views normally being expressed by respondents of 'opposing sides'.

3.5.1: A narrative form of interpretation

> The interpretive act remains mysterious in both qualitative and quantitative data analysis. It is a process of bringing meaning to raw, inexpressive data [which] have no inherent meaning; the interpretive act brings meaning to those data and displays that meaning to the reader through the written report (Marshall and Rossman, 1995:113).

The interpretation of data is central to the analytic process, for it is an interpretive act which lends meaning to data. The interpretation which is presented following this chapter takes, to some extent, the form of a narrative, albeit that this narrative is theoretically-informed and analytically-driven. By 'narrative' I mean an account of some process or development in terms of a story, in which a series of events are depicted chronologically. In everyday life, narrative is the taken-for-granted, natural form of discourse, through which events 'seem to tell themselves' (see White, 1987). Its power derives from the way in which putting things in a chronological order, in a story, gives the appearance of a causal chain or logic in which each event leads to the conclusion (Clifford and Marcus, 1986). In qualitative research, narrative accounts are often used in the study of life histories which frequently take us through a series of events, leading in a quasi-teleological fashion to its conclusion (see, for example, Minichiello et al, 1991).

Narratives are hampered by their linearity, which can lead to a tendency to neglect 'synchronic relations' at the expense of 'temporal successions' (Smith, 1994). Given the linearity of writing and speech, it is inevitably more difficult to represent the synchronic dimension than the temporal. For these reasons, narrative has often been seen as inherently parochial. Grasping the whole, the many things that happen at once, is harder than grasping what happens next in a story. The preoccupation with telling a story of a sequence of events tends to gloss over the difference between temporal succession and causality (Sayer, 1992); thus, narratives suffer from a tendency to under-specify causality in the processes they describe. They may causally explain some events - usually in every day terms - but they are not primarily concerned with explaining the nature, conditions and implications of social structures.

In the attempt to avoid the teleological tendencies of a narrative, the approach adopted here combines a narrative form with analysis. 'Analysis' in this sense has been described by Sayer (1992) as the explanation of concrete cases by the direct application of abstractions or theoretical models of what are believed to be widely replicated structures and mechanisms. A necessary condition of the effectiveness of analysis is that its referents are general and pivotal, if not, Sayer (1992) argues, the attempt to explain the concrete (the many-sided) by reference to just a small number of its elements courts the danger of 'pseudo-concrete research'. Both narrative and analysis have their dangers, and the value of narrative or analysis will vary according to the nature of their object. According to Sayer, the economising view of theory is more appropriate to abstraction of objects (relations, mechanisms, concepts) which are stable and pervasive, whilst narrative is more appropriate for accounts of concrete situations in which there is considerable historical and geographical specificity and change. "[Informative narratives] may be unpalatable to those wedded to a conception of science derived from closed system natural sciences, but [informative narratives] reflect the fact that social systems are not only open but embody learning processes which produce continual innovation and qualitative change" (Sayer, 1992:145).

3.6: Conclusion

The aim of this chapter has been to set out frameworks to both research and analyse the role of local processes and individual agents in determining the fortunes of Canary Wharf. One way of understanding the role of local processes is through pursuing a qualitative approach, and if agents are considered to be of importance, i.e., capable of exerting some local influence within the overall constraints of structure, then intensive research is necessary to understand their roles and how they perceive them (see Healey and Rawlinson, 1993; Peters, 1995; Sykes, 1990, 1991). Despite the strengths of qualitative research, it has been argued that it is necessary to be explicit about the research process including the rationale for, among other things, respondent selection, interview practices, and analytical procedures.

For the purpose of developing a framework to analyse the role of local processes, theories of urban change which emphasise local factors in coalition-building have been examined. On the basis of this examination, a conceptual framework for local coalition-analysis has been presented based on a revised urban regime theory which incorporates the concept of local dependence and the role of local state structures. Regime theory, in a similar but less voluntaristic vein to growth coalition theory, argues that 'politics matters'. In regime analysis, politics is about achieving governing capacity which has to be created and maintained; the primary concern is with the power to *act*, and power is viewed as a matter of social production rather than social control (Stone, 1989). Although regime theory (and growth coalition theory) have been criticised in a number of respects, principally for being undertheorised and for taking inadequate account of structural factors, the NUP's emphasis on politics, action and the activism of entrepreneurs is viewed here as a strength of the literature. The task is to 'marry' the strengths of the NUP with theoretical and practical concerns for the role of local social structures (and local actors' dependence on these) including, and emphasising, the crucial role of the local state.

Chapters Four and Five empirically 'test' the veracity of the adopted conceptual framework in an analysis of the coalitions that developed to promote Canary Wharf and the City of London in the mid-1980s. Canary Wharf's coalition can be seen as a 'partnership' between global property developers and the local state, the latter including both the LDDC (the development control authority at Canary Wharf) and the London Borough of Tower Hamlets (27). Chapter Four illustrates that this coalition displays the characteristics of an 'instrumental urban regime'; that it has been driven by a combination of the entrepreneurial activity of key non-governmental actors, the structural role of the local state, and key agents in the LDDC. Here, the relationship between agents and structures is one of dependency; the entrepreneurial role of agents at Canary Wharf has from the beginning been dependent upon the entrepreneurial role of the restructured local state, and vice versa.

The coalition that developed in the mid-1980s to protect the City's interests is made up of dominant territorially-organised interests, in which the state form in the City has arguably played the leading role. These dominant local interests, it is argued, are made up of the City's major landowners which are, in order of precedence, the Corporation of London, the Great Twelve Livery Companies, the major domestic banks, the 'institutions' (the pension funds and insurance companies), and property investment companies. The role of the local state in the development and maintenance of the City's coalition has to be understood quite differently from that of the LDDC at Canary Wharf. In the first place, the institutional form of local governance at Canary Wharf stands in stark contrast to that in the City. The Corporation of London is the oldest local authority in the country; it is the only remaining unreformed 'old corporation' and has experienced no fundamental change since it was created by Royal Charters in the 12th century. Over time, the City has acquired a highly developed sense of 'the local' and, it is argued, the City displays a *local specificity* in which the local state is, at one and the same time, a receptive conduit for the interests of the City's dominant social relations and a key player in organising the activism of the City's coalition. Chapter Five illustrates that this coalition displays the characteristics of an 'organic urban regime', which, like that at Canary Wharf, has also been driven by a combination of the entrepreneurial role of agents and the structural role of the state. However, in the City, the key agents have tended to act within the local state, underlining the argument for a local specificity to its state form. The City's specificity and peculiar independence can be understood historically and is explained through an historical analysis of the relationship between the City Corporation and civil society and the ability of the City to withstand outside reform and interference.

Notes: Chapter Three

1. See, for example, Axford and Pinch, 1994; Cooke, 1988b; Harding, 1991, 1994, 1995; Lloyd and Newlands, 1988, 1990; Shaw, 1993.
2. Regime theory gives some recognition to the role of popular politics, elections and public participation in liberal democratic politics. Mobilised opposition can disrupt established policy regimes. Established regimes, however, can be expected to seek to incorporate certain marginal groups (Stone, 1989).
3. Re growth machine politics, see for example, Axford and Pinch, 1994; Clark, 1988, 1990; Clarke, 1990; Cox and Mair, 1989b; Harding, 1991, 1994, 1995; Lake, 1990; Low, 1994; Peck, 1995; Peck and Tickell, 1995a. Re regime theory, see for example, Cox, 1991a, 1991b, 1993; Judge, 1995; Lauria, 1995; Stoker, 1995; Stoker and Mossberger, 1994, 1995.
4. See, for example, Harding, 1991, 1994, 1995; Molotch, 1988; Molotch and Vicari, 1988; Shaw, 1993; Vicari and Molotch, 1990, on the ethnocentricity of growth coalition analysis. See Harding, 1991, 1994, 1995; Judge, 1995; Stoker, 1995; Stoker and Mossberger, 1994, 1995, on the ethnocentricity of regime theory.
5. Cox and Mair (1989b) also argue that the Logan and Molotch's key distinction (borrowed from classical Marxism) between 'use-value' and 'exchange-value' is insufficiently subtle to sustain the argument. Owner-occupiers, for example, often have an interest in exchange-values over and above use-values and will thus will come into conflict with developers.
6. Substantial globally-based property investment takes place in the City (see Chapter Three). However, this thesis demonstrates that the property interests which dominate the City's coalition are local.
7. Adopting a realist approach (see, in particular, Sayer, 1984, 1992), Cox and Mair (1988) argue that 'rational abstraction', in combination with empirical study, is able to derive particular socio-spatial structures that are necessarily local.
8. The concept 'local state' was introduced by Cockburn (1977), who used it to adapt Marxist theories of the state to explain local government in Lambeth. Her central thesis is that, "in spite of its multiplicity, however, the state preserves a basic unity. All its parts work *fundamentally* as one" (1977:47). Thus, the local state is perceived as an agent of central state. Cockburn focuses on the local state's functional role within the overall requirements of the capitalist state and, according to Duncan and Goodwin (1982a, 1988), this functionalist approach implicitly sees the local state as a 'static thing', a set of physical institutions. If, however, the local state is viewed as a process of social relations, it is possible to explain the nature of state actions and changes in them by linking them to changing relations between groups of people.
9. Stoker (1991) has, perhaps correctly, criticised the 'social relations' model in two respects. First, he suggests that it overemphasises the local determination of peoples' perceptions given the existence of powerful national political parties and a nationally-orientated mass media. Secondly, he argues that Duncan and Goodwin reduce local politics to an ideological battle between central government, pursuing the concerns of capital, and radical left-wing groups which controlled the local state and purported - in a deterministic way - to represent the 'local interest' (see, for example, Goodwin and Duncan [1986] on the competing 'restructuring for labour' and 'restructuring for capital' strategies).

10. See, for example, Atkinson, 1990; Atkinson and Lupton, 1990; Barnekov, Boyle and Rich, 1989; Bradford and Robson, 1995; Butcher, Law, Leach and Mullard, 1990; Byrne, 1992; Cochrane, 1989, 1991, 1993; Deakin and Edwards, 1993; Dunn and Smith, 1990; Eisenchitz and Gough, 1993; Goodwin, 1992; Goodwin and Duncan, 1989; Horton, 1990; Stewart, 1990, 1995; Stewart and Stoker, 1989, 1995; Stoker, 1991.

11. A number of commentators have applied regulation theory to interpret the changing role of the local state (see, for example, Burton and O'Toole, 1993; Geddes, 1988; Goodwin, 1992; Goodwin, Duncan and Halford, 1993; Goodwin and Painter, 1995; Painter, 1991, 1995; Peck and Tickell, 1992; Stoker, 1989a, 1990; Stoker and Mossberger, 1995; Tickell and Peck, 1992), albeit that Goodwin, Duncan and Halford (1993) observe that a major weakness in regulationist literature concerns the treatment of the state, and especially the local state. Other commentators have applied regulation theory to urban politics, but less explicitly to the local state. Winter and Brooke (1993) analyse recent trends in urban planning in Victoria, Australia, and conceptualise an entrepreneurial regional state within Harvey's (1989b) analysis of the shift from urban managerialism to urban entrepreneurialism. Gaffikin and Warf (1993) conceptualise a post-Keynesian urban policy in both the UK and the US on the basis of arguments by Harvey (1989a) and Leitner (1990), who tie the fall of the Keynesian state to the coterminous disappearance of Fordist production, and arguments by Florida and Jonas (1991) who tie state intervention to historically specific regimes of accumulation.

12. UDCs are also indicative of a new closure in urban politics, a politics of exclusion, especially of local community groups (Imrie, Thomas and Marshall, 1995).

13. Stoker and Mossberger argue that the post-Fordist literature is able to capture the complex changes that are taking place within local governance and the changing place of local governance in the overall national and international political system. They take their analysis to the point of arguing that "a system of local governance may have a central role in establishing the stability of a particular system of regulation" (Stoker and Mossberger, 1995:211).

14. The managerial approach to urbanisation, so typical of the 1950s and 1960s, has steadily given way to more entrepreneurial forms of action (Harvey, 1985a, 1987a, 1989a, 1989b; Leitner, 1990; Leitner and Garner, 1993). Harvey (1985a, 1989b) has identified four strategies pursued by local coalitions engaged in urban entrepreneurialism, which entail competition over: the international division of labour (attracting mobile investment and employment); the spatial division of consumption (tourism and attracting the 'consumer dollar'); the acquisition of command and control functions (international finance, international business, corporate headquarters); and the redistribution of surpluses through central/regional/local governments. The LDDC, the local governance at Canary Wharf, has attempted all these strategies through vigorous place-marketing in all media forms, including TV.

15. Other regulationists adopt a more cautious position. Painter (1995) and Goodwin and Painter (1996) argue that modes of regulation can only be firmly identified retrospectively, and that regulation theory has a greater capacity for describing the character of an established mode of regulation than it does for explaining the emergence of new forms of regulation. And whilst the local state in Britain was a key component in the development and stabilisation of Fordism (Goodwin, Duncan and Halford, 1993) and is also implicated in Fordism's current crisis (Goodwin and Painter, 1995), if a new mode of regulation is finally established it is by no means certain that the local state will emerge as a key component of it (Goodwin and Painter, 1996).

16. When individuation is subordinated in the way Duncan and Goodwin describe as occurring in Clay Cross in the 1970s and Poplar in the 1920s, the local state has, in fact, "become separate from the state" (1982b:165) because it is not reproducing capitalist hegemony. Drawing on the work of Gramsci (1971), Duncan and Goodwin argue that the members of civil society "have withdrawn their consent to reproduce labour power by socialising the young to work, or by paying economic rents, and this may, through local politics, result in a bridging of the separation between civil society and political society (the state) which the law sustains" (Duncan and Goodwin, 1988:52).
17. Today, only the sovereign takes precedence over the Lord Mayor within the Square Mile; even the Prime Minister will walk behind the Mayor in official processions through the City.
18. Community organisations are clearly dependent on their locality, although such dependency does not guarantee their participation in local regimes (Stoker and Mossberger, 1994).
19. It is not being suggested that intensive and extensive research are mutually exclusive. The two approaches may be able to support each other, in that extensive research may well uncover patterns which require explanation. However, Massey and Meegan (1985) warn that compatibility in terms of explanation is a different matter, for, the taxonomic categories produced by extensive research may not be meaningful for the purpose of intensive analysis.
20. For five years prior to beginning my PhD, I had worked for the Docklands Consultative Committee a body set up by the GLC and the Docklands boroughs with the aim of monitoring development in that part of Docklands placed under the planning control of the London Docklands Development Corporation in 1981. Assessing the multi-faceted impact of Canary Wharf on the area dominated my work at the DCC, and my Masters dissertation (completed part-time whilst at the DCC) constituted an empirical and theoretical examination into the public subsidy to Canary Wharf.
21. Elite individuals are considered to be the influential, the prominent, and the well-informed people in an organisation or community and are selected for interviews on the basis of their expertise in areas relevant to the research (Marshall and Rossman, 1995).
22. My interview with Sir Peter Levene was granted under strict conditions (the only one to be subject to such). I was not allowed to ask any questions on the role of the City. In fact, it proved that he was unwilling to talk about many issues (see later discussion in Section 1.3.2).
23. An explanatory comment is needed here and which is elaborated upon throughout the thesis - more often than not, a City politician will be a Liveryman.
24. 'Method triangulation' is considered a powerful technique for strengthening credibility (Eyles, 1988; Eyles and Perri, 1993), and is often used as a way of overcoming 'partial views' (see, for example, Macdonald and Tipton, 1993). However, underlying triangulation is a positivist frame of reference seeking to 'eliminate bias' (Silverman, 1993). This criticism should not imply that the researcher should avoid generating data in multiple ways. The 'mistake' arises in using data to adjudicate between accounts, thereby reducing the role of the researcher to that of an 'ironist' (using one account to undercut another, whilst remaining blind to the sense of each account in the context in which it arises).

25. Only once did an interviewee ask for the tape recorder to be switched off. A Senior Partner with City agents Richard Ellis made this request towards the end of the interview when we were discussing Canary Wharf's prospects. He didn't want any remarks attributed to him on this subject as Richard Ellis were at the time bidding to become Canary Wharf's letting agents. Along with Jones Lang Wooton, Richard Ellis won the contract and the Senior Partner interviewed now heads the letting department at Canary Wharf.

26. Grounded theory was originally developed as an approach that aimed to bridge a gap between empirically uninformed theory and theoretically uninformed empirical research by 'grounding' theory in data (Strauss and Corbin, 1994).

27. Whilst the LDDC has become the development control authority for Canary Wharf, the LB of Tower Hamlets retains many local state functions.

CHAPTER FOUR

THE POLITICS OF LOCAL COALITION-BUILDING

4.0: Introduction

The argument that the City/Canary Wharf relationship is characterised by intra-urban competition raises questions concerning the role of local (and wider) politics in driving the two localities. Thus, it is necessary to analyse empirically the competing 'place-based coalitions of interest' (Sadler, 1993) that formed to promote both Canary Wharf and the City in the mid-1980s. The focus of this chapter is on Canary Wharf's coalition which, it is illustrated, displays the characteristics of an 'instrumental urban regime'. This focus on the politics of urban change at Canary Wharf is important to a full understanding of the City's political response to the perceived threat of Canary Wharf. This is because the City has been affected not only by the economic and spatial nature of Canary Wharf, but also by its political nature. The City's political response to the perceived threat of Canary Wharf is the subject of the following chapter where, it is illustrated, this coalition is characteristic of an '(exclusive) organic urban regime'. This chapter does, however, end with a discussion of the uniqueness of the City Corporation, the historical specificity of the City, and the relevance of these arguments to the adopted framework for coalition-analysis in the City of London.

The following focus on the political nature of Canary Wharf highlights four important aspects of the coalition which illustrate its ability to 'get things done', and therefore, by implication, threaten the City's dominance as a location for global business and finance in London. First, this chapter emphasises the crucial role of key agents, both governmental and non-governmental, but in particular that of Paul Reichmann, head of O&Y, Canary Wharf's developers. Secondly, whilst demonstrating the driving role played by Canary Wharf's developers, this chapter emphasises the continuing importance to Canary Wharf's coalition of the (restructured) local state, and the crucial role played by the LDDC in establishing the necessary conditions for Canary Wharf to proceed in the first place. Thirdly, although the Canary Wharf coalition has a dependent relationship with central government (as distinct from the regime in the City of London which enjoys a good deal of independence), this chapter argues that this relationship is nevertheless a favoured dependent relationship demonstrated by its ability to lever large sums of public money out of central government for major infrastructure projects necessary to the viability of Canary Wharf, such as the Jubilee line extension. Fourthly, it is argued that one of the strengths of the coalition at Canary Wharf is that it displays the characteristics of an instrumental urban regime, in that its members have developed a 'common sense of purpose' (established through the use of selective incentives) where the key motivating factor is a concern for tangible results.

4.1: Restructuring central-local relations at Canary Wharf

> [EZs and UDCs] have affected relations between local and central state, and between local states themselves, to a significant extent. [However,] the implications for the restructuring of central-local relations are ... clearer with UDCs, where locally elected governments are replaced directly by centrally-controlled bodies (Duncan and Goodwin, 1988:136).

Canary Wharf is situated mostly within the Isle of Dogs' Enterprise Zone for which the LDDC is the Authority. EZs were designated under both the Finance Act, 1980 and the Local Government, Planning and Land Act, 1980. The measures to encourage development within the designated areas include: exemption from development land tax (now abolished); exemption from rates on industrial and commercial property; 100% capital allowances (for income and corporation tax purposes) on industrial and commercial buildings; a greatly simplified planning regime and speedier administration of those controls remaining in force; exemption from industrial training levies and from the requirement to supply information to Industrial Training Boards; abolition of requirements for industrial development certificates; and reduction to a bare minimum of the government's requests for statistical information (Department of the Environment, 1987; National Audit Office, 1986). Many commentators have shown that the net effect of EZ policy has been, paradoxically, increased state intervention in the designated areas as far as financial subsidy, promotion and provision of infrastructure are concerned (1). This contradictory aspect of the EZ has been underplayed, yet 'success' has been achieved in zones only where state intervention has been maximised and, as Shutt points out, "the more 'successful' the zones become the greater the burden on the Treasury" (1984:38). Indeed, the Isle of Dogs' EZ has devoured the lion's share of Treasury subsidies to the UK's 23 EZs, accounting for 55% of the national subsidy from 1981-1988 (Department of the Environment, 1990).

Of all the 'alternative mechanisms' (Thornley, 1991) that have been implemented to by-pass 'normal' planning procedures, UDCs are the most important because of the far-reaching powers given them by the 1980 Local Government, Planning and Land Act (2). The governing Boards of UDCs, which are appointed by, and accountable only to the Secretary of State for the Environment, are mostly composed of private sector business people involved in property development (Cochrane, 1993). UDCs, which were set up in the 'national interest', replace elected local government institutionally within the designated Urban Development Areas and become the planning authority for the Urban Development Area for the purposes of development control. Even though the formal plan-making function remains with the local authorities, UDCs have the ability to override local authority plans within their jurisdiction. "It can therefore be said, as indeed the LDDC Chief Executive has claimed, that UDCs have their own planning system" (Thornley, 1991:182). Moreover, in addition to being given powers of compulsory purchase, UDCs were given new powers to secure the ownership of land through a process known as 'vesting' (3), powers which gave further strength to the implementation capabilities of UDCs.

Goodwin and Duncan (1986:30) have argued that "the idea [of UDCs] is not to restructure the market for the local social good, but to create market demand for development in a local area. [For UDCs] to be successful ... the social and political character of the area should be changed". UDCs can be conceptualised as 'central-local states' and part of the central state's attempt to "recreate geography in its own image" (Duncan and Goodwin, 1988:53). According to Duncan and Goodwin (1988), state structures are useful in both supporting and dismantling existing 'spatial fixes', and in some situations dominant groups at the centre may see their best interests served by breaking up state-cemented spatial fixes. Thus, Duncan and Goodwin argue, the requirements for the economic restructuring of London's Docklands involved a political restructuring of the local state apparatus in order to impose a centralised view of how this new spatial fix should be achieved. Accordingly, central government's nominal aim of regenerating local economies had wider political and ideological objectives; for both EZs and UDCs were set up to show how the supposed energy, flair and drive of a now less-fettered private enterprise would produce economic growth (Anderson, 1983, 1990; Duncan and Goodwin, 1988; Massey, 1982).

Goodwin (1986) quotes a government representative elaborating on the reasons for the extent of UDC powers to a House of Lords' inquiry into the setting up of the LDDC:

> what the government is concerned with here .. is their assessment which is, if you like a political, economic, social assessment ... that what is needed in Docklands is private sector confidence which ... would come with the UDC, and a very large measure of private housing which would come with the UDC and not otherwise, and that they want, as it were, direct government control through a government nominated body - the UDC - for the spending of those large sums in that area (quoted in Goodwin, 1986:9).

These 'large sums of (public) money' have been crucial to the creation and subsequent marketing of a new image for the area through extensive marketing and promotion, but also through the designation of specific policy initiatives such as support for a massive private sector housing programme (Goodwin, 1991, 1993), which was a major element in the attempt to recompose social structures in Docklands (Goodwin and Duncan, 1986). In order to rectify Docklands' 'image problem', the area had to be "emptied of its past meaning by the LDDC, and then recomposed as an aid to financial and property speculation" (Goodwin, 1993:160). The structural role of the LDDC in transforming local relations was critical in establishing the necessary conditions for Canary Wharf's development in at least three respects: in restructuring the local state's 'representational regime'; in restructuring central-local relations; and in recomposing local social structures.

4.1.1: The roles of agents and structures in Canary Wharf's early development

> Travelstead liked the way we operated. Nowhere else could you have conceived a scheme as big as this, brought it to the drawing board and got it through Committee in the time it was done here. So, it was a sort of gelling of minds between Travelstead and Reg Ward, and a fusing of objectives which served both parties very well and created the situation in which the government endorsed the scheme (Peter Turlik, LDDC).

It will be recalled, from Chapter Two, that in the mid-1980s the City's buildings lacked the capacity to accommodate the sophisticated computers and telecommunications that were essential to the global financial revolution. Moreover, City property seemed to be controlled by a tight cartel and strict development restrictions which the North Americans, in particular, found especially frustrating. Credit Suisse First Boston, for example, wished to expand and redevelop their Bishopsgate site in the City but could not because it was located within the Bank Conservation Area. G Ware Travelstead, who was acting for the CSFB, blamed the City's planning system for bank's inability to expand, whereas the City's planners criticised Travelstead for not adequately understanding the logic of the planning system and for 'locking into' the wrong site (4). Michael Von Clemm, then Vice-Chair of CSFB, was first taken to the Canary Wharf site by Tom Ross, who worked in CSFB's administration department, initially to look for a warehouse for a frozen foods business he was involved in with the Roux Brothers. Von Clemm, however, thought the site a suitable place for CSFB's dealers and envisaged a couple of 'front-office' buildings there, but the notion of a 'grand scheme' at Canary Wharf was Travelstead's idea (5). In May 1985, the Canary Wharf consortium, which by then included Morgan Stanley International, announced that it planned to build a 12 million sq ft office development at Canary Wharf to house the City's large financial institutions, mainly commercial banks.

On October 2, 1985, the Canary Wharf consortium submitted its Master Plan to the LDDC Board, who gave it the go-ahead just 15 days later (6). The speed with which the LDDC, which is not locally accountable, was able to give planning approval is a crucial element to the 'threat' Canary Wharf posed to the City, and a clear illustration of the coalition's ability to 'get things done'. Nevertheless, the short time the LDDC took to approve the plans was extraordinary given the scale of the project. Nigel Spearing, MP for Newham South, complained that "an illuminated sign for a fish and chip on the East India Dock Road [just outside the Isle of Dogs' EZ and the LDDC's jurisdiction] would require more planning permission than the whole of the Canary Wharf project" (cited in DCC, 1992:8). The LDDC displayed a disregard for the area's local authorities in that Reg Ward, its Chief Executive, did not inform the GLC or the boroughs until October 24, a week after the LDDC had given its approval (DCC, 1988). The stance of not involving local authorities was reinforced by the then Secretary of State for the Environment: "I take the view that, having established through the EZ system a particular means of providing planning permission in parts of the country that are in urgent need of regeneration, it would not be right for me to intervene" (Kenneth Baker, cited in Hansard, 29.10.85). This non-interventionist stance was reinforced by Nicholas Ridley, a year later, when he refused to call in the planning application for the 1 million sq ft of offices for that section of Canary Wharf outside the EZ (7).

The account above illustrates the importance of the relationship between the structural role of the LDDC and the agency role of entrepreneurs (both developers and 'planners') in the development of Canary Wharf. The 'gelling of minds' and 'fusing of objectives', between G Ware Travelstead (for the developers) and Reg Ward (for the LDDC), could take place because of the approach to planning and development adopted by the LDDC (see Chapter 3.3), which can be described as 'market-led'.

> Canary Wharf was just the sort of dynamic scheme we wanted to see come out of the marketplace (Peter Turlik, LDDC).

Chapter One has already noted that a scheme as big as Canary Wharf could have gone ahead only within the deregulated planning environment of an EZ. Moreover, the nature of the restructured local state on the Isle of Dogs enabled the project to receive speedy approval. One of the original aims of creating UDCs and EZs, according to the government, was to 'cut through the red tape and bureaucracy of local government' because, the government alleged, private sector investment was deterred by the length of time it took to receive planning permission for development. The LDDC board, controlled by property development interests, is not accountable to the locality and merely has to present its recommendations to government ministers. Having deregulated the planning system, the government took the view that 'it would not be right' to intervene, and approved the LDDC's recommendations. According to Peter Turlik of the LDDC,

> government ministers were as excited as we were at the prospect of Canary Wharf.

Although demand for modern office space seemed insatiable in 1986, the Canary Wharf consortium was unable to secure the necessary financial backing to proceed with the signing of the 'Master Building Agreement' that had been drawn up by lawyers representing the consortium, the LDDC and the LB of Tower Hamlets, principally because no other large financial institution aside from Credit Suisse First Boston and Morgan Stanley International expressed interest in pre-letting space at Canary Wharf. That the consortium was unable to raise sufficient financial backing in 1986 without pre-lets raises an interesting issue. This was a time of easy credit for speculative property development in London (see Chapter 2.1), and the fact that banks, both foreign and domestic, were inclined not to lend money to the consortium (which included two of the world's largest banks), suggests that they may have had misgivings about the project. It appears, however, that bankers took quite a different view to the prospect of lending Paul Reichmann money to build the same project, and this at a time of mounting uncertainty in the global property market. In contrast to the stance of banks towards the original consortium, over 100 global banks later lent approximately £1.5 billion to O&Y to finance Canary Wharf, suggesting, perhaps, that the banks distinguished between investing in the concept of Canary Wharf and lending money to O&Y, one of the world's largest property developers.

G Ware Travelstead, under pressure from both the LDDC and government to sign Canary Wharf's Master Building Agreement, contacted O&Y looking for partners towards the end of 1986 (8). It is commonly believed that, because of Paul Reichmann's relationship with Sir Christopher Benson of MEPC, who was Chair of the LDDC at the time, Christopher Benson must have played an important behind the scenes role in persuading the Reichmanns to take an interest in the Canary Wharf project (see, e.g., Brownhill, 1990; Sudjic, 1993; Turkie, 1991). Though Christopher Benson admits to seeing Paul Reichmann in Toronto on a number of occasions throughout 1986 and 1987, he denies that he talked about the Canary Wharf project, maintaining that his visits to Toronto were solely concerned with the extent of MEPC business there, and that his visits to Paul Reichman while in Toronto were merely a reflection of the depth of his relationship with Paul Reichmann (9).

The following account, which once again stresses the driving role of Paul Reichmann, suggests that Canary Wharf 'captured' Paul Reichmann's imagination. Yet it also points out that the attraction of Canary Wharf for Paul Reichmann was in part dependent upon both economic and political support at the local and national levels. By the end of 1986, the World Financial Centre in New York was all but sewn up, Paul Reichmann was looking for a new project and "inevitably it had to be a big one" (Foster, 1993:57). Canary Wharf had already been brought to Paul Reichmann's attention by a friend from Citibank London (10), and he was attracted and intrigued by its scope. O&Y entered negotiations with Travelstead and the consortium of banks at Canary Wharf but these broke down, mainly because the Reichmanns insisted on control of the project (11). However, towards the end of June 1987 Paul Reichmann heard from a First Boston executive that the British government had set a deadline of July 17 for the Master Building Agreement to be signed on the development (12). According to Foster (1993), Paul Reichmann contacted the former Ontario premier, Bill Davis, who was a friend and also on the Board of First Boston. Within days, Paul Reichmann flew to London and a deal was done. Under the complex, secret arrangements (13) negotiated between O&Y and the Travelstead consortium, Paul Reichmann had insisted that there would be no deal unless Credit Suisse First Boston and Morgan Stanley located their London headquarters at Canary Wharf (14).

According to Robert John, a senior O&Y executive at Canary Wharf,

> Paul [Reichmann] fell in love with Canary Wharf ... Paul had a very positive dream for Canary Wharf. He dreamt of creating a new address in London, a total environment. I don't think there was any doubt in Paul's mind that he would have a major success in London.

Paul Reichmann saw an opportunity

> to build a monument that would change the face of London and shift the gravity of development eastwards. He saw Canary Wharf by analogy to other developments, principally Manhattan's Rockefeller Centre which had played such an important role in shifting 'Big Apple' business to mid-town (Peter Marano, O&Y).

Paul Reichmann realised, according to O&Y informants, that Canary Wharf, however spectacular, could not rival the prestige of a City address, but he believed that Canary

Wharf's financial advantage over the City allied to the City's space restraints would be sufficient for the project to overcome initial image problems.

> Once a new address had been created, rents could then be hoisted up (Aviva-Geshuny-Roth, O&Y).

O&Y had, in fact, entered the UK market in the late 1970s, but, according to Paul Reichmann, its experience left the company wary. In 1979 O&Y acquired the English Property Corporation. But, "disillusioned with the slow pace of planning in the UK" (Euromoney, 1985:41), Paul Reichmann sold up to Christopher Benson's MEPC in 1985. Before selling up and leaving, O&Y bought "a choice piece of land beside the Thames. But we got caught up in all this red tape and bureaucracy ... It was a discouraging experience" (Paul Reichmann, cited in Euromoney, 1985:42). However, Paul Reichmann subsequently became an admirer of the changes wrought in the UK economy in the 1980s, and this partly explains O&Y's return to the London property market (15). In this context, three factors which attracted O&Y to Canary Wharf can be identified. First, the nature of the restructured local state, its 'special relationship' with central government, and the area's deregulated planning environment. Secondly, the tax breaks that would accrue from developing Canary Wharf. Turkie (1991) has estimated that if the whole of Canary Wharf is built out, the capital allowances on the development would stand at £1.4 billion. Thirdly, the contents of the development's Master Building Agreement, which included cheap land, an upgraded and extended Docklands Light Railway (see Appendix 5) and the 'Docklands Highway' (see Appendix 6), a major roads programme for Docklands. But it was not simply the contents of the MBA, the deregulated planning environment and the tax breaks accruing from EZ status that attracted the Reichmanns to Canary Wharf, it was the 'total package' which included strong political, moral and ideological support from the Prime Minister, what Hallsworth and Bobe (1993a:17) refer to as 'the Thatcher factor'.

> [Paul Reichmann] received a very hospitable reception from Margeret Thatcher. She was terribly excited by the prospect of Canary Wharf being developed by Paul Reichmann ... [Conversely] Paul Reichmann was bedazzled by [Margeret Thatcher's] authority and almost certainly believed she could deliver anything the project needed (Sir Nigel Broackes, Trafalgar House).

In July 1987, when the MBA was signed, the LDDC owned 46 acres at Canary Wharf, 26 acres of which consisted of 'land covered by water' (the other 26 acres of land at Canary Wharf had been owned by the original consortium). Under the MBA, O&Y agreed to pay £8 million to the LDDC for the 46 acres, amounting to £174,000 an acre

(Turkie, 1991). If the 26 acres of water lying within the docks are taken out of the equation, as is generally the case, O&Y paid £400,000 an acre, even though the average price of land as at April 1987 was £3 million an acre (DCC, 1988). Yet, the 26 acres of 'land covered by water', which have not received public attention, are vitally important to the project. Some of this water is now built on, thereby creating extra 'land'. And whilst some of the docks have been retained for aesthetic purposes, this 'space' enhances the quality of the development.

The public subsidies contained within the MBA are much greater in respect of the DLR and the Docklands Highway. Although O&Y was eventually committed to contributing just under £100 million to the upgrading and City extension of the DLR, the full cost of these (i.e., excluding the Beckton extension) to both the LDDC and London Regional Transport has totalled £400 million (16). The upgrading of the DLR, in particular, has been dogged by problems (see Chapter 2.3), and both the upgrading and the City extension have far outstripped the original cost estimates. The construction of the Docklands Highway, a series of highways linking Canary Wharf to the City and the national road network, is also exceeding cost estimates and failing to meet construction deadlines. Contracts awarded for the different elements of the Docklands Highway are known through the specialised press, and on this basis Turkie (1991) has estimated the subsidy to Canary Wharf via the Docklands Highway to be at least £650 million, but the full cost is "far higher" (17). Not only did final construction costs far exceed original estimates, but the LDDC incurred extra costs in buying land and rehousing approximately 3,000 council tenants (see Turkie, 1991).

4.2: The Canary Wharf coalition - displaying the characteristics of an 'instrumental regime'

> Far from the 'withering away' of the local state ... developers ... are dependent on [the local state] to 'create the conditions' conducive to private sector involvement in property development ... While the form (and objectives) of local state support for property development has changed, its substance remains closely aligned with previous periods (Imrie and Thomas, 1994:135).

Although Canary Wharf has to be seen as much more than merely 'a building', it is not an established neighbourhood, as is the City of London. The coalition that developed to promote Canary Wharf cannot, therefore, be conceptualised as an urban regime. However, the coalition does display the characteristics of an 'instrumental regime' and, it is argued, the coalition is more than a collection of parties working together; it has overall aims which it pursues over and above all else - principally, building and servicing the needs of Canary Wharf, and competing with the City of London as a location for global finance and business services. The characteristics of the instrumental urban regime, it will be recalled, are briefly as follows: its purpose is short-term and project-orientated; a key motivating factor for its participants is a concern for tangible results; congruence of interests will tend to be relatively high, but with the potential for conflict; a common sense of purpose is established through the use of selective incentives; the instrumental regime will develop strategies of exclusion, its focus being on elite coalition-building, but is dependent on levering resources out of central government. All these characteristics, it is demonstrated below, apply to the coalition at Canary Wharf.

The history of Canary Wharf's development demonstrates that the purpose of the coalition at Canary Wharf has been single-mindedly concerned with furthering the prospects of the development. It also demonstrates that its participants, Canary Wharf's global owners, the LDDC and the LB of Tower Hamlets, have been driven by a desire for tangible results. The compatibility of interests between the partners in Canary Wharf's coalition is relatively high, but there are some areas where conflicts of interest and disagreement have come to the fore. Thus, the quality of the coalition at Canary Wharf is well captured by the term 'political partnership' which Stoker and Mossberger (1994) apply to the instrumental regime. Congruence of interests tends to be relatively high between both Canary Wharf's developers and the LDDC (18), and Canary Wharf's developers and Tower Hamlets Council. Within the coalition, the relationship that is most strained is that between the LDDC and Tower Hamlets Council (19). Over and above all differences, the regime's partners have explicitly identified common interests, such as plugging Canary Wharf into the underground system, and these common interests have been dominated by the concerns of Canary Wharf's developers and the needs of Canary Wharf. Informal negotiations and conciliatory strategies have been developed to ensure that particular issues are resolved through internal bargaining in a mutually acceptable fashion, a situation that characterises the instrumental regime. This bargaining between public and private interests is characteristic of the kind of politics that develops around 'leverage planning' in Britain (Brindley, Rydin and Stoker, 1989).

4.2.1: The use of selective incentives to establish a common purpose

> Tower Hamlets Council has bent over backwards to accommodate the needs of Canary Wharf to the detriment of

> local people ... the needs of the local communities have been sacrificed to the demands of Canary Wharf (Bob Colenutt, DCC).

The use of selective incentives provides the instrumental regime with a powerful mechanism for establishing a common sense of purpose, by incorporating potential obstacles in the form of 'strong' local actors. The cost of spreading material benefits may be great, and the highly selective nature of benefits is by definition the reward of being an insider; thus the dominant part of the regime will select various partners and effectively keep other concerns and interests out of the coalition. Most regimes practice a degree of exclusion as regime politics is normally focused on elite coalition-building and the management of the wider local political community (Stone, 1989) and instrumental regimes, which focus on tangible results and selective incentives, are likely to have highly developed strategies of exclusion (Stoker and Mossberger, 1994).

Canary Wharf's developing coalition incorporated, early on, the LB of Tower Hamlets and the area's community leaders, both potential obstacles to development, particularly the former. Under Canary Wharf's MBA, Tower Hamlets Council was committed to "use all its efforts to facilitate Canary Wharf, its associated roads and all related LDDC Compulsory Purchase Orders" (LDDC Press Release, 17.7.87). Although both the Limehouse and Poplar Links (see Appendix 6) contravened the Council's Borough Plan on the grounds of noise and nuisance, traffic and loss of industrial floorspace, the report presented by Tower Hamlets Officers to Policy Sub-Committee on 8.4.88, proposed that the Council should negotiate with the LDDC to gain some compensation (Docklands Forum Newsletter, September 1988). In fact, the Council had a strong card to play in that it was the Highways Authority, and the LDDC needed the Council's agreement before it could go ahead with its roads programme.

> The Council was in fact in quite a strong position. It could have threatened to take the LDDC through years of Public Inquiries (Dick Monteith, Isle of Dogs Neighbourhood) (20).

The Council declined to threaten the LDDC, and on 30 June 1988, the LDDC and the LB of Tower Hamlets signed the Tower Hamlets Accord, in which the Council agreed to approve and adopt the new roads and pay for their maintenance, and to cooperate fully with Department of Transport's Roads in Docklands Programme (21). In return, the LDDC agreed to fund a £35 million package of social and economic improvements and to re-house the tenants from the 11 estates which were demolished to make way for the Limehouse and Poplar Links. The Accord is much derided and some Officers remain convinced that the Council could have negotiated a far better deal.

> A really good deal should have been extracted ... The first problem [with the deal] was [that] it wasn't enough money. The second problem was that it wasn't additional money. In other words, it was nothing (Dick Monteith, Isle of Dogs Neighbourhood).

The local council also managed to extract a training package for local people from O&Y. However, even though O&Y agreed to contribute £2.5 million over an eight-year period towards training, this contribution has been attacked as

> not an effective training programme and ... amoun[ting] to peanuts compared to Canary Wharf's value (Bob Colenutt, DCC).

The leaders of the local community have also played a crucial role in legitimating Canary Wharf. After a meeting with Travelstead in 1985, Ted Johns, Chair of the Association of Island Communities and Vice-Chair of the Docklands Forum, endorsed the Canary Wharf project and effectively stymied local opposition (22). Once O&Y had taken over the project, the Reichmanns dispatched one of their most senior executives, Robert John, to a meeting with the Association of Island Communities. Robert John explained that his role was to represent the community to O&Y, and to allow the AIC "to shout at me if we screw up".

Out of that meeting came a job for Peter Wade, one of the leaders of the AIC, as O&Y's Community Relations Officer (23). According to another AIC member, George Pye, "we were amazed [by the attitude of O&Y]. The difference between them and other developers is that they've come in to earn a shilling and are prepared to spend a penny of it in the community, where other developers come in to make a shilling, but want to take away one-and-sixpence" (cited in Sunday Times, 13.5.90).

4.2.2: Canary Wharf's ability to bend public infrastructure programmes in London

> Cecil Parkinson's announcement [that the Jubilee line extension would go ahead] reflected the government's determination to secure the future of Canary Wharf. Having already invested so heavily in the development, the government was hardly likely to pull the plug at this point (Turkie, 1991:106).

The coalition at Canary Wharf has successfully levered large sums of money out of central government for the construction of major infrastructure projects necessary to securing the long-term future of Canary Wharf. Some of these have already been discussed: the 'Docklands Highway', a major roads project; the Docklands Light Railway; and the Department of Transport's 'Roads in Docklands' programme. The most significant infrastructure project being built, which is seen as crucial to the viability of Canary Wharf, is the Jubilee line extension, at a cost of over £2 billion to the Department of Transport. Thus, Canary Wharf's dependent relationship with central government, typical of an instrumental regime, should be seen as a favoured one which can be understood in two respects. First, since its inception, Canary Wharf has been viewed by central government as a 'flagship project', it has enjoyed both political and ideological support from ministers (as well as financial support), and its developers (principally Paul Reichmann of O&Y), have been feted by ministers (see, in particular, Hallsworth and Bobe, 1993a, 1993b). Secondly, central government's local state at Canary Wharf, the LDDC, crucially has a special relationship with central government even within the realm of the unelected local state. The LDDC is financed predominantly by central government grants (see Table 4 below) though it has other sources, particularly through the sale of land. Table 4 illustrates that grant-in-aid in the years 1987/88 and 1989/90 more than doubled that in the previous year, and increased again in the year 1990/91. It has been shown elsewhere how these huge subsidies ploughed into the area from this time on were principally aimed at Canary Wharf and its wider needs (see Turkie, 1991), illustrating the national importance accorded to the project by central government. Table 5 (over) documents grant-in-aid to all 11 UDCs between 1989 and 1992, and shows that each year the LDDC received over half the total to all UDCs. Table 6 (over) documents the 1994/95 grants in the newly-formed 'Single Regeneration Budget'. Of the £286 million being spent on UDCs in 1994/95, which is the second largest programme within the SRB, the LDDC is receiving well over one-third (compare with Table 4).

TABLE 4: LDDC GRANT-IN-AID, 1981-1995

Year	£Millions
1981/82	33.5
1982/83	41.5
1983/84	66.5
1984/85	52.9
1985/86	60.3
1986/87	58.5
1987/88	127.8
1988/89	105.7
1989/90	256.1
1990/91	332.9
1991/92	248.7
1992/93	156.4
1993/94	105.3
1994/95	100.1
Total	**1746.2**

Sources: LDDC Annual Report and Accounts, 1981/82-1993/94: telephone interview, Neil Spence, Director of Finance, LDDC (6.3.95).

TABLE 5: UDC GRANT-IN-AID, 1989-92 (£MILLIONS)

UDC	1989/90	1990/91	1991/92
London	**256(55.4%)**	**333(57.2%)**	**249(51.1%)**
Merseyside	23	24	25
Black Country	31	32	33
Teeside	36	38	36
Trafford Park	17	29	30
Tyne & Wear	36	38	36
Bristol	5	10	7
Manchester	11	14	16
Leeds	8	14	8
Sheffield	10	19	13
Cardiff Bay	29	31	34
Total	**462**	**582**	**487**

Sources: CLES, 1990; DCC, 1993

TABLE 6: THE SINGLE REGENERATION BUDGET, 1994/95

Programme	£Millions
Urban Development Corporations	286
Housing Action Trusts	88
English Partnerships	81
Estate Action	373
City Challenge	213
Urban Programme	83
Task Forces	16
City Action Teams	1
Safer Cities	4
Section 2 (part)	60
Ethnic Minority Grant/Business	6
Programme Development Fund	3
TEC Challenge	4
Local Initiative Fund	29
Business Start-Up Scheme	70
Education Business Partnerships	2
Compacts	6
Teacher Placement Service	3
Education Support/Training Grants	5
Regional Enterprise Grants Initiative	9
Total	**1442**

Source: Parliamentary Written Answer, Tony Baldry MP, Hansard, 31.3.94

Canary Wharf's favoured relationship with central government is clearly illustrated by its ability to gain extra government backing for the Jubilee line extension (see Appendix 7). Despite government rhetoric that the Jubilee line extension was prioritised over other transport schemes because it levered in private investment and gave 'good value for money', the regime's ability to secure the Jubilee line demonstrated the government's desire to ensure the viability of Canary Wharf. Not only has the extension proceeded at the expense of strategic transport planning for London as a whole (24), but its costs to the public purse have soared; it is now estimated that the full cost will be over £2.5 billion (The Independent, 30.10.96; Modern Railways, March 1996), whilst it was originally costed at £1 billion. The government had announced in November 1989 that the Jubilee line extension was to go ahead but LRT's work on the detailed planning proposals came to a halt at the end of March 1992 when O&Y was unable to meet the first instalment on its £400 million contribution, further demonstrating the lack of strategic thinking behind the decision to focus such a major public transport policy on one development. After protracted negotiations between the government and Canary Wharf's new owners, planning for the Jubilee line resumed early in 1993 and construction began in November 1993. This last agreement, which came at a time of great insecurity for Canary Wharf,

> represented a watershed for Canary Wharf and this [continued government backing for the project] almost certainly saved its life (Eric Sorenson, LDDC).

The story behind the government prioritisation of the Jubilee line extension is well known, and is only briefly detailed here. In March 1988, the Department of Transport commissioned the Central London Rail Study (CLRS) to examine proposals for relieving central London's traffic congestion. Published in January 1989, the CLRS concluded that two new cross-London tunnels were necessary and recommended three: 1) East-West Crossrail, a tunnel between Paddington and Liverpool Street, to be fed by commuter services from the west at Paddington and from the east via Stratford, which the CLRS suggested should be prioritised above the other two; 2) a new underground line linking the Wimbledon branch of the District line with the Hainault branch of the Central line via a new tube tunnel between Chelsea and Hackney; 3) a tunnel between Victoria and Euston known as North-South Crossrail. Subsequently, the Chelsea-Hackney line has been preferred over North-South Crossrail, and consequently the moniker 'East-West' has been dropped from the Liverpool Street-Paddington scheme and it is now known simply as 'Crossrail'. The CLRS also examined the option of an extension of the Jubilee line into Docklands but concluded that it "does not appear to contribute significantly to solving the central area congestion problem" (CLRS, 1989:16). The cost:benefit ratios for the Jubilee line extension were assessed by the

CLRS as 1:1.11, considerably less satisfactory than the 1:1.35 for Crossrail and the 1:1.32 for the Chelsea-Hackney scheme.

The LDDC, who, along with O&Y were pressing for an extension of the Jubilee line, received a sympathetic response from government (25). In January 1989, at the time the CLRS was published, the Department of Transport commissioned the East London Rail Study (ELRS) to examine the best options for improving rail access to Docklands and East Thames-side (Woolwich and Thamesmead). "By far and away the best result in terms of patronage was achieved by extra eastward extensions to Stratford, Woolwich and Thamesmead (2.5 times better than to Canary Wharf alone). Such, one may conclude, is the benefit of treating the railway as a network" (Modern Railways, 1991:41). In the event, because of the extra cost in extensions to Woolwich and Thamesmead (estimated at £440 million), the ELRS recommended that "best option ... is an extension to the Jubilee line from Green Park via Waterloo, London Bridge and Canary Wharf to Stratford ... the total cost ... would be of the order of £900 million" (ELRS, 1989:21). The ELRS made no recommendation as to whether the extension should go through the Leamouth area north east of Canary Wharf, or via Greenwich Peninsula. The O&Y-preferred option was for the Greenwich alignment as this would make the Canary Wharf development easily accessible from South East London and Kent (O&Y, 1988).

In November 1989, the Secretary of State Cecil Parkinson announced that the Jubilee line extension would be going ahead, that it would cost £1 billion, and that O&Y would be contributing 40%. However, the £1 billion estimate was the discounted cost of the project at 1988 prices, while O&Y's £400 million contribution was to be paid in cash terms over a 25-year period. According to Transport Minister Michael Portillo, O&Y agreed only to make cash payments up to £100 million over the following three years, with the remainder being paid at regular intervals once the service is running over a period of up to 20 years (Hansard, 23.3.90). If the £400 million, which is fixed sum, had been discounted to 1988 prices to put it on the same footing as the £1 billion estimate, its worth would have been little more than £100 million (Modern Railways, March 1994). However, the latest estimated cost of the extension has been put at more than £2.5 billion, and in these circumstances the private sector's contribution is worth less than £50 million. In November 1990, a year after his announcement on the Jubilee line extension, Cecil Parkinson stated that the government would pave the way for both Crossrail and the Chelsea-Hackney line by invoking local planning laws to protect their routes. However, in the event of the Jubilee line extension's soaring costs, it is highly unlikely that planning will begin on either of them in the near future.

To recap, it has been illustrated that the coalition which developed to promote Canary Wharf displays the characteristics of an instrumental urban regime, albeit that this conceptual model has been amended to take full account of the role of local state structures. In displaying the key characteristics of an instrumental regime - an overriding concern for tangible results, a common sense of purpose, and a focus on elite coalition-building - the coalition demonstrates a high degree of internal cohesion and power to 'get things done'. The coalition's favoured yet dependent relationship with central government, which has been crucial to securing Canary Wharf's viability, has been explained by Canary Wharf's 'flagship' status and the LDDC's 'special relationship' with central government. This favoured relationship has effectively enabled the coalition to 'blend' (Stone, 1993) the capacities of government, both central and local, and non-governmental actors in the development of Canary Wharf and in the securing of its related infrastructure.

The key role of Paul Reichmann in promoting Canary Wharf in competition to the City, which has already been emphasised above and in Chapter 2.2, is further analysed in Chapter Six, where it is argued that this role has often worked to the detriment of Canary Wharf. The peculiar role of the local state also continues to be of significance to Canary Wharf in its competition with the City of London. For example, the EZ benefits, particularly the capital allowances on construction costs, mean that Canary Wharf will be able to continue to offer quality commercial office space at half the cost of that in the City, an issue which is also taken up in Chapter Six.

Below, in the final part of this chapter, the City's coalition-politics are analysed historically. In the middle of the previous century, when a revolution in local government took place nationally, local interests in the City (including the local state and influential members of civil society) successfully fought off reform of the City of London. The governing regime which developed to defend the City's interests at the time is conceptualised here as an organic urban regime. The point here is to emphasise that the basic form of coalition-building in the City has remained relatively unchanged through the ages, and that this should be seen as a vital strength of the City as a political entity.

4.3: Conceptualising the City as an (exclusive) organic regime

> What's different [in the City compared to Canary Wharf] is the club atmosphere, which has developed over generations, not over four or five years (Robert Strick, Drapers' Company).

The organic urban regime, it will be recalled, characterises localities that have a tight knit social fabric and a shared history and sense of place. Its purpose is to maintain the status quo and its participants are motivated by a local dependency. There exists an 'organic' base for establishing a shared outlook, and there exists a sense of place and community which is a product of history which social and economic forces have helped to sustain. Coalition partners enjoy a 'political communion', a very close identity of interest which requires little active political organisation. The organic regime operates strategies of exclusion where 'maintenance' (Stone, 1993) of the regime involves sustaining social cohesion through homogeneity. Independence from the non-local environment is a key characteristic of the organic regime, although it will develop strong relationships with some interests in the wider community and these are granted insider status.

A central argument in this thesis is that any conceptual model adopted to analyse local coalition-building in the City and at Canary Wharf must stress the crucial role of local state structures. In the case of the City of London, local politics have for long revolved around the local state, which is where many of the City's dominant social relations are to be found. The state form in the City, this thesis argues, enjoys a local specificity and peculiar independence which can be understood historically. The City's 'interpretative' and 'representational' roles do not, uniquely, exist within a contradictory framework. The specificity of the City and the complementary interplay between the City's two structural roles is explained below through an historical analysis of the relationship between the Corporation of London, the City's local authority, and local civil society.

First, the history and structure of the City Corporation is briefly described. Secondly, and as an historical example of the City's specificity and peculiar independence, the City's ability to withstand political reform during the revolution in local government that took place in the latter half of the 19th century is briefly outlined. The governing coalition that formed to defend the City from outside interference during this period of local government reform, it is illustrated, is characteristic of an organic regime: its purpose was to maintain the status quo; its participants were driven by a local dependency; it had a common purpose based in tradition, privilege and social cohesion; it had an organic base for a shared outlook and sense of place; its participants enjoyed a political communion; and it enjoyed a peculiarly independent relationship with central government based in power, privilege and tradition.

4.3.1: The unique City Corporation

> Any statement on so ancient an authority as the Corporation of London, which is unique and not a local authority in the ordinary sense, must, of necessity, be to some extent historical in order that the true character of the City municipal institutions and powers may be understood. The Corporation of London has always valued the privileges, powers and ceremonies which it has inherited by reason of its long history (Corporation of London, 1958:1).

The imprint of 'Londinium's' municipal structure created at the time of the Roman invasion over nineteen centuries ago, was bound on the status of 'freemen' and the incorporation of freemen, and can still be seen in the Corporation of London today (26). Roman London's "custom of patrimony still confers rights on the son of a Freeman of the City" (Corporation of London, 1974:3). Most of the practical privileges of the 'freedom' disappeared in the 19th century, but it is still necessary for 'Liverymen', who elect the Lord Mayor, Chamberlain and Sheriffs, to be Freemen of the City. All admissions to both the Freedom of a 'Livery Company' (27) and the Freedom of the City (which are in practice convertible terms) are made by the Chamberlain, whose Court is founded on custom, and has a recorded history of nearly 700 years (Corporation of London, 1958; Kahl, 1960).

The commercial importance of the City and the privileges it began acquiring by Royal Charters "naturally gave rise to a sense of corporate responsibility and unity ... Unification into a commune, or corporation, had Royal sanction or confirmation in 1191 and led to the appointment of a Mayor as head of the community. [But] the use of the convenient name Corporation of London is comparatively modern, having [only] been in use for some 150 years" (Corporation of London, 1958:57). The development of Corporation's constitution, which is largely unwritten, lies "in the hands of the Corporation itself" (Corporation of London, 1950:7) and can be exercised by Acts of Common Council, a power enjoyed by no other local authority (28).

Two highly significant aspects of the City are the continuing operation of the ancient 'business vote', which is unchanged from the time the City Corporation was granted Royal Charters in the 12th century, and the continuity of the Court of Aldermen. The business vote was part of the franchise of the 'prerogative corporations', that is those old boroughs and corporations created by Royal Charters. The majority of these were abolished during the revolution in local government that took place in the latter half of the 19th century. Accordingly, in the 20th century, an anomaly grew up between those remaining old corporations and the newly-created local authorities whose corporate existence depended on Acts of parliament and which were subject to the legal requirement of 'ultra vires'. The situation was "slightly absurd" (Redcliffe-Maud and Wood, 1974:142), because the smallest old corporation enjoyed far greater freedom of action than a municipal authority. It is claimed that with the Local Government Act, 1972, this "shadowy freedom of the old prerogative corporation passed away" (Richards, 1973:160). But it has not, for the Act abolished all the remaining prerogative corporations *except* the City Corporation. Thus, the wealthiest local authority in the country, because it remains a non-statutory body, is not subject to the parliamentary legal requirement of ultra vires. The 1972 Act also abolished the aldermanic system (29), except in the City of London (30).

The peculiar structure of the City Corporation has come through the centuries substantially unchanged. It consists of three separate chambers: the Court of Common Hall, which is controlled by the City's Livery Companies; the Court of Aldermen; and the Court of Common Council. The full title of the first of these chambers is "an assembly of the Mayor, Aldermen and Liverymen of the several Companies of the City of London, in Common Hall assembled" (Milford, 1989:11). In former times it had many important functions, but active control slowly slipped to the Court of Aldermen and then to the Court of Common Council. This third chamber has been the principal administrative body for two centuries (Corporation of London, 1958, 1974) and consists of the Lord Mayor, 25 other Aldermen and 132 Common Councillors. Although Liverymen (31) no longer have the right to nominate members of the Common Council, they remain as intimately bound to the City Corporation's affairs as they were in the 12th century when a Liveryman was first established as London's first Lord Mayor. The City's first Lord Mayor, Henry Fitzailwyn (1189-1211), was "a goldsmith by trade and [Livery] Company, and every [Lord] Mayor since has belonged to one of the City Companies" (Milford, 1989:28). The influence of the Livery in determining who becomes Lord Mayor has always been absolute. And it remains so. Only the City's current Livery can take part in 'Common Hall' which meets each year in the Guildhall, on 'Michaelmas Day' (29th September), to exercise their "undoubted right" (Milford, 1989:30) to elect the Lord Mayor, the Sheriffs, the Chamberlain, the Bridgemaster and the City auditors.

All members of the Court of the Aldermen belong to Livery Companies and the Court retains its ancient jurisdiction over the Companies [32]. An official ranking of each Livery (or *Worshipful*) Company was settled by an Act in 1515 in the Court of Aldermen which divided them into (twelve) Great Companies and Minor Companies [33]. The ranking began with the Mercers (derived from French for merchant) and the other 'Great Twelve Livery Companies' [34], proceeding through to the 80 or so Minor Companies (see Appendix 8). "Precedence is important" (Melling, 1973:19), and there is a marked inequality in the affairs of the Companies. By the 19th century the Great Twelve Companies could be "distinguished [from the Minor Companies] on account of their superior wealth and power" (Blackham, 1933:286), and collectively, the Great Twelve had become the largest landowner in the City (Robson, 1939) [35]. Amongst the Livery Companies' property are their halls, which have historically been located almost entirely within the Roman City of London [36], which became the City's prime banking area. By 1939, 35 Livery Halls were still standing within the City's Roman walls, but only two of these survived the war intact (The Times, 27th December 1945). Whether the Livery Halls were rebuilt depended on the relative damage sustained and on the wealth of the Company. Today, all the Great Twelve Livery Companies possess Livery Halls (Doolittle, 1982) where "the governing body, the Master and the Court of Assistants, hold their meetings and entertain the Livery (that is, senior members), the City fathers, cabinet ministers, foreign ambassadors, and royal guests" (Kahl, 1960:4). Only twelve Minor Companies currently have halls (Doolittle, 1982; Kahl, 1960), and those without must rent "the Livery Hall and the plate of a wealthier Company for the banquets and ceremonies peculiar to the tradition of the Livery Companies" (Kahl, 1960:6).

The Livery Companies continue to exercise their ancient traditions, such as participating in the Lord Mayor's Show. The traditional pageant presented by the London guilds at Midsummer gave way, over time, to a lavish Mayoral Show, in which both the Corporation and the Companies participate (Corporation of London, 1950, 1958). "Through the ostentatious splendour [of the Show] the City and its Livery Companies proclaim to the nation their prestige and power" (Doolittle, 1982:2). The Livery system continues to thrive by patrimony and redemption (purchase), and the formation of new Companies. There are currently 100 registered Livery Companies, with no less than 16 having been created since 1976 (see Appendix 8) [37]. The persistence of the Livery Companies can be explained by their social and political significance in City affairs. Those who wish to hold high office in the City Corporation need to be active in a Livery Company, or at least to be a member of the Livery, for to become an Alderman it is necessary to be a Liveryman. Many who are active in City politics will be members of more than one Livery Company. For example, Michael Cassidy, who during the mid-to-late 1980s was Chair of the City's Planning Committee, and is currently Chair of the Policy and Resources Committee and *de facto* leader of the City Corporation, is a member of the Fletchers' Company (ranked thirty-ninth) by patrimony and also a member of the City of London Solicitors' Company (ranked seventy-ninth) of which he is a Member of the Court (38).

4.3.2: The specificity of the City - an historical perspective

> The identity of interests [between the Livery Companies and the Corporation of London] is rooted fundamentally in the well-founded belief that the destinies of the City Companies and the City Corporation hang together (Robson, 1939:258).

The relationship between the Livery Companies and the City Corporation is not without its problems, but self-interest has kept the two parties together (see, for example, Doolittle, 1982), and the most honoured toast in every Livery Hall remains: 'The Lord Mayor, Sheriffs and the Corporation of the City of London' (Milford, 1989). The City's Livery Companies played a vitally important role in enabling the City Corporation to withstand reform through funding campaigns, lobbying government ministers, and political agitation (see, for example, Doolittle, 1982; Firth, 1988; Hickson, 1936; Reditch and Hirst, 1903; Robson, 1939). The influence which the Livery Companies exerted in support of the City Corporation was not merely to preserve intact an ancient form of municipal government, but also because their own existence was felt to depend on successful resistance to change at Guildhall.

> If a reforming finger were once permitted to touch the archaic institution and ancient privileges of the Guildhall - the name is significant - no Liveryman could henceforth eat his dinner in peace (Firth, 1888:39) (39).

By the end of the 19th century, the local government system in the provinces had been revolutionised, whereas London's local government had been reformed only in a piecemeal manner "because of the position and attitude of the City Corporation" (Ruck and Rhodes, 1970:20), leaving the old structures substantially unchanged (40). The City's attitude towards reform is encapsulated in the views of Liverymen such as Colonel Blackham, who claimed that "[it is] the duty of every Common Councilman to maintain the exclusive rights and privileges of the City of London regardless of any other consideration" (Blackham, 1933:199). That the City managed to escape all legislative change during this era of major local government reform was "a disaster [for

London] and a [municipal] revolution missed" (Robson, 1939:21). But for the City it was a revolution fought off, for reform of London government *as a whole* would have entailed constitutional reform, an enlargement of the City's boundaries and a greater dispersal of the City's resources, financial and otherwise. Certainly it would have meant change, and change threatened the City fathers' ancient traditions and privileges.

> The City's tiny electorate, the narrow basis of qualification for election, the refusal to accept an enlargement of boundaries, means in effect that the huge City Estate is in the unfettered hands of a small oligarchy (Robson, 1939:384).

By the 1880s, the record of the City in defeating legislation aimed at reform of the City Corporation was one of unbroken success. The City had defeated the first reform proposals of the 1837 Royal Commission; it had successfully excluded itself from the Police Bill of 1839, thus securing a separate police force for the City (41); it had defeated the reform proposals of 1853 (42); and it had defeated, obstructed or delayed a number of Private Bills (Reditch and Hirst, 1903). But to defeat the first ever (Liberal) government-inspired Bill on the City in 1884, an unusually determined effort by the City was required if the status quo was to be preserved, and "the City rose - or perhaps one should say descended - to the occasion" (Robson, 1939:76). The story of the City's resistance to the 1884 Bill includes tales of bribery, corruption, and the hiring of thugs to break up reform meetings (see, for example, Firth, 1888; Hickson, 1936; Reditch and Hirst, 1903; Robson, 1939). By the time the Bill was brought forward in April 1884,

> the City was up in arms, with [the Lord Mayor (43)] leading [the] campaign. On 9 May the ratepayers of the City assembled at the Guildhall, and among those on the platform was the giant of the Foreign market, Lionel Cohen, who moved the first resolution. 'It is no exaggeration to say', he said, 'that in attacking the City of London the government is attacking the very centre of commerce, and of the civilised world' ... The City was thoroughly mobilised, and its opposition was a significant factor behind the [Whig] government's decision in July [1884] to withdraw the Bill" (Kynaston, 1994:370).

The City's defence of its independent status, wealth and traditions struck a responsive chord in the House of Commons, where the Tories displayed an ambivalent attitude towards reform of the City Corporation, and this was to prove highly significant in the City's battle with the reformers at decisive moments over the next two decades. The wrecking tactics employed by the City had outraged liberal opinion, which pressed immediately for a similar Bill, but the Whig government fell in 1885 to be replaced by a Conservative administration which resisted these calls (Hickson, 1936; Robson, 1939).

When the Conservatives did reform London's local government and created the London County Council in 1888, the ancient privileges of the City were thoroughly ring-fenced (see, for example, Davis, 1988; Ruck and Rhodes, 1970). The Liberals regained power in 1892 and appointed a Royal Commission on the Amalgamation of the City and County of London, but the Whig government fell in 1895 and the Conservatives ignored the 1894 Royal Commission's radical proposals for an amalgamation of the City and County. The Commission had, however, also proposed the creation of extra authorities in the County of London. These were brought into effect by the London Government Act, 1899, under which 28 Metropolitan Boroughs were established. The City was once again left untouched by the legislation. However, further reform of London government was inevitable, but when it eventually came in 1965, the City was to survive intact once again, and to this day the City's 1000-year-old constitution remains unchanged.

The Royal Commission appointed in 1960 to make proposals on the reorganisation of the government of Greater London recommended that the City "should be treated exceptionally [because] it is in the *national interest* that the position of the City should remain unchanged" (Royal Commission, 1962:237 - emphasis added). The Commission recognised this as "an anomaly", but nevertheless argued that the anomaly worked and recommended that it should continue indefinitely. The Commissioners stated that if they were to have been strictly logical, they would have recommended the amalgamation of the City and Westminster (as at parliamentary level).

> But logic has its limits and the position of the City lies outside them ... it is unlike any other municipality. Its wealth, its antiquity, the enormous part it played in the history of the nation, its dignity, its traditions and its historical ceremonial make the City of London an institution of national importance (Royal Commission, 1962:238).

The subsequent London Government Bill, 1962, was defended in the House of Commons by Sir Keith Joseph, Minister for Housing and Local Government. The Minister, who cannot be described as impartial on the matter [44], had no doubts that the City's position should remain unchanged, and his arguments carried the day on a party-political division. Before the London Government Act, 1963, could be implemented, the Conservatives lost their thirteen-year hold on power and Labour formed the new government. Nevertheless, the Act went ahead without hindrance or change [45].

4.4: Conclusion

The purpose of this chapter has been to apply the adopted conceptual framework for analysing and interpreting the role of local processes and individual agents to the politics of coalition-building in the City of London and at Canary Wharf. The focus of this chapter's empirical investigation has been the coalition that developed to promote Canary Wharf in the mid-1980s which, it has been demonstrated, displays the characteristics of an instrumental urban regime. Three characteristics stand out to mark the effectiveness of this coalition and, by implication, the threat it poses to the City of London. First, the power to 'get things done' rapidly, demonstrated in particular by the speed with which the LDDC was able to grant the various planning permissions for Canary Wharf. Secondly, the coalition displays an internal coherence and a common sense of purpose, despite the potential for conflict between members. Thirdly, the coalition enjoys a favoured relationship with central government, despite its dependence upon it, and, it has been argued, this has been crucial to securing the long-term future of Canary Wharf.

Canary Wharf's coalition has been driven by a combination of the entrepreneurial activity of key governmental and non-governmental actors, and the structural role of the local state. Here, the relationship between agents and structures is one of inter-dependency; from the start, the entrepreneurial role of agents at Canary Wharf has been dependent upon the entrepreneurial role of the restructured local state, and vice versa. This relationship has operated somewhat differently in the City. The following chapter demonstrates that the City's governing (organic) regime has also been driven by a combination of the entrepreneurial role of agents and the structural role of the state, but that key agents have tended to act within the local state, underlining the argument for a local specificity to the state form in the City. This chapter has argued that the City's specificity and peculiar independence can be understood historically, and has explained these through an historical analysis of the relationship between the City Corporation and civil society and the ability of the City to withstand reform and outside interference. The politics of coalition-building in the City, where local politics have for long revolved around the local state, have remained relatively unchanged through the ages. This last point is emphasised throughout the following chapter's analysis, as it is viewed as a vital strength in the City's ability to respond aggressively to the perceived threat of Canary Wharf.

Notes: Chapter Four

1. See, for example, Anderson, 1990; Barnekov, Boyle and Rich, 1989; Docklands Consultative Committee, 1988, 1990; Duncan and Goodwin, 1988; Shutt, 1984; Thornley, 1991; Turkie, 1991.
2. We are not concerned here with UDCs as policy instruments. However, there is a wide range of literature describing the origins, ethos and objectives of UDCs that are primarily concerned with coming to grips with this issue (see, for example, Batley, 1989; Brownhill, 1990; CLES, 1990a, 1990b; Docklands Consultative Committee, 1985, 1988, 1990; Imrie and Thomas, 1992, 1993 [eds], 1994, 1995; Lawless, 1989; Mawson, 1989; Stoker, 1989b; Thornley, 1991).
3. This mechanism of 'vesting' could only be used in relation to publicly-owned land (be it local authority, statutory undertakers or nationalised industries), which by means of a statutory instrument could be transferred into the ownership of a UDC overnight if the Board so wished. In the LDDC's first year, 1000 acres of publicly-owned land were vested in the LDDC (DCC, 1987).
4. Interview, Stuart Murphy, Corporation of London.
5. Interview, Peter Marano, First Boston Corporation and O&Y.
6. However, some minor alterations in the bulk of Canary Wharf were agreed by the LDDC Board.
7. An application for outline planning consent for approximately 1 million sq ft of office space outside the EZ at Westferry Circus was submitted to the LDDC in August 1986 by the original Canary Wharf developers. In the light of the Greater London Development Plan, 1976, the London Docklands Strategic Plan, 1976, and the amended GLDP, 1984, a combination of community groups and local authorities pressed the Secretary of State to call in the application. Nicholas Ridley refused on the grounds that the local planning authorities (both the LDDC and Tower Hamlets Council) did not recommend the calling in of the application.
8. Interview, Peter Marano, O&Y.
9. Interview, Sir Christopher Benson (MEPC, LDDC).
10. Paul Reichmann had struck up a relationship with Chuck Young (a director with Citibank London), when he had been a member of Citibank Canada's Board (Foster, 1993).
11. Interview, Peter Marano, O&Y.
12. Interview, Peter Marano. The date of July 17 was a mere few weeks before Margeret Thatcher was due to launch the Conservatives 1987 general election campaign at Canary Wharf.
13. O&Y is believed to have paid £70 million to Travelstead and his group for costs incurred on the project and for the consortium's 26 acres. It is believed that the consortium had paid an average of £2 million an acre.
14. Interviews, Peter Marano and Robert John (O&Y). A legal clause was drawn up whereby CSFB and Morgan Stanley could sublease only if no other major financial institutions took the decision to locate their headquarters at Canary Wharf before the summer of 1990. Following round-the-clock negotiations in June 1990, two big US banks, Chemical Bank and American Express, both signed up, effectively putting the project over that leasing hump. However, consequent to Canary Wharf going into administration in late 1992, the courts released both Chemical and Amex from their obligation to take space at Canary Wharf, but CSFB and Morgan Stanley were still both legally bound to move their operations to Canary Wharf.

15. This line of argument was put very forcibly by Paul Reichmann in an interview with International Business Week, Febuary, 1988.
16. Interviews, Barbara Stoakes, LDDC and Stephen Gibbs, DLR.
17. Interview, Peter Turlik, LDDC. The full cost of the Limehouse Link alone is estimated at £450 million (Guardian, 16.6.95, 27.6.95).
18. The relationship between the LDDC and Canary Wharf's developers has, on occasions, become strained, not least over the inefficiency of the DLR (see Chapter 3.3).
19. Detail on the relationship between the LDDC and Tower Hamlets Council is outside the scope of this thesis, but see, for example, DCC (1985a, 1985b, 1988a, 1990, 1993), Tower Hamlets Council (1991).
20. When the Liberals gained control of Tower Hamlets Council in the 1986 elections, they decentralised the borough into five 'neighbourhoods'. The Isle of Dogs Neighbourhood has always been subsequently controlled by Labour.
21. The DTp's Roads in Docklands Programme is an extra programme of roads for Docklands and East London, including the East London River Crossing and spur from the Blackwall Tunnel to the Isle of Dogs, the latter being of direct benefit to Canary Wharf. Turkie (1991) has estimated the cost of this programme at approximately £2 billion.
22. Interview, Bob Colenutt, DCC.
23. Ted Johns also subsequently gained employment with O&Y, though he was made redundant when Canary Wharf was put into administration at the end of 1992. Peter Wade is still employed as Community Relations Officer at Canary Wharf by its new owners.
24. See, for example, ALA, 1994; Brownhill, 1990; DCC, 1990, 1992, 1993; Hall, 1992; Modern Railways, March 1991, March 1994; Turkie, 1991.
25. Interview, Peter Turlik (3.3.93) who claimed the LDDC received strong support from Margeret Thatcher and the Departments of the Environment and Transport.
26. In 1071, King William 1 confirmed to Freemen of the City the Roman laws of London, which still survive today (Corporation of London, 1974).
27. From fragmentary evidence it appears that the London guilds, or the City Livery Companies as they came to be known, probably existed in London before 1100 (Kahl, 1960). The circumstances in which the Livery Companies originated are not precisely known, but it is believed they are descended from the merchant and craft guilds which prospered in the Norman and Plantagenet eras (Blackham, 1933; Herbert, 1836).
28. This privilege, the right to amend its *customary* constitution, was granted by Royal Charter in 1341, but in practice it acknowledged powers already habitually exercised rather than conferring them for the first time (Corporation of London, 1950).
29. By the 1960s, the Conservatives, previously the defenders of the Aldermen, had resolved that the system be abolished or drastically changed mainly because of their objection to the way the Labour Party used the system to retain control of the London County Council (Redcliffe-Maud and Wood, 1974). In 1966, the Conservative government set up a Committee under Lord Redcliffe-Maud to make recommendations, and in the debate on the 1972 Bill all parties agreed the time had come to abolish the system. The Committee made no recommendations concerning the system in the City (Redcliffe-Maud and Wood, 1974).
30. The 1714 Act of Common Council still applies: that Aldermen of the City hold office until retirement at 70 and all candidates must be Freemen of the City, but not reside in or have any voting qualification for the Ward for which he/she is nominated.

31. Today's Livery is almost 14,000-strong (interview, Michael Wakeford, Mercers' Company). The Livery Companies are almost entirely peopled by Freemasons (Knight, 1985:227; Short, 1989:359), and in the City the distinction between Livery and Freemasonry is fine indeed. Between 1905 and 1989 no fewer than 69 Lord Mayors became Master of Guildhall Lodge (Short, 1989:361). There are hundreds of masonic lodges in the City. For example, many of the Livery Companies have their own lodges, ten of the City's 25 wards have their own lodges, the Bank of England has its own lodge as well as the Baltic Exchange and Lloyds Banks (Knight, 1985:222-3). The City Livery Club has its own Masonic Temple, as does the City Corporation, in the Guildhall Crypt (Knight, 1985:224; Short, 1989:360).
32. The Court of Aldermen approves their ordinances, recognises new Companies, grants Liveries and in some cases regulates the number of Liverymen per Company and the fees to be paid on admission. This control arose partly from the Aldermen's civic regulation of trade and partly as a result of the constitutional significance of the voting rights of Liverymen (Corporation of London, 1974:10). Over time, the power of the City Corporation over the Livery Companies increased, and by the beginning of the 17th century the Lord Mayor had become 'Master of all the Livery Companies', representing the final assimilation of the guilds into City government (Doolittle, 1982; Kahl, 1960).
33. The membership of the Livery Companies consists of two ranks: the ordinary members are called 'freemen' while a select, limited number constitute the 'Livery'. This distinction came about in the 15th century when "a higher rank of rich master craftsmen" (Herbert, 1836:214), called the Livery, emerged from the ordinary members of freemen (increasingly known as the yeomanry). The Livery paid a further, higher fee than the freemen and were given the privilege of wearing the clothing or Livery of the guild.
34. One amusing battle of precedence concerned the sixth place, which the Skinners and the Merchant Taylors disputed. In 1584, the Lord Mayor decreed they should alternate each year unless the Lord mayor belonged to one of the Companies, in which case that Company would take precedence; it is said that from this came the phrase 'at sixes and sevens' (Melling, 1973; Milford, 1989).
35. The 1884 Royal Commission into the City Livery Companies calculated the Companies' annual income at a little under £2 million and valued their property at over £30 million (Robson, 1939:38).
36. The Roman Wall of London encloses 325 acres; during the saxon period, a girdle of land beyond the wall was attached whereby the present 'Square Mile' of 677 acres was constituted..
37. The rejuvenation of the Livery Companies began in the last century, with the 'great awakening' in the 1870s and the foundation of the City and Guilds Institute (Corporation of London, 1974; Doolittle, 1982). Moreover, once the Companies had survived the 1884 Royal Commission's recommendations that "the state disestablish and disendow the Companies ... [they] redoubled their efforts to make themselves socially useful and revived dead or dying Companies" (Doolittle, 1982:95-8).
38. Interview, Michael Cassidy, Corporation of London.
39. The name Guildhall is significant to Liverymen because the Livery Companies were previously known as the London guilds.

40. The City's opposition to political reform can be traced back, at least, to the 1630s, a period dubbed 'The Great Refusal' (Brett-James, 1935; Doolittle, 1982; Kellet, 1958; Pearl, 1961), when the City refused to accept the recommendations of King Charles 1 that it incorporate the suburbs, which were developing anarchically there being no government outside the City, into its jurisdiction.
41. The helmets worn by the City of London police force, which bear the insignia of the City of London, are unique in not bearing the Queen's crown.
42. The Royal Commission's 1853 proposals were the most radical ever presented and included: an extension of the franchise; Aldermen to be restricted to three-year terms of office; the right of Liverymen to elect the Lord Mayor and Sheriffs in Common Hall to be abolished; and the abolition of the Court of Aldermen. The proposals did achieve a legislative result - the Metropolis Management Act, 1855, which "kept in existence ... the old vestries whose corruption and incompetence were notorious, and it left the City untouched" (Reditch and Hirst, 1903:72).
43. The Lord Mayor in 1884, Robert Fowler, was also leader of the City Conservatives (Kynaston, 1994).
44. Sir Keith Joseph's father, Sir S.G Joseph, had been Lord Mayor in 1942, and Keith Joseph himself had been an Alderman and Common Councilman after the war (Interview, Peter Brooke, MP for the Cities of London and Westminster).
45. In July 1965, the Labour MP for Putney, Hugh Jenkins, asked for leave to introduce a Bill dissolving the City Corporation. The House denied him leave, it being notable "how many prominent Labour leaders did not trouble to attend" (Doolittle, 1982:150).

CHAPTER FIVE

THE POLITICS OF CHANGE IN THE CITY OF LONDON IN THE MID-1980s

5.0: Introduction

This chapter analyses the City's political response, in the mid-1980s, to both global competition from other leading international financial centres and local competition, principally from Canary Wharf. This political response is mainly expressed in radical changes to the City's Local Plan, and the chapter is principally concerned with understanding the local social and political processes behind the changes to planning in the City in the mid-1980s. These planning changes allowed an explosion of office development to take place in the City, offering financial services the opportunity to locate in state-of-the-art office space in the City when they might otherwise have considered locating to Canary Wharf.

The City's Draft Local Plan, published in November 1984, was a singularly ill-timed document given the imminence of the City of London's 'Big Bang' (see Chapter Two). The 1984 DLP's policies were geared towards the conservation of the City's built form and perceived as too restrictive on development (Pryke, 1988). Because of the combined impact of financial deregulation on City office space and the competition for financial services tenants engendered by Canary Wharf, the City's dominant interests, namely its major landowners, perceived the 1984 DLP to be a threat to their interests because it called into question the City's ability to respond adequately to both global and local competition.

The coalition of dominant territorially-organised interests that formed to promote the City in the mid-1980s displays the characteristics of an organic regime: its purpose is to maintain the status quo, which in this instance requires the City to preserve its preeminent position as the location for global financial services in London; its participants, as the City's major landowners, are locally dependent on maintaining the City's land values; it has a common purpose to defend the City's status and property values; it has an organic base for a shared sense of place based in history, tradition, privilege and social cohesion, and there exists a 'political communion' between its participants; it rigidly operates strategies of exclusion; and it is not dependent on the wider non-local environment to pursue its aims.

In pursuing pro-development changes to planning in the City, it is shown that the key agents in this regime have tended to operate within local state structures. The state form in the City, it was argued in the previous chapter, has a local specificity and peculiar independence which can be understood historically. This chapter focuses conceptually and analytically on the specificity of the City and its peculiar independence as one way of understanding the 'organic' base to the City's regime. In an analysis of the City's *representational* role it is shown how its social relations have been maintained through the lack of change to the City's ancient electoral franchise, and thus how the City's dominant territorially-organised interests have been able to pursue their vested interests through the local state and influence the pro-development overhaul of the 1984 DLP.

To place the origins, content and objectives of the 1984 DLP in context, the chapter begins by pointing to the history of planning and office development in the City leading up to the production of the DLP. The 1947 Town and Country Planning Act had constituted the London County Council (the GLC's predecessor) the planning authority for Greater London as a whole. This repealed the Act of 1932 which had previously constituted the Corporation of London as the authority in the City of London for implementing the decisions of Town and Country Planning Acts, formalising powers exercised by the City Corporation for centuries (Corporation of London, 1958). The 1947 Act marked the beginning of a period of unprecedented national and regional control over the Corporation's planning and development control functions that was to last informally until 1979 and formally until the abolition of the GLC in 1986.

5.1: The Common Council curbed

> I think it quite right for the GLC to be concerned in any matter which affects the strategic aspect [but] I do not believe there is any merit in the GLC going into purely local detail (Chandler, 1973:9) (1).

During the first post-war development boom of the late 1950s and early 1960s, the growth of London as an office centre was proceeding at such a pace that it became a matter of concern at national as well as metropolitan level (see, for example, Barras, 1984; Manners and Morris, 1986). Consequently, regional policy was directed towards encouraging the decentralisation of office activity from London, using policy instruments such as Office Development Permits and the Location of Offices Bureau, the twin aim being to reduce the danger of excessive demands for labour, housing and transport facilities within the London economy, and at the same time to divert office development to the relatively depressed, older industrial regions (2). The LOB was established in 1963 and the ODP introduced in 1965, and throughout the 1960s and 1970s both central and regional government actively intervened in the City's office policy by circumscribing the planning and development control functions of the

Common Council (3). Both the LOB and ODPs were abolished by the incoming Conservative government in 1979, giving greater impetus to the development boom which was just beginning to get underway (Barras, 1984; Manners and Morris, 1986).

Announced late in 1964 and legislated under the Control of Office and Industrial Development Act 1965, the ODP was in effect a licence to apply for planning permission to build a new office. Modelled on the existing Industrial Development Certificate which applied to new floorspace for manufacturing activities, the ODP system required that every proposed office development (new buildings, refurbishments, extensions and changes of use) involving 3,000 sq ft or more of additional floorspace required central government permission as well as local authority approval and, in the case of the City, the approval of Greater London's planning authority. The ODP, according to the City Corporation, did not "serve any useful purpose in the City" (Corporation of London, 1974:15) and both the Common Council and its Committee on Invisible Exports "made strong representations to the Government regarding the delay caused [by the ODP] to the construction of offices in the City" (Corporation of London, 1974:17).

The City Corporation's powers to determine planning applications for office development were further undermined by the Town and Country planning Act 1971. Under the Act, it was necessary for the Common Council to refer all office development proposals over 3,000 sq ft to the GLC, a requirement which "greatly concerned" the Corporation (Corporation of London, 1974:17), and during the 1970s the relationship between the City Corporation and the GLC deteriorated rapidly due to conflict over planning matters (4). The 1971 Act also required the approval of the GLC for any development of a listed building in the City and, for demolition of a listed building, the consent of the Secretary of State was required. The City Corporation was also frustrated in its desire to approve the change of use of existing buildings, often warehouses, and adapt them for offices. The GLC, in a position to direct the Corporation to refuse applications of this sort, was hostile to an increase in office space at the expense of existing industrial space. According to the City Architect and Planning Officer, this often resulted in

> a remarkable state of affairs where the applicant appeals against the decision of the Corporation [and] I or my staff will appear at the Inquiry in the position of the body being appealed against, but will immediately join with the appellant to try and defeat the GLC (Chandler, 1973:11).

The City Corporation considered the planning system to be "overly cumbersome" (Corporation of London, 1974:53), and argued that the continued development of the

City as an international financial centre was being obstructed by the length of time it took for applications to receive approval. "In the Common Council's view, there is a continuing need to provide new offices to enable the City to fulfil its role as an important financial centre [but the planning procedure] makes it difficult to meet this need" (Corporation of London, 1974:21). Although the City Corporation believed the need for new office space to be "great" (Corporation of London, 1974:61), it did not favour a free-for-all at any price to the environment. The prevailing opinion at Guildhall was that the City's development as a financial centre would be "gravely affected if the physical environment and amenities are not preserved and expanded" (Corporation of London, 1974:61). The City Architect and Planning Officer outlined the City planners' dilemma thus: "How then can more be achieved in what, after all, is a very limited area, full of history and where it is terribly important to keep a reasonable environment?" (Chandler, 1973:5).

5.2: The 1984 DLP - the search for compromise

> On the one hand, it is said ... that there can be no impediment to the creation of additional space. On the other hand, the view is taken by many ... that the ancient and historic City of London ... is so important that it should be preserved at all costs. These are two extreme and irreconcilable positions, and obviously needs the wisdom of Solomon to deal with them (Chandler, 1973:7).

In preparation for eight years, the 1984 DLP was the culmination of a series of 14 background studies. The most important study, in the context of this thesis, is entitled 'Offices' and is discussed below. In preparing the background studies and drawing up the DLP, the City's planners had worked to policies laid down in the 1976 Greater London Development Plan. As such, the DLP, which was to be an "up-to-date strategy for planning in the City" (DLP, 1984:3), in fact reflected the planning ideals of the 1970s and was out of touch with the planning ethos instigated in the early 1980s. It was published one and a half years after the government had set out its proposals to abolish the GLC and for the GLDP to be superseded by Unitary Development Plans drawn up by the boroughs under 'strategic guidance' from the Department of the Environment (see Chapter 3.3).

The DLP was essentially an attempt at compromise between the two 'extreme and irreconcilable positions' outlined above, and its underlying objective was

> to resolve the conflicts between the pressures for development necessary to the City's commercial well-being and the need to protect its special

> character, historic heritage and the range of facilities and activities which make the City an attractive place in which to live and work and to visit (1984:16-17).

Accordingly, the DLP's three main aims, all in line with strategic plans for the area, were: 1) "to promote offices within the constraints set out in the policies of the Plan" (1984:37). Draft Plan Policy 4 "welcome[d] office development generally, [but] subject to the other provisions of the Plan, and the retention of accommodation for essential services and supporting activities" (1984:48); 2) "to improve the quality of the physical environment and townscape of the City, and to safeguard those uses and activities which make a contribution to the character of the City" (1984:146), including proposals for increasing the number of Conservation Areas; and 3) to resist the loss of local services, small business units and residential, industrial and wholesaling floorspace.

The Corporation published the Information Report on 'Offices' in 1982 based on data as at December 1981. The data base was the Corporation's 'Land Use Survey' and the Report was prepared by Stuart Murphy, then City Architect and Planning Officer. The report included, for the first time, an officially agreed designation of the 'central core'. This was identified as lying approximately in an area surrounded by London Wall, St Martin-Le-Grand, New Change, Cannon Street, Eastcheap, Mark Lane, Fenchurch Street (west of mark Lane) and Bevis Mark (see Appendix 9). This officially defined core was to enable comparisons to be made between that area, dominated by the City's financial markets, and the remainder of the Corporation's administrative area. The 'rest of the City' covers an area three times that of the central core (Corporation of London, 1982:11). Agreement on what constituted the core was reached after consultation with various firms of City surveyors and office agents. The Corporation's report continued to recognise the importance of the core in terms of the

> level of rents that could be commanded, the acceptability of location to banks, especially foreign banks, and the dominance in the area of the banking and insurance activities ... the agents consulted by the Corporation felt that the Barbican, St Paul's, Cannon Street and Liverpool Street formed definite barriers to further expansion of the core (1982:13).

In line with the 1982 report, the DLP argued that "proximity is of paramount importance in the operation of the City's financial activities and this has led to the present high densities of floor space and employment, and the concentration of large office premises in the central core of the City" (1984:38). However, the DLP justified a restrictive office policy on the grounds that "there must remain some uncertainty as to the longer term trends" (1984:38), arguing that this uncertainty arose because of the ramifications of new technology and the changing employment patterns and floorspace requirements of City occupiers. Consequently, the DLP feared that the overall office space requirement of City firms would be rationalised and that the average size of unit demanded would decline. Accordingly, the DLP argued that it was important to continue to apply plot ratio controls, which controls the physical bulk of buildings, to all new development in the City. This was not only to maintain a suitable visual and working environment and to avoid over-development of sensitive sites, but also because the DLP did not generally encourage large sites. The plot ratio in the City was a varied 5:1 to 3:1, but the DLP argued that it should applied flexibly, because in Conservation Areas, for example, existing plot ratios were inappropriately high, producing excessive bulk for the area.

Although the DLP recognised the need to "adapt the City's fabric to the needs of its vital business activities" (1984:143), overall, its emphasis was guided by the 1976 Greater London Development Plan and heavily slanted towards conservation. "The accent of the DLP was on conservation of the City's 'historic heritage' and it had as a *main task* the protection of what was left of the City's historic built form" (Pryke, 1988:405 - emphasis in original). The GLDP required the City Corporation to determine which parts of the City were of such architectural or historic interest and should therefore be enhanced and given Conservation Area status. In consultation with the GLC, the City Corporation had, during the 1970s, designated eight areas as Conservation Areas for inclusion in the GLDP. By 1981, 21 Conservation Areas, covering 30% of the surface area of the City and 70% of the core area, had been designated (see Appendix 10). The DLP stated that the "preservation and enhancement [of these Conservation Areas] is an important priority of the plan" (1984:147).

The DLP's chapter on Environmental Quality also paid great attention to maintaining the City's townscape and skyline, through, for example, resisting the development of tall buildings, and protecting and enhancing significant views and settings such as St Paul's Cathedral and The Monument. It also placed great emphasis on 'urban design'. New development would have to pay "particular regard to the maintenance and enhancement of the established urban form of the City to which it should contribute positively" (1984:148). Policies concerned with the alteration or extension of listed buildings were similarly concerned with scale and architectural character. These policies affected the exterior of buildings, protecting existing facades, and also froze the possibility of altering the inside of buildings, thus protecting the City's banking halls. The DLP's commitment to conservation was underlined by the inclusion of a twelve page appendix of non-listed buildings "which make a positive contribution to the townscape inside Conservation Areas" (1984:219).

To assist in the implementation of its strategy to bring about an economically "balanced City" (1984:17), the DLP proposed four Special Business Areas: Eastern City; the Fur Trade Area; St Paul's South West; and Fleet Street (see Appendix 11), and one Special Policy Area: the Temples (see Appendix 12). Over the previous years, the Corporation had carried out detailed studies into all five areas except the Fleet Street area. However, the DLP proposed that the printing trade in this area should be encouraged, stating that "the Corporation intends to prepare detailed studies on the Fleet Street area with a view to creating specific policies on the activities located in it" (1984:44). These studies were never undertaken and, it is subsequently shown, the Fleet Street area was subject to much office development in the latter half of the 1980s (see Section 5.5.1). The DLP's proposals for the remaining four 'Special Areas' are briefly outlined below. This discussion is important because the 'Special Area' concept was subsequently dropped, and the deletion of special policies for these areas reflects the expansion of the City out of the core. Indeed, Section 5.5.1 illustrates that much office development, after the mid-1980s, took place in all the DLP's 'Special Areas' except the Temples Area.

The Eastern City area contained a diversity of small businesses, particularly of a wholesale and light industrial type. These businesses "are there for sound commercial reasons and their elimination would be detrimental to the economic life of the City" (1984:188). Draft Plan Policy 113 stated that the City Corporation would "resist the loss of wholesale and industrial premises", and Policy 114 would "resist the loss of 'small' and 'very small' business units of accommodation" (1984:186). In the Fur Trade Area, the DLP's objective was to enable the trade to remain and operate efficiently in the City. Policy 116 proposed that the Corporation "resist development in the Fur Trade Area which would involve the loss or reduction of accommodation for the fur trade" (1984:192). St Paul's South West, an area of predominantly nineteenth century buildings, is set out on a tight-knit system of narrow streets and alleys "that is of special architectural, historical and Archeological interest" (1984:200). The area provided accommodation for a wide range of economic activities, predominantly retail uses, which should be maintained the DLP argued. Policy 119 aimed "to ensure that the existing historically significant street pattern, including alleys and courts, is retained and that development respects the scale and character of its neighbours". Policy 120 required "development to be in the form of small buildings, thus providing small units of accommodation", and Policy 122 sought "to resist development which would involve the loss of retail uses" (1984:200-202). The Temples mainly contain barristers' chambers, together with other buildings for the members of the Bar, and open spaces. Policy 118 seeks "to maintain a substantial residential element in the Inner and Middle Temples, whilst allowing some adjustments between the professional and residential use of Chambers as necessary to meet their requirements" (1984:196).

5.2.1: The local response

> To change and redevelop is the very life blood of a successful commercial trading city and if it is decided that no redevelopment, or very little, should be permitted, then it is inevitable that London must surrender its position as the leading European international financial centre to another country as there is no other city in the United Kingdom capable of discharging the function (The Twelve Great Livery Companies, Comments on DLP) (5).

The 1984 DLP was the first ever Local Plan for the City undertaken under statutory legislation, and was thus the first time 'the public' was to have its say on planning proposals for the City. In putting out its proposals for public consultation, the City Corporation asked the public to "check the balance ... The DLP [sets out] town planning policies for the City's competing demands - environment ... living and working ... business activities ... transport - has the Plan got the balance right?" (see Appendix 13). The DLP was submitted for public consultation on 1st November 1984. In accordance with Department of the Environment guidance, the period for consultation was originally set at six weeks, lasting until 12th December. But in order to meet the needs of a number of organisations which found it difficult to get in their written comments by mid-December, the Corporation agreed to extend the period for accepting responses until August 1985.

The Corporation's Planning department received almost 2,000 written comments from 258 individuals/organisations (Corporation of London, 1985), which are set out below in Table 7 (over). The majority of individual respondents to the DLP confined their comments to policies not seen as contentious and which have remained substantially unchanged. The main issues of contention arising out of the DLP related to the chapters on Economic Activity, Environmental Quality and Special Areas. On the basis of documentary research into the local response to these policies, two groups can be distinguished. In one can be seen the basis for the urban regime which developed to promote the City, whilst the other consists mainly of local interests excluded from this coalition.

TABLE 7: RESPONSE OF INDIVIDUALS/ORGANISATIONS TO DLP

Individuals/Organisations	No.
Residents	77
Minor Livery Companies	24
Amenity Groups	23
Public Bodies	23
Special Interest Groups	20
Banks (domestic and foreign)	20
Property Companies	17
Ward Clubs	13
The Great Twelve Livery Companies	12
City Agents/Surveyors	12
Other City Firms	9
Architects	2
Others	6
Total	**258**

Sources: Corporation of London, 1985, 1986b; Comments on DLP (held with Forward Planning Department).

Group A (see Appendix 14) consists of those who considered the DLP's policies on Economic Activity, Environmental Quality and Special Areas to be in fundamental conflict with the DLP's overall aim of promoting the City as an international financial centre. Group A is represented by 22 Minor Livery Companies, 18 foreign and domestic banks, 17 property companies, 13 Ward Clubs, The Twelve Great Livery Companies, 12 City agents/chartered surveyors, 4 insurance companies, 2 solicitors firms, 1 government quango, and 4 other bodies. Basically, these emphasised the need for the City to redevelop if it was to retain its status as a leading international financial centre into the 1990s, and argued that a more pro-development plan that promoted office space first and foremost was needed. The Corporation needed to resolve the conflict between the aims of development and the aims of conservation and make its overall aim to promote the City as an international financial centre, otherwise it would mean "economic suicide [for the City and its] loss would be the gain of other rising commercial centres" (Peter Palumbo, cited in City Recorder, 31.1.85).

Group B (see Appendix 14) consists of those who either generally supported the DLP's economic and environmental policies, or felt they did not go far enough in preserving the City's architectural heritage or in supporting local services, small businesses, industry and wholesaling. Group B is represented by 32 local residents, 18 special interest groups, 8 public bodies, 4 amenity groups, 3 City firms, 2 architects firms, 2 Minor Livery Companies, 2 banks, and 1 local restaurant. The Barbican Association, the largest association of residents in the City, commented that it "fully supports the policies to safeguard and encourage small businesses. There is a continuing need for this sort of accommodation in the City". In supporting the policies on the environment, the LDDC submitted that "policies for Conservation Areas, which the LDDC welcomes, are likely to impose limitations on the scale of increased floorspace, and this reinforces the case for encouraging major developments on the fringe of the City including suitable sites in the Docklands, particularly the Enterprise Zone". The City Heritage Society commented that the DLP's policies on the environment were "wholly admirable. Developers should take more account of the historic importance of the City, and the DLP does well to encourage this".

The GLC, one of the principal public bodies supporting the DLP, "welcome[d] the DLP's attempts to resolve conservation and development". And Save Britain's Heritage argued that "the commercial role of the City of London is not incompatible with the protection of the historic environment". Thus, supporters of the DLP's policies on economic activity and the environment could see no conflict between these and the plan's overall aim of promoting the City, unlike those pro-development forces in the City. According to a senior City agent:

> The aspect of the DLP which concerned us most was its conservation bias, which was inflexible and did not allow for the needs of the new Big Bang-type occupier (Laurie Kinney, Kinney & Green).

5.3: The attack on the Draft Plan begins

> You can't say the City has got to be the foremost international financial centre whilst at the same time having conservation policies affecting the central core which make that objective impossible (Michael Wakeford, Mercers' Company).

The DLP's policies which turned out to be the most contentious, those on economic activity, the environment and Special Policy Areas, received far more comments from those opposing them. Many of the objectors were major City landowners, such as the Great Twelve Livery Companies, big domestic banks, insurance companies and property investment companies, who were concerned at the restrictions the DLP imposed on redevelopment in the City. The restrictions on redevelopment in the core were of particular concern to the largest City landowner of them all, bar the Corporation of London itself, the Great Twelve Livery Companies, who jointly opposed the DLP. The focus of the Great Twelve Livery Companies' opposition to the DLP were the conservation policies which covered 70% of the prime banking area and where the Great Twelve own most of their freeholds.

> It was important to us to maintain property values in the City. All our freeholds are in the financial heart, the core of the City. So if the City were to lose its status, if large sections of the financial centre were to leave the City, the value of our freeholds would be lost. So pure financial pragmatism prompted us to object to the DLP. We had to look after our own interests (Robert Strick, Drapers' Company).

The Great Twelve's submission attacked the DLP's "narrow interpretation of the character of the City", suggesting that the DLP defined the City's character only in the sense of its physical appearance. "The character of the City is that of one of the world's leading international financial centres and if the City of London is to maintain its premier position ... it is plain peradventure that the business community requires the best buildings to enable it to compete successfully with foreign competition". The Associated Owners of City Properties, a body of City landowners which represents some of the largest property investment companies in the City, concluded in its submission that "if the object of the Plan is to ensure that the City of London goes into an accelerating state of decline as an international financial centre, then it is hardly possible to conceive of anything more likely to succeed". City agents Richard Ellis similarly argued that "in protecting the environment, the Corporation is in danger of preserving the corpse after life has departed". Barclays de Zoette Wedd concluded its formal response somewhat less dramatically, but no less poignantly: "There is a tremendous conflict between the policies enshrined in the Plan and the idea that the City must remain competitive for the future of the British economy as a whole".

The City agents were at the forefront of the attack on the DLP, an attack they considered so crucial that the 1986/87 Chairperson of the City of London branch of the Royal Institute of Chartered Surveyors

> [knew of] no other development plan that a RICS branch had officially responded to. [The RICS City branch] had to respond to something as important as the City's DLP because of the impact on our clients. The important thing that we said in our submissions was that we act for both tenants and landlords, [thus] we were uniquely placed and could give a balanced view (Laurie Kinney, Kinney & Green).

In its strongly-worded formal response, the City RICS branch accused the Corporation of "paying lip service" to the City's role as an international financial centre and feared implementation of the DLP would push relocations outside the City and to other European centres. The City RICS branch also argued, in common with many respondents, that "in the light of development needs, the City's plot ratios need completely overhauling". City agents Baker Harris Saunders also worried that "if the Plan is not flexible enough to produce what people want, the City will lose influence as a financial centre ... and we are going to be in trouble". According to Peter Palumbo, a leading City developer, the DLP, which allowed only the refurbishment of prime office locations and not their redevelopment, meant "turning lame ducks into sacred cows ... new technology [will] render these buildings almost useless to the modern financial tenant" (cited in City Recorder, 13.2.85). Similarly, the managing director of Rothschilds argued that the retention of banking halls and existing facades had already created problems for City developers: "The refurbished office building in Cornhill belonging to the Grocers' Company [one of the Great Twelve Livery Companies] has remained unlet for more than a year because City planners insist on the retention of the historic banking hall [but this] has no place in modern banking. Today, the trend is towards amalgamations and large blocks of properly-serviced high-tech, open-plan office space with large dealing floors" (cited in The Guardian, 28.1.85).

The Lord Mayor, Sir Alan Traill, criticised the Corporation's Planning Committee at its 1985 annual dinner for not prioritising the commercial role of the City and warned, somewhat prophetically, that "the redevelopment of the derelict Docklands could be a threat to the City's future" (City Post, 1.2.85). In a powerful piece of political lobbying, the Associated Owners of City Properties, at its April 1985 AGM lunch, called for drastic changes to be made to the DLP and invited the protagonists in the battle "to get together and talk things over" (Chartered Surveyor Weekly, 25.4.85). Those present included Keith Gugan, Chair of the City's Planning Committee and Stuart Murphy, City Architect and Chief Planner and the officer responsible for the DLP. The main speaker was a former Lord Mayor, Sir Anthony Joliffe, who made a swingeing attack on the DLP's 'anti-development bias' (AOCP, 1985).

City agents, one of whose roles is to act for both landowners and tenants in the City, claim great insight into the office needs of City occupiers. In its response, City agents Savills included the results of a survey of City tenants (*City Offices Demand Survey, February 1984*), which showed much unsatisfied demand for office space in the City. The inclusion of this survey's results was justified on the grounds that

> an informed business community can prompt changes to make the Plan more palatable (Charles Sanderson, Savills).

The Savills' exercise, using a sample base of 251 'leading institutions' in financial service and other sectors, asked for theoretical requirements and therefore had a built-in bias towards large space demand. Nevertheless, it was a fair indication of the changing requirements of City occupiers - not only for the immediate needs of players in the securities markets, but for insurance, shipping, commodity, accountancy and law firms expanding alongside (Chartered Surveyor Weekly, 7.3.85). Of the 251 City occupiers polled in January 1984 (9 months before the DLP's publication), 73% disagreed with restriction and control on any future expansion of the financial core. 68% expected to need more floorspace over the following ten years, half believing floor sizes between 20,000 sq ft and 45,000 sq ft "most suited their needs". Single units were preferred by 80%, and 86% stated that they were unwilling to move beyond the City of London's boundaries. Of that 86%, 72% were tied to a specific market, whether Lloyds, the Stock Exchange or the Bank of England. Only 7% expected to occupy less office space, therefore, Savills concluded in their submission, office demand was not 'uncertain', as the DLP had argued. Nor was it correct to believe that the average size of office units was likely to decline, as the DLP had also argued.

The Thatcherite 'think tank', the Centre for Policy Studies, also weighed in with what has been described as a "crushing tank attack" on the DLP (Planning, 29.3.85). In a preamble to its formal response, the CPS says it took the "unusual step [of commenting] because major sections [of the DLP] are so flawed that they should be withdrawn ... by far the most important development plan in our country today has failed to appreciate that the City is a financial centre above all else. Industry, wholesaling and housing are of little or no relevance". The CPS accused the Corporation of basing its estimates of the needs of office occupiers on out-of-date and misleading information and noted that "the GLC is generally supportive of the Draft Plan", adding that "such support shows there must be something fundamentally wrong with it!". The CPS' intervention, whilst ideological, was asserting that the Corporation's Planning Department was out of touch with market forces. This criticism echoed the sentiments of Patrick Jenkin, then Environment Secretary, who stressed, at the 1985 Country Planning Officers Association's annual dinner, that planners must "change the basis of their decisions from a bias towards conserving character and amenity to market-orientated planning" (Estates Gazette, 28.3.85).

5.3.1: Canary Wharf enters the fray

> We were irritated by the idea of the break-up of the London financial centre at a time when we were trying to deal with Tokyo and New York. It's a bit like having a fly around when you're trying to concentrate on what you're doing (Peter Rees, Corporation of London).

The above quote suggests that Canary Wharf became no more than an ineffective but constant pest to the City Corporation once it was getting on with the business of gearing the City up to meet the changing demands of global finance. The reality, it will be shown, is that the added local threat of Canary Wharf was the catalyst the City's Planning Committee granting permission for the construction of millions of sq ft of state-of-the-art office space.

The perceived threat to the City posed by Canary Wharf was raised to a new level when, in October 1985, the American banks Credit Suisse First Boston and Morgan Stanley were granted planning permission for their 10.5 million sq ft international financial centre on the Isle of Dogs. Later that month, in his Mansion House speech, the Governor of the Bank of England highlighted the need for the City to maintain its status as a leading international financial centre but explicitly acknowledged that the City's banking community might have to spread beyond the traditional banking core of the Square Mile. "Traditionally we have preferred the banking community to locate within easy reach of each other and ourselves ... in practice this has tended to mean clustering within the traditional core [but now] financial institutions should choose for themselves where to locate in the light of commercial considerations. It is not our intention to stand in the way of their judgement" (cited in Duffy, 1989:19). The Governor reiterated this policy in a talk, *The Growing City*, in April 1986, by which time revisions to the DLP had been completed and a new Local Plan approved by the Court of Common Council (see below). The Governor welcomed the Corporation of London's proposals to increase the space available within the City, but nevertheless commented that banks could be expected to take up the new space created "around the City's boundaries, whether across the Thames, or to the north, or to the west where we must expect property to become available in Fleet Street" (cited in Cundell, 1988:11). The Governor made no mention of Canary Wharf, or the possibility of banks moving to the east of the City. His intervention was nevertheless important to Canary Wharf. as G Ware Travelstead makes clear: "Some [banks] couldn't even talk to us officially until the Bank of England said it was OK to go outside the City" (Estates Gazette, November 1986:464).

Chapter 3.5 has already outlined the economic threat posed to the City's dominant territorially-organised interests by Canary Wharf. The City Corporation was, of course, responsible for the DLP, yet as the City's largest landowner its interests lay in a radical revamping of the DLP. Moreover, the threat of Canary Wharf required a political response from the City fathers, a fact acknowledged by Michael Cassidy:

> It was crucial for us to meet the challenge of defending the City's interests [otherwise the City Corporation] would lose the very reason for its existence over the centuries.

Despite Michael Cassidy's frank admission that, on the one hand Canary Wharf threatened the City's interests, and on the other threatened to undermine the City Corporation, the City fathers dismiss the idea that Canary Wharf acted as a catalyst for change, claiming that

> with or without Canary Wharf, conserving the character of the City would have been made ancillary to the continued health and growth of the City financial centre. The City was threatened more by international developments ... The City earns around £6 billion [in invisible earnings] and if this leaves the City, it leaves the country. It will not go two miles down the road to Canary Wharf ... Docklands might as well be as far away as Frankfurt. The City financial community needs to be based around a single location. There is no reason why, if banks are prepared to move two miles down the road, they should not move to Tokyo or New York (Peter Rees, Corporation of London).

The City was not reacting competitively to Canary Wharf, the City fathers maintain. Michael Cassidy argues that

> we were already making the adjustments to the DLP before Canary Wharf was announced. We were already moving in a particular direction and I didn't need Canary Wharf to persuade me that we needed to change policy. [However,] where it became very important was in me passing on the imperative to my colleagues that we needed to make the change. So, in other words, in the absence of Canary Wharf, some of my colleagues would have said 'wait a minute. We're changing the character of the City. Why should we do that?' So the fact of Canary Wharf was helpful in me putting together the case for getting the changes through the Common Council here. Alban Gate was a classic example of some of my colleagues saying 'it's too big, it's going to dominate the skyline', and I used the argument in the debate that Alban Gate was designed for [international financial] business that we needed to keep in the City, which otherwise would go to Docklands. But I'm emphatic that Canary Wharf

didn't figure in my thought processes that led to the conclusion that we needed to make great changes. Though it was very good ammunition to ease the changes through.

Michael Cassidy's insistence that radical changes were being made to the DLP before the announcement of Canary Wharf is not accurate. It would be more correct to say that discussions on changing the DLP were taking place as Canary Wharf was becoming a serious proposal (6). Nor is it true to say that Canary Wharf had no bearing on the changes that took place to the DLP. Indeed, in the above quote Michael Cassidy strongly suggests the opposite to be the case. He insists that Canary Wharf did not represent a threat to the City, yet acknowledges that he used it *as such* to persuade Planning Committee members of the need for developments such as the huge Alban Gate.

It appears that Planning Committee members felt that threatened movements to Canary Wharf provided more persuasive arguments for permitting large schemes such as Alban Gate than the general need for updated office accommodation to compete globally (John Watson, Corporation of London).

If this is the case, then even if the greater threat to the City came from global competition, it was the added economic and political threat of Canary Wharf which acted as the catalyst for the sweeping changes to planning in the City.

The mood at Guildhall really changed after Canary Wharf. At one Planning Committee meeting alone, after I had left the Corporation, the Members approved the construction of 3.5 million sq ft of office space, including Broadgate Phase 2 which I think is a bloody great monster (Stuart Murphy, Corporation of London).

5.3.2: Revisions to the City's Local Plan

Any doubts that the Corporation was not sufficiently in touch with the realities of the financial services revolution were dispelled with the revised Plan. By that time we knew as much about the impact of Big Bang on property as anyone (Michael Cassidy, Corporation of London).

In the preamble to the 1986 Adopted Local Plan, the City Corporation recognised that central government's decision to abolish the GLC "made sweeping changes to the government of Greater London. Those relating to planning result in more autonomy for the ... Corporation in respect of planning decisions" (Corporation of London, 1986:6). In a new chapter, entitled 'City Strategy', the City Corporation acknowledged the changes occurring in the financial services industry and their impact on City office space requirements, thus recognising "the need for flexible buildings" (Corporation of London, 1986:8). "The Corporation is aware of the current need for larger offices and will encourage developments to meet this need. During the Plan period [10-15 years] the changing nature of demand will be monitored to ensure that the Plan's policies remain appropriate to the City's needs" (Corporation of London, 1986:14).

Most significantly, the overall aim of planning in the City was clarified. At the outset the revised "globally-minded plan" (Pryke, 1991:201) spelled out the overriding need for the City to maintain and expand its international role and incorporated key terms such as 'deregulation', 'securities' and 'dealing room', all of which appeared for the first time. Above all, the revised Local Plan no longer attempted to give equal priority to both conservation and development. The priority was now to "encourage office development in order to maintain and expand the role of the City as an international financial centre" (Corporation of London, 1986:24).

There are not a large number of practical differences between the 1984 DLP and the 1986 Adopted Local Plan, but the differences that exist are substantial in themselves. The most tangible changes relate to the radical overhaul of the City's plot ratio, the deletion of the 'Special Areas' concept to safeguard small businesses, warehousing, the fur trade and the newspaper industry, and the weakening of conservation policies. These changes are outlined below.

Up until 1986, the City had a varied plot ratio where, roughly, the plot ratio in established office development areas such as the City core, was 5:1 (although constrained by environmental policies where appropriate), but was a lower 3:1 in fringe areas which housed support services and industry and wholesaling. The 1986 Local Plan brought in a new plot ratio of 5.87:1 that would apply to the whole of the Square Mile but which would be subject to conservation policies where appropriate. As the revised plot ratio was to be applied uniformly, fringe areas, previously with a low plot ratio, were now able to generate much more space. There was also great significance in the way the new plot ratio was to be applied. In assessing a site's potential, only the space above ground and excluding plant rooms for lift motors, tanks and air conditioning equipment, was to be subsequently taken into account for plot ratio purposes. Since it is estimated that about 20% of space in the City is underground, floorspace was able to increase by at least a corresponding 20%.

It will be recalled that the 1984 DLP proposed four Special Business Areas: Eastern City; the Fur Trade Area; St Paul's South West; and the Fleet Street area, and one Special Policy Area: the Temples. The 'Special Area' concept was subsequently dropped. During the revision period, the Corporation had

> studied every warehouse and industrial user in the City [and] concluded that these users did not need to be in any particular locality. And so the new plan did not designate any special areas where these users would be promoted (Michael Cassidy, Corporation of London).

The detailed studies which the DLP recommended be carried out on the Fleet Street area were not undertaken and the 1986 Plan made no recommendations for the newspaper industry. Some of the policies that had been specific to the Special Areas were incorporated into the new plan's section on Economic Activity. Policies to *protect* small businesses, industry and wholesaling were weakened and Policy Econ 4 merely "encourage[s] the continued provision of industrial and warehousing floorspace to accommodate local services" (Corporation of London, 1986:28). Even though the DLP's policies to protect the Fur Trade Area were retained, albeit in a revised form,

> the fur trade has virtually disappeared from the City (John Watson, Corporation of London).

The DLP's policies for the Temples area were retained in more or less unrevised form, and is the one area previously designated as 'special' that has most managed to escape major development since the mid-1980s. Empirical analysis of the geography of new City office development in the late 1980s, subsequently outlined in Section 5.5.1, shows that approximately 17 million sq ft of office space was developed in the combined areas of Eastern City (which includes part of the Broadgate development), Fleet Street, St Paul's South West, and the Fur Trade Area. Thus, much of the Big Bang-type space built in the City has been in these fringe areas.

Another reason why much of the Big Bang-type space that was developed went up on the fringes of the City is because the City's Conservation Areas mostly affected the core (7). Nevertheless, between 1986 and 1992, 1.5 million sq ft of office space was developed in the core and conservationists are critical of the way Conservation Area policy has subsequently been interpreted.

> The City's Conservation Areas have not been well protected. Quite a lot of major redevelopment has been allowed and we have lost countless buildings which contributed positively to the Area's character and appearance (Paul Velluet, English Heritage).

Whilst the DLP's policies on the environment have remained substantially unchanged, the adopted 1986 Local Plan

> is not as conservation-orientated as the DLP (Stuart Murphy, Corporation of London).

This is because of the way conservation policies have subsequently been interpreted, with less attention being paid to new development complementing the established urban form. Although the significant views of The Monument and St Paul's have been protected, elsewhere policies on the townscape and the skyline have been undermined through the construction of high buildings. Significantly, the DLP's 12-page appendix of non-listed buildings "which make a positive contribution to the townscape inside Conservation Areas" (Corporation of London, 1984:219) did not appear in the 1986 Adopted Plan.

To understand the social and political processes behind the pro-development overhaul of the DLP, we return to the theme of a local specificity for the City. The 'organic' base to the City's regime, it is argued, can be understood through analysis of the specificity of the City and its peculiar independence. Below, the City's *representational* role is analysed and it is shown how the City's dominant territorially-organised interests have been able to pursue their vested interests through the local state.

5.4 The City's fettered democracy

> The representative Common Council, regularly elected on a democratic basis, ensured that [the City of] London did not, like other cities, come to be governed by an oligarchy, and parliamentary reform in order to break vested interests was unnecessary (Corporation of London, 1974:11).

In 1949, the City of London (Various Powers) Act, widened the electoral franchise to include all City residents (8), the only significant change to the City's anachronistic electoral franchise in almost 1000 years. Yet according to the City Corporation, "the Common Council is more truly democratic than any other municipal body in the kingdom [because] voting [in the Common Council] is free, individual and *unfettered*, and is not directed by party [political] organisations" (Corporation of London, 1974:8 - emphasis added). Similarly, a historian of Freemen argues that the "principles of democratic local government are adhered to in the City of London [whereas] in other places they have been overlaid by the national party machinery" (Ward, 1975:61). This argument ignores both the vested interests in the Livery and Aldermanic systems which still dominate the City Corporation, and belies the close ties that exist between the City fathers and the Conservative Party (9). It is still the case that only the City's Liverymen elect the Lord Mayor and the City's most senior Officers (see previous chapter 4.4.1). Moreover, the City's franchise still includes both the Aldermanic system of electing councillors for life, a practice abolished elsewhere, and the ancient 'business vote', which is unchanged from the time the City Corporation was granted Royal Charters in the 12th century. This lack of change to the City's franchise has led critics of the City Corporation to argue that it enjoys an electoral system "so startlingly undemocratic that it has more in common with a rotten borough than a 20th century democracy" (Kelly, 1992:18). This lack of democracy illustrates a more significant phenomenon: the maintenance of the City's dominant social relations through, amongst other factors, the retention of the Livery and Aldermanic systems.

The City's current electorate of 19,000 is dominated by non-resident voters, by a margin of almost four to one (see Table 8 below). The City's non-resident voting electorate of 14,000 is made up of partners in local firms which trade in unlimited liability. The City's Livery is currently approximately 14,000-strong and that this figure corresponds with the number of non-resident voters is not coincidental, any non-resident member of a City ward being more than likely to be active in the City's political life outside of work (10). Many of the City's Liverymen will also be Aldermen of the City, indeed, as already noted, to become an Alderman it is necessary to be a Liveryman. The Guildhall Aldermen, who are "wealthy and powerful men" (Doolittle, 1982:3), automatically become magistrates and ultimately are eligible to serve as Lord Mayor for a year. The influence of Aldermen, who hold office until retirement at 70, is significant; they remain "an essential part of the Common Council ... their continuing responsibility is emphasised by their appointment on every Committee and by the necessary presence of at least two Aldermen in the Court of Common Council" (Corporation of London, 1974:3).

The City's Court of Aldermen, under charter, law and custom, set out in the 14th century, has the right to interview all elected Aldermen to decide if each is a 'fit and proper' person to join them, and there are numerous examples of rejected elected members (Doolittle, 1982; Kelly, 1992). The most recent example of the Court of Aldermen exercising its right to exclude an elected member is a particularly good example because it illustrates the powerful legal status of the City's ancient customs. The Court rejected Malcolm Matson, a millionaire businessman, who was elected as Bread Street ward's Alderman in the November 1994 elections. The Court of Aldermen, as is its common practice, offered no reason for his exclusion. The rejected

Alderman launched an application for judicial review in an attempt to overturn the Court's "archaic, secretive and undemocratic rules" (Guardian, 17.3.95; Independent, 17.3.95); his lawyers arguing that his exclusion without giving reasons (11) "affronts natural justice and a duty to be fair" (Guardian, 17.3.95; Independent, 17.3.95). The judge concluded that the decision to exclude was not perverse; under the City's ancient 'laws' the Court of Aldermen has the power to conduct 'appointment interviews', and is not required to give reasons for rejection (12). There has only been one other time when the Court of Aldermen's right to exclude elected members has been challenged in the Courts, and this took place 150 years ago when the rejected Alderman also lost his case.

TABLE 8: CITY OF LONDON WARD LISTS, 1994/95

WARD	RESIDENTS	NON-RESIDENTS	TOTAL
Aldersgate	1261	350	1611
Aldgate	13	578	591
Bassishaw	2	357	359
Billingsgate	7	165	172
Bishopsgate	68	703	771
Bread Street	7	146	153
Bridge & Bridge Without	3	65	68
Broad Street	10	160	170
Candlewick	2	33	35
Castle Baynard	19	339	358
Cheap	3	182	185
Coleman Street	10	1088	1098
Cordwainer	4	107	111
Cornhill	4	236	240
Cripplegate	2206	523	2729
Dowgate	24	69	93
Farringdon Within	65	657	722
Farringdon Without	291	4037	
(inc. Inner Temple	92	1727	7207
& Middle Temple)	78	982	
Langbourne	0	471	471
Lime Street	0	383	383
Portsoken	540	288	828
Queenhithe	95	95	190
Tower	14	316	330
Vintry	3	96	99
Walbrook	14	93	107
Total	**4835**	**14246**	**19081**
(25 Wards)			
	25.3%	74.7%	100%

Source: Public Relations Office, Corporation of London, 1994a

The denial of democracy is equally obvious with the operation of the business vote. This is open only to partnerships, and not to limited companies whose directors are not personally liable for rent (although limited companies pay the bulk of the City's rates). It is possible to obtain a vote by paying a business rate of at least £10 a year, a figure unchanged since 1867 (Corporation of London, 1958) and each partner is entitled to vote in every ward where the partnership pays rates (13). For example, the accountants Coopers Lybrand Deloitte have five offices in five different wards, and all 700 partners can vote in all five wards.

> Voting in the City is really quite absurd. You need to be either a resident, or be eligible for the business vote, as we are. I am a partner in a firm and we trade in unlimited liability. So, you'll find the voters of the City either live in the Barbican, or they're like us - accountants, surveyors, solicitors (Laurie Kinney, Kinney & Green)

There are numerous examples of the business vote, which is made up of surveyors, accountants, solicitors, lawyers and other professionals, blocking the election of City residents (Doolittle, 1982; Kelly, 1992). Kelly (1992) cites a February 1992 by-election in Dowgate ward, where non-residents outnumber residents by three to one, when a solicitor with the firm Alsop Wilkinson beat a Barbican resident by 40 votes to 12. At the time, Alsop Wilkinson had 44 partners in the ward electorate of 76. The domination of the business vote in some wards is such that elections are often uncontested. For example, in the August 1995 by-election for Castle Baynard ward's Alderman, Richard Agutter, head of mergers and acquisitions at accountancy firm KPMG, was elected unopposed (The Independent, 22.8.95). Partners in his firm currently provide 227 voters, almost two-thirds of the total (see Table 8 above), furthermore, the election meeting, known as a wardmote, was held at KPMG's offices at Puddle Dock in the City. Another 70 votes came from Stephenson Harwood, a firm of solicitors in St Paul's churchyard; 24 from Simpson Curtis, another legal partnership; 18 from other companies; and only 19 from local residents.

The City's ward boundary system is "startlingly retrogressive" (Kelly, 1992:18), and is unchanged since the time of the Norman invasion (Doolittle, 1982). The bulk of the City's residents live in the two wards of Aldersgate and Cripplegate (see Table 8 above), which straddle the prestigious high-rise estate at the Barbican. The Barbican has over 3,500 residents (Corporation of London, 1994b) who elect just 18 Common Councillors out of a total of 132. Besides Aldersgate and Cripplegate, out of the City's 25 wards, only one other, Portsoken ward, has more resident voters than non-resident voters. Table 8 also illustrates that 13 wards have ten resident voters or less, with two, Langbourne and Lime Street, having none, yet they still elect four Common Councillors and one Alderman each.

> When I was Chairman of Candlewick Ward it had an electorate of 18, and we elected four Common Councilmen and one Alderman. 18 voters! And I'm not sure any were resident. The system really is quite absurd, but I think that's part of its charm (Laurie Kinney, Kinney & Green).

The retention today of the Livery system, the Aldermanic system and the business vote ensures that vested interests, over and above those of local residents, dominate the City Corporation, despite claims to the contrary. Compared to most other local authorities, residents in the City remain relatively disenfranchised. Moreover, the City Corporation frequently uses exemption clauses in local government procedures which allow councils to exclude the public from meetings, including on such weighty matters as the running of the Barbican Centre. A Barbican resident believes that

> government in the City is unaccountable. Residents are not represented on the Committee that runs the Barbican Centre and are unable to influence decisions concerning the resident population ... Meetings of the Common Council are like the Supreme Soviet. There's no opposition and little debate (John Whitehead, Barbican Association).

5.4.1: Analysing the City's representational role

> When there was an outcry over the DLP, which included comments from the Bank of England and the City's major institutions that the DLP was out of date, we had no choice. We had to address their complaints (Michael Cassidy, Corporation of London).

The previous chapter argued, in common with the approach of Duncan and Goodwin, that the local state has two socially contradictory structural roles: one that is interpretative of the social interests that dominate central government; the other that is representative of local interests. The unique aspect of the City as a local state is that, in carrying out its representational role, namely maintaining the City's social relations, it is not coming into conflict with its other structural role of interpreting the social interests emanating from the central state. The analysis below of the City's representational role in the mid-1980s emphasises the City's social relations, specifically, the historic links between the City Corporation and civil society.

It has been argued in the previous section that the lack of democracy in City government is a significant factor in maintaining the City's social relations. Thus, the retention of the Livery and Aldermanic systems are not merely indicative of a

> charming absurdity [in which people] indulge in antiquated ceremonies, dress up in old-fashioned clothes and do funny things in historic buildings (Michael Wakeford, Mercers' Company).

To have abolished the Livery and Aldermanic systems would have struck at the very heart of the City's ancient traditions, but also at the political control of the City Corporation's structures.

> Of course, the people with power in the City Corporation are invariably Liverymen (Captain Mark Barrow, Haberdashers' Company).

To have abolished the Livery and Aldermanic systems would have also undermined the City's networks of contacts, built up over centuries. These were crucial when it came to changing the DLP, as the following quote from a City agent, who is active in City affairs makes clear (14):

> The City Surveyor is also on the RICS City branch committee. As a member of the Worshipful Company of Chartered Surveyors he is also a Liveryman. The City Surveyor is the person who looks after all property aspects of the City Corporation ... Now, if you're talking about something as important as the City's Local Plan and if you've got someone as important as the City Surveyor sitting there with you, you're bound to use him, aren't you? He was very sympathetic and used his position to organise meetings for us, so we could lobby the Corporation ... The aspects of the DLP which concerned us most were its conservation bias and inflexible plot ratios [which] did not take account of the needs of the new 'Big Bang'-type occupants (Laurie Kinney, Kinney & Green).

The Great Twelve Livery Companies, as major landowners, were of course concerned to be able to redevelop their properties, principally in the core of the City. But what happened to the City as a whole was equally important to them, as the following quote demonstrates:

> It was important that the City [Corporation] concentrated on the people that matter, that is, City financial, the big corporations, the multinationals, the foreign banks, and so on. Sure, they like to have a Lord Mayor and all the pomp and ceremony [but] the involvement of the Livery Companies is a historical anachronism. It's good fun and long may it last [but] much more important to us

> was for the City to maintain its importance. Far more telling was to make the City a place the financial institutions wanted to come to. And I think we won that battle in the mid-1980s (Robert Strick, Drapers' Company).

The above quote from Robert Strick, Clerk to the Drapers' Company, is revealing in two respects. First, because it seeks to play down the influence of the Great Twelve Livery Companies and play up the importance of the City's financial institutions. Significantly, Robert Strick's plea not to "over-state our importance" was undermined later in the interview, whilst at the same time undermining the City Planning Controller's assertion that

> the Planning Department deals with the Great Twelve as it would any other property owner (Peter Rees, Corporation of London).

Whilst referring to the changes to the DLP, Robert Strick later argued that

> quite a major role was played by the Clerks to the Great Twelve ... I know Michael Cassidy very well. Both he and Peter Rees [the City Planning Controller] were guests at dinner here last night, as were the Lord Mayor and Sheriffs (15).

Moreover, whilst it is undoubtedly the case that the City's financial institutions are fundamental to the City's future, the playing down of the influence of the Great Twelve compared to the playing up of the City's financial institutions, obscures the fundamentally inextricable links that exist within the City.

> The people who are in the Livery Companies, and the people who are in the different City institutions, and the people who are in the Corporation, may in many cases be one and the same person. These inevitably overlap ... We're supposed to treat the Livery Companies as external bodies whom we listen to because they have a property interest. But all the Common Councillors will be in Livery Companies. They have the same interests, the same concerns (John Watson, Corporation of London).

According to Peter Rees,

> the vast majority of Common Councillors are businessmen in the City ... Certainly there are senior bankers represented on Common Council.

These 'senior bankers ... on Common Council' will invariably be Liverymen, thus clearly illustrating "the knitting together of the City" (16).

The second revealing aspect of the quote from Robert Strick, Clerk to the Drapers' Company, above is its emphasis on the importance of the City maintaining its competitive position. As one of the Great Twelve, and therefore a major City landowner, the overriding issue for the Drapers' Company was for the City to continue to service the needs of the financial community. If financial institutions were to choose to locate elsewhere, particularly if they were to locate elsewhere in London, for example at Canary Wharf, the value of City property would be undermined. Of course the Drapers were concerned about their own individual properties, but the Company's overall well-being depended on the continued health of the City as a whole. The *overriding* issue for the City's dominant territorially-organised interests, its major landowners, was to maintain the competitive advantage of the City of London.

Unlike both the Great Twelve and the City Corporation itself, the City's other dominant interests are not structurally a part of the local state. However, all the City's major domestically-based financial institutions and property companies have senior representatives who are active in the City's political affairs enabling these interests to pursue their vested interests *informally* through the local state "in their many guises" (17).

They were able to do so because, as suggested above, the City's dominant interests had, broadly, a common agenda: to maintain the competitive position of the City and to protect its land values. And it was the role of the City Corporation to meet this challenge.

> The City is threatened by Canary Wharf [but] it is up to the City Corporation to meet the challenge (Michael Warburton, Midland Bank).

According to the City Surveyor,

> of course Canary Wharf threatened land values in the City, and the City Corporation had every reason to defend these. After all, it is the largest landowner in the City (Ted Hartill, Corporation of London).

Moreover, the Corporation recognised its obligation to 'meet the challenge' posed by global and local competition to the City:

> The opposition [to the DLP] of the Great Twelve, the banks, the property companies, and so on, was all part of the picture. We got a lot of one-line comments, such as 'not enough protection of churches in the City', or 'not enough protection of small

> businesses in the City', points like that. But when you get an eight-page letter coming in from the top Livery Companies, which they've taken professional advice on, or a letter from the Bank of England, you have to take it seriously ... their objections were right, the DLP had to change substantially, and we set about doing that immediately (Michael Cassidy, Corporation of London).

Whilst the views of local residents, who were overwhelmingly interested in the retention of all types of small businesses and opposed to increasing the quantum of offices, were marginalised, conservation bodies have not been sidelined in quite the same way. Under legislation the City Corporation has to gain the approval of English Heritage (a statutory body) for any change to individual listed buildings. However, after the mid-1980s, City planning's emphasis on conservation was weakened.

> The City blamed historic buildings policies whenever it suited. Wherever possible the City undermined its conservation policies. There was never any evidence that the City was under threat. But the politicians got themselves into such a state that they convinced themselves that there was this great need for high-rise office development with large dealing rooms (Paul Velluet, English Heritage).

5.5: Volte face at Guildhall

> Keith Gugan and Stuart Murphy had this holier-than-thou attitude - blow all these commercial considerations, we must conserve these buildings, we must preserve the City as a fossilised 18/19th century concept. Mind you, things changed dramatically with Canary Wharf. It didn't take the City [Corporation] long to begin to make changes. Together, Michael Cassidy and Peter Rees brought a whole change in the direction of planning in the City (Michael Wakeford, Mercers' Company).

The 1984 DLP reflected the planning objectives of the GLDP, as it was obliged to, but according to Michael Cassidy, it also reflected the dominant thinking at Guildhall at the time:

> There was an ethos here [at Guildhall], amongst the planning officers, which was outdated. It was clear when I became involved in the planning system here, that individuals at Guildhall were not sufficiently aware of what was happening out there in the marketplace. We needed to get our team up to date. Subsequently, Stuart Murphy stepped down. So you had in me as Planning Chairman and Peter Rees as Planning Controller,

> two people who were up to date with the issues and therefore in a good position to change the 1984 Draft Plan into what emerged in 1986.

Michael Cassidy took over from Keith Gugan as Chair of Planning in January 1986. Although he is keen to distance himself from the DLP, as Deputy Chair of Planning in 1984, he raised no substantial objections to the DLP (18). The main thrust of the DLP was approved by Planning Committee, Policy and Resources Committee and the Court of Common Council.

> The DLP was approved by the Court of Common Council via the Policy and Resources Committee. On the Policy Committee were a number of development surveyors and developers, who were also members of the Court of Common Council. They had some reservations, but the DLP was approved for consultation after one alteration concerning helicopter platforms (Stuart Murphy, Corporation of London).

Michael Cassidy maintains, in his defence, that "the DLP was overtaken by events". Similarly, a senior City planner argues that

> the publication of the DLP coincided with the government announcement on the deregulation of financial services in the City. It was a sudden move with a very short lead time into the deregulation process. Therefore there was no way that the City's 1984 DLP could have planned for such a City (Kate Williamson, Corporation of London).

The date of the 'Parkinson/Goodison Accord' - July 1983 - undermines the City fathers' claims that the November 1984 DLP was 'overtaken by events', a claim which is further undermined by the ten-year lead up to the 1983 Accord (see Chapter 2.3). Given the close relationship the Corporation claims it has with the Bank of England (19), which played such a crucial role in the 1983 Accord, the City fathers should have been well aware of the imminent deregulation of financial services. According to a City banker,

> there was full recognition in the early 1980s, certainly by 1982/83, that deregulation in some way, shape or form was going to come (Cliff Fairley, Chemical Bank).

Although there was an element of unfortunate timing for the DLP, in that research for the DLP ended in 1982 (20), it is somewhat surprising that there was *no* recognition of the impending 'City Revolution' and its potential impact on City office space (21).

Stuart Murphy, the Officer responsible for the DLP, was, in fact, given the responsibility of revising the DLP in the summer of 1985. According to Stuart Murphy,

> commentators have made far too much of the fact that the DLP was a totally conservationist plan and the adopted plan wasn't. We managed to retain the 21 Conservation Areas and I supported the 1986 Plan, but I did feel much more comfortable with the 1984 DLP. We [the Planning Department] identified 30 sites where development could easily have taken place within the constraints of the DLP which could have produced 15 million sq ft of office space. But the members of Planning Committee had obviously been got at. Margeret Thatcher had met with Peter Rigby and Michael Cassidy and told them that nothing must get in the way of the City gearing up for Big Bang, even if that means changing your Chief Officers. The Common Council agreed I should be retired on the grounds of my wife's ill health and I was given three days' notice.

Keith Gugan and Stuart Murphy were heavily tainted with the discredited DLP, and their replacement by Michael Cassidy and Peter Rees was above all a political act on the part of the City fathers.

> It is sad, but the changes at Guildhall involved dismissing Stuart Murphy [because] he didn't really agree with the way the City was going ... he told me, privately, that once Michael Cassidy became Chairman it was only a matter of time before he had to go (Laurie Kinney, Kinney & Green).

Despite Stuart Murphy's assertion that he could "live with the revised plan", he concedes that

> I found it difficult to work with Michael Cassidy and was glad to be put out to rest ... The emphasis of the policies changed dramatically after I left. Michael Cassidy really took the brakes off and I couldn't have gone along with some of the proposals that were put before Planning Committee. Some of them were monstrous.

Stuart Murphy had, in fact, appointed Peter Rees as the City's Planning Controller in September 1985. But when Stuart Murphy 'stepped down' in July 1986, his post - City Architect and Chief Planning Officer - disappeared. Effectively, Peter Rees replaced Stuart Murphy as the head of the City's Planning Department, but

> [Peter Rees] is not an architect. I think it is important to have someone with a background in architecture at the top of the Planning Department ... I wouldn't have approved the design and

> bulk of many of the buildings that have gone ahead (Stuart Murphy, Corporation of London).

Within the decision-making process at the top of the Planning Department a shift in emphasis was taking place, away from the previous concern for design that complements the established urban form. The new regime was primarily entrepreneurial, and Peter Rees saw his role as being

> at the forefront of preparing the Corporation's plan for coping with the dawning of a new financial age ... Before taking up my appointment I visited bank directors, British Telecom, Mercury, Reuters, the large insurance companies and those researching Big Bang, to ensure that the Corporation was ready, willing and able to meet the challenge in a flexible manner ... I quickly developed a good working relationship with Michael Cassidy ... he is dynamic, a quick thinker and far-sighted.

As Planning Committee Chair, and subsequently Chair of Policy and Resources, Michael Cassidy was the driving force behind the sweeping changes to the DLP. He claims that

> I received very strong support from Peter Rigby, my predecessor as Policy Chairman [but] the appointment of Peter Rees was a crucial development in the drive to change planning policies.

Michael Cassidy began this drive in anticipation of replacing Keith Gugan as Chair of Planning in the January 1986 elections. In November 1985, Michael Cassidy addressed a seminar organised by chartered surveyors, architects, British Telecom and Reuters examining the impact of deregulation on the City. He told his audience that there was "no question" of the Planning Committee adopting policies which would inhibit the City's development as a centre for financial services (Financial Times, 7.11.85). Michael Cassidy announced that the Corporation intended to alter plot ratios dramatically in the City, and that a "very different" new Local Plan would emerge in the New Year (Chartered Surveyor Weekly, 7.11.85). But developers, he told the seminar, need not wait for the new Local Plan to be adopted before broaching their ideas with City planners, as "the City isn't frozen waiting for the new Plan" (quoted in Architects Journal, 6.11.85).

By March 1986, revisions to the DLP had been completed and a new Local Plan was approved by the Court of Common Council on 13.3.86. It came into immediate effect although it was not put on deposit until May 1986 and not fully adopted until 1989. The Planning Department wasted no time putting the new Plan into operation. From March 1986 to August 1991, when Canary Wharf opened, planning permission was given for the construction of 49 million sq ft of office space. Although only 18.5 million sq ft was actually built during this period (Corporation of London, 1994c), this nevertheless represented four times that built at Canary Wharf.

5.5.1: Strains between the City's dominant territorially-organised interests

> Whilst something as big as Alban Gate could never have been built in the City [*aka* the core), the equivalent amount of space could have been created [in the core] if the Corporation hadn't insisted on retaining facades. We are still required to retain facades. These are not valuable or interesting [and they] prevented us achieving something dynamic ... We've still got many of the same constraints we were fighting against in the 1984 DLP, and that's not good for the City (Michael Wakeford, Mercers' Company).

Albeit that Michael Wakeford, Clerk to the Mercers' Company, exposes his parochialism by referring to the Alban Gate development as being outside 'the City', the 1 million sq ft development is typical of the new City office development that has taken place outside the core. Between 1986 and August 1991, when the 4.3 million sq ft Phase 1 of Canary Wharf was opened, 18.5 million sq ft of new office space was put up within the administrative boundaries of the City of London. Of this figure, only 1.4 million sq ft, or 7.6%, was developed in the City's banking core, the 'old spatial matrix' (Pryke, 1988, 1991, 1994); the rest, 17.1 million sq ft, or 92.4%, going up on the City's fringes (see Table 9 below). Whilst there is no accepted definition of what the core constitutes exactly, it was earlier described as being bounded to the west by New Change/St Martin's Le Grand (i..e., excluding St Paul's); to the north by London Wall/Wormwood Street/Camomile Street/Bevis Marks; to the east by Bury Street/Fenchurch Buildings/Mark Lane (i.e., including the Lloyds building, but excluding Fenchurch Street station): and to the south by Tower Street/Eastcheap/Cannon Street (see Appendix 9).

TABLE 9: CITY OFFICE DEVELOPMENT, 1986-92: CORE VS NON-CORE (OVER 100,000 SQ FT)

New Office Space	Million sq ft	0%
Inside Core	1.4	7.6
Outside Core	17.1	92.4
Total	**18.5**	**100**

Sources: Corporation of London, 1987, 1988, 1989, 1990, 1991, 1994c

TABLE 10: OFFICE DEVELOPMENT INSIDE CITY CORE, 1986-92

Location	Million sq ft
Old Broad St/New Broad St	0.4
41-55 Bishopsgate	0.3
King William St	0.3
Gresham St/Wood St	0.1
24 Lombard St	0.1
Basildon House, Moorgate	0.1
Whittington Avenue/Gracechurch St	0.1
Total	**1.4**

Sources: See Table 9

The development of a 'new spatial matrix' (Pryke, 1988, 1991, 1994) for the City (22), whereby the clustering of financial services is no longer restricted to the core and takes in the whole of the administrative area of the City, has been regulated in part by the planning changes agreed by the City Corporation when it revised the Draft Plan. The Corporation of London, it must be stressed, did not jettison any of the DLP's Conservation Areas which affected 70% of the City core. Moreover, the introduction of a high blanket plot ratio most benefited fringe areas where plot ratios had previously been lowest. Indeed, when the City Corporation was going through the process of changing the DLP towards the end of 1985, it was in the fringe areas where City planners envisaged most of the new Big Bang-type space being developed.

> Once I became Planning Controller, we identified areas that together could accommodate millions of sq ft of new office space. London Wall alone could have accommodated over 8 million sq ft. The central area around the Bank of England would continue to provide a home for financial head offices and branches of foreign banks, while the 'factory' element was to be accommodated towards and on the City's fringes (Peter Rees, Corporation of London).

Examples of this 'factory element' are developments such as Broadgate (4-5 million sq ft) and Alban Gate (1 million sq ft), which are in direct competition to the type of space provided by Canary Wharf. Sites earmarked by the Planning Department for these 'banking factories' included London Wall and Liverpool Street station to the north of the core, Cannon Street, Upper Thames Street and Lower Thames Street to the south, Fenchurch Street to the east, and Snow Hill and the Fleet Street area to the west.

These areas correspond with where many of the large new modern developments have taken place since 1986 (see Tables 11-14 below). Of the 17.1 million sq ft of office space developed in the City between 1986 and 1992 (92.4% of the total), the majority was built to the north of the core. On the City's northern fringes, that is the area bounded by London Wall to the south, Aldersgate Street to the west, Old Street to the north and Bishopsgate to the east, 7 million sq ft of new office space was developed between 1986 and 1992, with Broadgate (around Liverpool Street station) accounting for 4.2 million sq ft of this.

TABLE 11: OFFICE DEVELOPMENT NORTH OF THE CORE, 1986-92

Location	Million sq ft
Broadgate	4.2
Aldersgate St	1.1
London Wall	0.9
Finsbury Circus	0.7
Golden Lane	0.1
Total	**7.0**

Sources: See Table 9

On the City's western fringes, that is the area bounded by Aldersgate Street and New Change to the east, Upper Thames Street to the south, the Aldwych and Chancery Lane to the west, and Clerkenwell Road to the north, 5.4 million sq ft was developed between 1986 and 1992.

TABLE 12: OFFICE DEVELOPMENT WEST OF THE CORE, 1986-92

Location	Million sq ft
Ludgate Circus	1.2
Carmelite House/Tudor St	1.0
Bouverie St/Fleet St/Shoe Lane/Salisbury Sq	0.9
Holborn Bars	0.7
Queen Victoria St	0.4
18 Old Bailey	0.4
St Paul's	0.4
Fetter Lane/Norwich St	0.3
Chancery Lane	0.1
Total	**5.4**

Sources: See Table 9

On the City's eastern fringes, 2.8 million sq ft of office space was developed during the 1986-92 period, the majority around Fenchurch Street station.

TABLE 13: OFFICE DEVELOPMENT EAST OF THE CORE, 1986-92

Location	Million sq ft
Fenchurch St Station area	1.8
Houndsditch	0.8
77 Minories	0.2
Total	**2.8**

Sources: See Table 9

Finally, on the City's southern fringes, 1.9 million sq ft of office space was developed during this period, the majority around Cannon Street station and Upper Thames Street.

TABLE 14: OFFICE DEVELOPMENT SOUTH OF THE CORE, 1986-92

Location	Million sq ft
Upper Thames St	0.9
Cannon St Station area	0.7
Billingsgate	0.3
Total	**1.9**

Sources: See Table 9

Even though the City's major landowners were united in the mid-1980s in their overriding aim of securing the competitive position of the City, both globally and locally, their individual interests did not necessarily converge. The expansion of financial services out of the core, brought about by the changes to City planning in the mid-1980s, has favoured the property interests of non-core City landowners, principally the City Corporation, over those of core owners, principally the Great Twelve Livery Companies and the big domestic banks.

The City Corporation, which owns approximately 30% of the Square Mile (23), owns its freeholds through three completely separate 'estates'. The City's *Cash Estate* dates back for centuries and is privately owned (Green, 1986). It came about because, in its early days, the Corporation had "the right to any wastes and open spaces" (Corporation of London, 1974:17). As these tended to be on the outskirts of the City, a good indication of where the City's Cash Estate lies is to follow the ancient (Roman) lines of the City (of London) Wall (24). Thus, historically, this estate has enjoyed a major presence beyond London Wall, i.e., outside the core of the City. *Bridge House Estates*, also run by the City Corporation as a private concern, dates back to medieval days when London Bridge was the only bridge over the Thames (Corporation of London, 1958, 1974; Green, 1986). Only a minority of the properties owned by the Bridge House Estates are actually situated within the City, but those that are situated in the heart of the City (Corporation of London, 1958, 1974). The City Corporation does not publish detailed accounts for either of the above-mentioned estates. According to the City Chamberlain (the Corporation's Treasurer), "[these] are private funds and we have no obligation to make any details public" (quoted in Kelly, 1992:18). The third estate, the City's *Planning Estate*, which is owned by the Corporation in its role as a local authority, has been built up mainly since 1945. To aid rapid reconstruction of the war-damaged City, the Corporation compulsorily acquired 115 acres, over 17% of the 667-acre City of London. Today, these acres make up most of the City's Planning Estate, "a local authority property portfolio that is unique to London, in that it consists mainly of profitable investment properties rather than unprofitable housing" (Green, 1986:51-2).

The City's second largest landowner is, collectively, the Great Twelve Livery Companies, who own approximately 20% of land in the Square Mile, almost exclusively within the core (25). The Great Twelve's pre-war percentage was undoubtedly higher (26), but some of their holdings were badly damaged during the war and subsequently subjected to compulsory purchase by the City Corporation. As a result, many of the freeholds the City's 100-odd Livery Companies had owned for centuries have now become part of the City's Planning Estate. Nevertheless, the Great Twelve remain, collectively, by far the largest landowner in the core, although there are other large core owners such as the big domestic banks.

There are two separate but related reasons why the large developments have taken place outside the core. First, it has been easier to assemble the large sites around the edge of the City rather than in the core. The density of land titles in the core is tight, with few of them big enough to assemble a site for a large dealing room. Outside the core the City Corporation, as the planning authority and the largest landowner, has had room for manoeuvre. Where it is the landowner, the City Corporation is in control of 'air rights' and is able to create extra space by 'decking' highways and roads in development areas (27). A good example is Alban Gate, a joint venture between the City Corporation and MEPC where space was 'borrowed' to develop over London Wall. Other examples are Cannon Street station, Cannon Bridge and Broadgate.

> Because you've got lots of historical ownership situations in the core, putting a large site together is a mega-undertaking, and the lead time involved is enormous. Ask Lord Palumbo. The problems he's had [in assembling the No 1 Poultry site] are enormous ... The fact is that it was far easier and quicker for the City Corporation to develop around areas that it owned, London Wall for example, rather than negotiate with the many owners of small titles in the core (Michael Warburton, Midland Bank).

Secondly, the City Corporation, whilst wishing to respond aggressively to both global and local competition, was also mindful "of the need to protect the environment, particularly in the central core" (Corporation of London, 1986:34).

> The City needed to significantly relax the plot ratio, which it did when it almost doubled the plot ratio that previously existed for office space. But even though the City brought in a high blanket plot ratio, it also imposed some restrictions on development in the core, on St Paul's Heights, the views from Monument, and so on (Keith Way, DTZ Debenham Thorpe).

Stuart Murphy, the City Architect and Planning Controller until 1986, argues that

> the conservation policies affecting the core are a constraint on developers not on the bankers that want to locate there. It is not just the status of the City that appeals to foreign bankers. The human scale of the City core and its historic charm also appeal. That's why it's so important for the City Corporation to continue to protect and enhance the character of the core.

Major landowners in the core, however, believe that the restrictions on development in the core do not allow for suitable refurbishment to meet the needs of financial services wishing to locate in the core. Thus, Michael Wakeford, Clerk to the Mercers' Company, complains that

> we argued that the City [Corporation] couldn't go on insisting on the restrictions in the Bank Conservation Area ... but we lost that argument ... many of the constraints which are inconsistent with a proper use for a building are still with us, and we're very concerned about that.

Lloyds Bank, another major core owner, began negotiating with the City Corporation for listed building consent to refurbish 71 Lombard Street in the early 1990s. The negotiations to refurbish this listed building in the core have not yet been successfully resolved. According to Andrew Fielder, Managing Director of Lloyds Bank Commercial Property Developments,

> the City [Corporation] has a very blinkered view about what to do with listed buildings [and] it has to stop the exodus from the core ... Our [planning] concerns about the City and the 1984 DLP are still there ... The reality is that people have moved, out of the core and to the fringes, where space is of the right type. Along with other core owners, we're pressing for changes to the City's UDP to allow for major refurbishment of the prime banking area, which needs to be reactivated. Cornhill, Threadneedle Street, and Old Broad Street are empty in parts.

However, it is important to note that whilst many buildings in the core are empty, the modern, well-specified buildings in the core still command the highest rents in the City (City Research Project, 1994d).

> The only reason there are vacancies in the core is because some buildings are not of the right type and are too old, with dreadful core configuration and bad floor-to-ceiling heights. In fact, the core of the City has the lowest vacancy rate within a certain category of building - the modern and well specified. The problem is that there isn't a preponderance of this category of building in the core (Mark McAlister, Richard Ellis).

Thus, two apparently contradictory processes appear to be taking place inside the core. On the one hand there has been an exodus of tenants to the fringes leaving behind buildings which are frequently difficult to let because of planning restrictions on redevelopment. Yet on the other hand, where development has been able to take place it is built on a pre-let basis because it is in such demand (28). Accordingly, the City Corporation has to tread a delicate path in the City core. On the one hand, there is pressure from developers and core owners for a relaxation of restrictions on redevelopment, and the City Corporation is sympathetic because it does not wish to see large parts of the core remain empty. On the other hand, the City Corporation is aware that it is precisely the planning restrictions on development in the core which makes the core attractive to the foreign bankers the City wishes to attract. Nevertheless, the City Corporation has approved the demolition and redevelopment of dozens of listed buildings in the core over the last ten years (29).

5.6: Conclusion

This chapter has analysed the City's political response to both global and local competition in the mid-to-late 1980s, which mainly took the form of pro-development changes to the City's planning system. The 1984 DLP had been prepared during the period of interventionist planning in the 1970s and, in attempting to preserve a mixed economy in the City and to balance the needs of both development and conservation, the DLP was both a reflection of the planning ideals of the 1970s *and* incapable of meeting the City's development needs in the mid-1980s. By early 1985, and before the arrival of Canary Wharf, the City fathers were already beginning to consider the DLP a wholly inadequate response to the global competition faced by the City (30). That the DLP would have been replaced by a more development-orientated Plan without the advent of Canary Wharf is beyond doubt. However, it has been shown that the local threat Canary Wharf posed to the City's dominance over flows of finance capital in London further provoked the City Corporation into

> taking the lid off planning permissions and allowing development to rip (Peter Turlik, LDDC).

In the period between the introduction of the revised Plan in March 1986 and the opening of Canary Wharf in August 1991, over one-third of the City's buildings were pulled down (Williams, 1992) and approximately 20 million sq ft net of office space was put up, increasing the City's net stock of office space by over one-third (Corporation of London, 1991, 1994c).

The elite coalition that developed to pursue pro-development changes to the City's planning system consisted of its major landowners, which have been conceptualised as dominant territorially-organised interests. This coalition displays the characteristics of an organic regime, and its organic base has been understood through a conceptualisation of the specificity of the City. The analysis of the City's representational role emphasised both the maintenance of the City's social relations and the ability of dominant territorially-organised interests to pursue their vested interests through the local state.

Although the City's organic regime enjoys significant political communion, it has been shown that strains exist between the City's dominant interests. Most new development has taken place outside the core because, on the one hand, it is easier and quicker to assemble a large site on the City's fringes where the Corporation owns much land, rather than have developers negotiate with the many owners of small titles in the core. On the other hand, it also suited the City Corporation to safeguard conservation policies affecting the core.

The politics of Guildhall were singled out for attention because it was not only necessary to produce a 'globally-minded' Local Plan, but also deemed necessary to sweep out the 'old guard' responsible for the much-tainted 1984 DLP. Whilst this latter move was as much ideological as political, it nevertheless underlines the crucial role of key individuals in the urban development process. For, the roles of Michael Cassidy and Peter Rees can be seen as hugely important in the adoption of a more entrepreneurial approach to planning in the City.

The explosion of office space that took place in the City in the latter half of the 1980s is clearly a crucial factor in the intra-urban competition between the City and Canary Wharf. By the late 1980s, financial services were faced with the choice of either locating in the City or at Canary Wharf. The factors determining this choice are the subject of the following chapter.

Notes: Chapter Five

1. Edwin George Chandler was City Architect and Planning Officer (the highest Officer position in the Corporation of London's Planning Department) from 1961-1979. Up until 1976 it was practice for all senior officers to be elected by Common Council and to be Freemen of the City, i.e., Liverymen.
2. In fact, the high costs of office space in central London were already forcing a strong outmovement of office firms (see Dunning and Morgan, 1971). However, the vast majority of this office relocation involved movements to smaller towns within the South East region, offering much lower location costs, an indigenous white collar labour force, good communications and rapid access to London. Thus, though decentralisation policy certainly assisted an underlying trend, it failed to stimulate the economies of the older industrial regions, as had been intended (see Rhodes and Kan, 1971).
3. Barras (1984) argues that this development control policy has not been used effectively. Controls were relaxed during each development upturn and re-imposed more severely during the subsequent slump, whereas a truly counter-cyclical policy would attempt to control each upturn, when profitability is highest, and relax controls in a downturn. Thus, the imposition of controls in the mid-1960s and the reinforcement of ODP policy in the mid-1970s, both by incoming Labour governments, were a reaction to the onset of over-supply. Correspondingly, the relaxation of ODP controls after 1970 and their abolition in 1979, both by incoming Conservative governments, added impetus to development booms which were in any case underway.
4. Interview, Peter Rigby, Corporation of London.
5. Comments on the DLP are kept with the Forward Planning Section, Guildhall, EC2, and are available for inspection by the public. All quotes in section 5.3 are taken from Comments on the DLP, unless otherwise stated.
6. Interview, John Watson, Corporation of London.
7. Since the adoption of the 1986 Local Plan, new Conservation Areas have been created and the City now has 26 Conservation Areas.
8. Until the City of London (Various Powers) Act, 1949, only Freemen of the City (Liverymen) had the right to vote for MPs, Aldermen and Common Councillors.
9. On the London-wide borough committees that replaced the GLC, the City representatives invariably vote with the Tories (interview, Martin Simmons, LPAC). Peter Rigby, *de facto* leader of the City Corporation from 1984 to 1990 was Conservative leader of Haringey Council between 1968 and 1971 (interview, George Nicholson, GLC).
10. Interview, Laurie Kinney, Kinney & Green.
11. According to the Independent (17.3.95), some observers describe a clash of cultures between the grammar school pupil turned wealthy telecommunications pioneer, and the predominantly Eton, Harrow and Charterhouse educated Aldermen; others suggest it has more to do with Malcolm Matson rocking the establishment's boat.
12. Malcolm Matson took his case to the Court of Appeal where he gained a partial victory. Although the Court of Appeal upheld the Court of Aldermen's right to exclude Aldermen-elect, the Judges ruled that the Court of Aldermen must explain their decision. The Court of Aldermen re-interviewed Malcolm Matson in October 1995, but rejected him once more. Their stated reasons were that he lacked "experience, attainments and personal qualities" (The Guardian, 1.11.95).

13. The City's meat traders at Smithfield, automatically *freemen* and part of the City's tiny franchise on joining the Butchers' (Livery) Company, who were in dispute with the City fathers in 1993 and 1994 over an increase in their rents, used the business vote to 'pack' wards with their supporters. The meat traders' campaign was successful enough to gain concessions from the City fathers and a lowering of their rents (Independent, 25.2.95). The City fathers, according to Michael Cassidy (interview, 25.11.93), are in favour of reforming the City's business vote to include extending the franchise to limited companies. The government privately told the City Corporation that it could not countenance such controversial legislation with its present small majority (Financial Times, 27.10.94).
14. Interview, Laurie Kinney, Kinney & Green, who is an active Liveryman in the Worshipful Company of Chartered Surveyors, was Chair of Candlewick ward in the mid-1980s, was Chair of the RICS City of London branch in 1986/87 and chaired its working party's response to the 1984 DLP.
g Controller.
15. The dinner took place at Drapers' hall, a magnificent building situated *on*, not in, Throgmorton Street.
16. Interview, Andrew Fielder, Lloyds Bank.
17. Interview, Laurie Kinney, Kinney & Green.
18. Interview, Stuart Murphy, Corporation of London.
19. Interview, Peter Rees, Corporation of London, who stressed the close working relationship between the Corporation and the Bank of England, arguing that the Bank was the Corporation's "sounding board to the financial community".
20. Interview, John Watson, Corporation of London.
21. Even if Planning Officers had already written the DLP by 1983, a short supplement could have been arranged raising, briefly, the deregulation of financial services and its impact on the DLP's policies on the provision of office space. Of course this would have been problematic, but 'the public' would have been sympathetic to the 'unfortunate timing' of the DLP.
22. Pryke (1988, 1991) argues that the City's new spatial matrix became the new investment arena for those that dominate the provision of office space for financial services in the City, namely, the 'institutions' and the property investment companies.
23. See Green (1986), whose approximate figure is corroborated by Kelly (1992) and by the City Surveyor, Ted Hartill (interview) and the Deputy City Surveyor, Peter Bennett (interview). This freehold figure includes public open spaces and highways, and includes land owned by the City Corporation but leased out.
24. The City's Cash Estate also owns and runs the City's markets (such as the Smithfield market), and over 10,000 acres of open space (including Hampstead Heath, Highgate Wood and Epping Forest). It also owns substantial and prestigious landholdings in the West End and elsewhere.
25. The Livery Companies are notoriously secretive about what they own (Doolittle, 1982; Green, 1986). This has given rise to speculation over the years to suggest they own as much as 30% of the City (Kahl, 1960; Kennedy-Melling, 1973; Milford, 1988). The City Surveyor, Ted Hartill (interview), suggests that the figure is nearer to 20%, though the Clerk to the Drapers' Company believed the figure could be as high as 25% (interview, Robert Strick, Drapers' Company).
26. Interviews: Robert Strick, Drapers' Company; Michael Wakeford, Mercers' Company.
27. Interview, Peter Rees, Corporation of London.

28. Interviews: Richard Saunders, Baker Harris Saunders; Michael Warburton, Midland Bank; Charles Sanderson, Savills.

29. All listed building consents in the City must be approved by English Heritage. If English Heritage refuses consent, the developer/owner could then appeal to the Secretary of State and the City Corporation would have to decide whether to appear for the developer/owner or not.

30. The City fathers were convinced of the need for pro-development changes to the DLP by the beginning of 1985 (interviews: Michael Cassidy, Peter Rees and John Watson, [Corporation of London]).

CHAPTER SIX

LOCAL PROCESSES AND THE GLOBAL AMBITIONS OF CANARY WHARF

6.0: Introduction

In the light of the competitive response of the City to both global and local competition, described in the previous chapter, this chapter analyses the ability of Canary Wharf to attract global financial services. However, given the competitive nature of the relationship between Canary Wharf and the City, this analysis is as much about the ability of the City to retain its status as London's preeminent location for global financial services. Canary Wharf is not just understood here as 'a locality', it is also understood as an expression of global forces manifested locally. As Chapter 3.4 argued, the relationship between Canary Wharf and the City can be understood at two levels: as one of intra-urban competition; and as expressive of the global/local interplay. At the wider theoretical level, this chapter is concerned with the ability of the regimes at Canary Wharf and the City to 'manage' local/global relations in 'their' localities and to 'pin down' global processes. It will be recalled, from Chapter Four, that regime theory emphasises the role of agents and is concerned with understanding the relationship between structure and agency in urban development. Thus, this chapter's analysis of Canary Wharf's ability to establish itself as a new alternative node for global financial services also focuses on the role of key individuals in the regime at Canary Wharf.

The analysis begins by briefly outlining the current office tenant situation at Canary Wharf, focusing on the financial institutions (all commercial banks) that have decided to locate there. The 'success' of Canary Wharf in capturing these banks is then analysed in two respects. First, arguments are put forward, based in empirical analyses, suggesting that US banks not only display a distinctly ambivalent attitude towards locating in the City but are also most likely to consider locating at Canary Wharf. The distinctive attitude on the part of US banks is highly significant when considered alongside arguments which are pursued in subsequent sections: that Canary Wharf is perceived as an 'American ghetto' and a 'foreign' development to which Paul Reichmann brought North American practices to bear. Secondly, three of world's largest commercial banks (including one from the UK) have decided to locate at Canary Wharf, and the meaning of these three lettings and their significance for the establishment of Canary Wharf is critically appraised. Whilst it is argued that Canary Wharf has yet to establish a 'comfort factor' that would help bridge the gulf in perceptions between the City and Canary Wharf, it is nevertheless suggested that the development has recently enjoyed an upturn in its fortunes.

The problems Canary Wharf faces in establishing a 'comfort factor' are explained at two levels. On the one hand, the role of local processes in shaping and constraining the global ambitions of Canary Wharf is explored, and, it is argued that economic processes ('agglomeration economies'), social processes (the 'need' for face-to-face contact) and cultural processes (the attachment to the City and the perception of the Isle of Dogs as 'foreign territory') have all militated against Canary Wharf. On the other hand, the role of agency is emphasised, for, it is considered necessary to analyse the role of key players at Canary Wharf to fully understand the development's fluctuating fortunes and the problems it faces in attracting global financial services. Canary Wharf has, however, recently enjoyed an upturn in its fortunes, represented by the capture of a major British institution, and this has reinvigorated the intra-urban competition between Canary Wharf and the City. Canary Wharf's new-found assertiveness has, perhaps, once more upset the balance in the Canary Wharf/City relationship, illustrating the complex changing nature of the interplay between 'the local' (represented by processes local to the City of London) and 'the global' (represented by global forces manifested at Canary Wharf).

6.1: Canary Wharf - a new node for global financial services?

> If [the Reichmanns] really believed that Canary Wharf would be full of banks and financial people, they'd lost the whole idea of where the City began. The City began as coffee shops, where people congregated to talk with each other about business matters. And from that it's grown over the centuries to what it is now. And other people have liked the idea and then come here from other countries and joined the club (Sir Christopher Benson, Metropolitan Estates Property Corporation).

In *Vision Of A New City District*, O&Y trumpeted that "at Canary Wharf we started with a clean slate. There was virtually nothing here except land and water. So we have been able to plan nothing less than a new business district for London" (O&Y:1989:5). Canary Wharf, O&Y claimed in its propaganda, "has both grandeur and comfort. It is both huge and human. Its size and scale takes your breath away [but] at the same time [it is] endowed with the intimacy and cosiness that characterises so much of the Capital" (Tyler, 1990:2). Paul Reichmann also emphasised the 'familiarity' of Canary Wharf: "It was important to give Canary Wharf a sense of place and identity, which helps makes the whole of Canary Wharf a destination. It's important that when people come here they feel this is not an alien place, but that they are comfortable here, that it is a total environment for them" (cited in Tyler, 1990:9). However, whilst O&Y was able to start *physically* with a clean slate at Canary Wharf, the development - no matter how grand - faces serious obstacles in its battle to bridge the gulf in perceptions between the Isle of Dogs and the City as centres for global finance. The quotes from Sir Christopher Benson of MEPC (above and below) are compelling indicators of these problems. Sir Christopher Benson was Chair of the LDDC between 1984 and 1988 and despite his interest in championing Canary Wharf it is interesting to note his scepticism in Canary Wharf's ability to establish itself as a new nodal point for global financial services. His views suggest that the geography of Canary Wharf is 'unacceptable', and this theme is explored throughout this chapter.

> If anybody talks to me expecting that I'm going to talk about the World Financial Centre in Docklands, they've got the wrong man. Because I don't believe it. I never have (Sir Christopher Benson, MEPC).

To date, only Phase One of Canary Wharf (approximately 4.3 million sq ft) has been built. However, it is roughly 80% let and has captured three of the largest commercial banks in the world. Table 15 below shows that approximately 3.4 million sq ft of office space has been let at Canary Wharf. Of this figure, 2.1 million sq ft has been let to financial institutions, namely to four US banks (albeit that one of these is part Swiss-owned) and to one UK bank (1). Two of these banks, Bear Stearns International and State Street Bank, are small US banks and occupy less than 30,000 sq ft each. The vast majority of Canary Wharf's financial space is taken up by the other three banks - Barclays De Zoette Wedd (the merchant banking arm of Barclays Bank), Credit Suisse First Boston and Morgan Stanley International - who between them have taken out leases on 2 million sq ft.

TABLE 15: OFFICE LETTINGS AT CANARY WHARF, FEBRUARY 1996

COMPANY	SQ FT
Barclays De Zoette Wedd*	700000
Bear Stearns International*	28000
Canary Wharf Management	28000
Credit Suisse First Boston*	500000
European Agency for Eval. of Medicinal Prods.	65000
European Fed. of Pharmaceutical Industries	28000
Eurotunnel	145000
The Independent/The Independent on Sunday	56000
International Sugar Organisation	3500
International Wheat Organisation	3500
JWP International/Drake & Scull Engineering	28000
KPMG Peat Marwick	80000
Live TV	28000
London Underground	270000
Maersk Company	28000
Mirror Group	140000
Morgan Stanley International*	800000
Ogilvy & Mather	100000
Personal Investment Authority	28000
State Street Bank*	28000
The Telegraph	150000
Texaco	200000
Trade Indemnity	70000
Total office space let	**3376500**
Total office space let to financial institutions	2056000
%of total office space let to financial institutions	**61.80%**

* indicates financial institution

Sources: Canary Wharf Fact File (29.3.96), telephone interviews with Canary Wharf's agents.

In what follows, the apparent success of Canary Wharf in attracting global financial services is critically appraised in two respects. First, it is suggested that, in comparison to the other major national groupings of banks, the large US banks display a distinctly ambivalent attitude towards locating in the Square Mile. They also appear to be more willing to locate at Canary Wharf, giving greater substance to the perception of Canary Wharf as an 'American ghetto'. Secondly, the significance of Canary Wharf's three major lettings is questioned, and it is argued that not one of the three lettings can be considered on their own merit as 'independent' lettings.

6.1.1: Varying national attitudes towards the City location

> The Americans don't care much for our habits. They're not so concerned about tradition and many of them don't put much value on locating in the City ... the Japanese and Germans are quite different. They have warmed to the traditions and ways of the City (Andrew Fielder, Lloyds Bank).

Table 16 below illustrates that of the most prevalent national groupings of banks in London, US banks display the most ambivalent attitude toward the City location. The contrast between, on the one hand, the Japanese, Germans and British, and on the other that of the Americans and the French is striking (2). There are differences between the Americans and the French, however; there are no French banks located to the east of the City (the contrast in perceptions between locations to the east of the City and those to the west is explored subsequently).

Both Japanese and German banks appear to adopt a conservative attitude towards location, preferring to cluster in the City. Deutsche Bank, which recently expanded its operations in London upon acquiring the UK merchant bank Morgan Grenfell, opted for a pre-let on 500,000 sq ft site in the City. According to the Managing Director of Deutsche Bank (UK),

> we looked at a number of sites, most of them in the City ... We looked at Canary Wharf and one or two other sites outside the City. Our preferred option was to consolidate in the City (Claus Bertram, Deutsche Bank).

This attachment to the City is shared by the Japanese (see, for example, Tickell, 1994) because they

> have a great sense of tradition. And when they come here they want to be part of the traditions of this place. The general culture of the City, and its polite ways and antiquated ceremonies, appear to very appealing to the Japanese (Peter Defries, Hill Samuel & Co).

This analysis is supported by the Managing Director of the Bank of Tokyo (UK), who argues that

> it is important to be in the City. This is where most the activity takes place that we need to know about ... I can walk to meetings [and] at lunchtime the restaurants are full of talk (Kunihiko Asano, Bank of Tokyo).

TABLE 16: LOCATION OF SELECTED NATIONAL GROUPINGS OF BANKS IN LONDON*

AREA	JAPAN	UK**	USA	GERMANY	FRANCE
EC1-4 (City)	54	40	27	27	14
W1 (West End)	0	1	6	0	2
SW1 (Victoria)	1	0	4	0	1
WC1-2 (Mid-town)	0	0	2	0	0
SE1 (L. Bridge)	0	0	0	0	1
E1	0	1	1	0	0
E14 (C. Wharf)	0	1	4	0	0
Other	1	0	1	0	3
Total	56	43***	45	27	21
% in City	96.4	95.2	60	100	66.7

* As at Feb 1996
** There are hundreds of UK commercial, merchant and investment banks in London, many of them small and specialised. The representative sample is based on the 35 UK banks which are currently amongst the top 500 European banks.
*** This figure is based on the sample of 35 UK banks. The discrepancy arises because many of the bigger banks separate the location of their corporate banking divisions and screen trading operations.
Sources: The Bank of England; The London Investment Banking Association; The British Bankers' Association; The Bankers' Almenac, 1995, 1996; The Banker, November 1995, February 1996; City Research Project, 1994b, 1995; telephone directory; telephone calls.

In contrast to both German and Japanese banks, US banks appear to have less of a feel for the City as 'place' and are consequently less attached to the City's traditions which "hinge around a 'clubbiness' " (Pryke, 1991:200) that has developed over generations. American banks, as the least location-sensitive, are also the most cost-sensitive, as the following quote from the Vice-President of Chemical Bank suggests.

> We do have for the City location, there's no doubt about that. We have found that the structures work well ... but we are prepared to make commercial property decisions which take us out of the City (Cliff Fairley, Chemical Bank)

US banks tend to have far more employees than their rivals, and thus require larger amounts of space. For example, both Credit Suisse First Boston and Morgan Stanley International will eventually have about 2,000 employees each at Canary Wharf (3). The largest German and Japanese banks in London, in contrast, have far fewer employees. US banks tend to be more aggressive in their trading activity and have more traders working with a bank's assets. They tend to have large financial products divisions, including marketing and sales, and their risk management functions tend to be large (4). One advantage Canary Wharf has had over the City is the ability to offer single lettings well above 500,000 sq ft. In this respect, the views of American Express, albeit that it was subsequently released from its obligation to consolidate its operations at Canary Wharf, are typical of those of a North American bank:

> We always saw [Canary Wharf] as complementary to the City, an additional financial centre to the City, which gave people the opportunity to get into large quality premises on extremely favourable financial grounds. Here was an opportunity for us to get into state-of-the-art buildings in a controlled, excellent environment and consolidate all of our operations in one building (John Saverino, American Express).

However, whilst the Board members and property managers of US banks are prepared to take commercial property decisions that take them outside the City, their front-line staff, the screen traders and the conversational dealers, prefer to locate in the City.

> Our dealing community weren't very happy about going to Canary Wharf, and there would have been problems keeping some key staff [if the move had gone ahead]. All our research indicated to us that we would not have a problem with the back-office people. It was the front-office staff that would have caused much more of a problem [but] we felt the move was right for us (Cliff Fairley, Chemical Bank).

The distinctive attitude towards the City location on the part of US banks is significant when considered alongside the following arguments which are explored in subsequent sections: that Canary Wharf can be considered 'foreign', a 'North American product'; that the practices and modus operandii the Reichmanns brought to Canary Wharf challenged the City's 'ways of doing things'; and that Canary Wharf posed an 'outside' threat to the City, in that Paul Reichmann operated outside the established structures. The significance lies in the fact that, on the one hand these arguments give greater substance to the negative perception of Canary Wharf as an 'American ghetto', and on the other suggest that Paul Reichmann viewed the local property market through his 'North American experiences'. Paul Reichmann believed Canary Wharf had the potential to reverse the long-standing trend for London to develop to the west, apparently assuming that, alongside the deregulation of the City's domestic markets, financial users in the City would deregulate their locational habits to such an extent as to take in the Isle of Dogs (5). Crucially, in the wake of the 'City Revolution', foreign and UK banks have not exhibited the same willingness as US banks to consider locating at Canary Wharf.

> North Americans have no sense of place, or of history - Paul Reichmann didn't realise that British people and British businesses are tied by invisible threads to places; the Bank of England, or just to a set of streets, some shops, a restaurant (Richard Barras, Property Market Analysis).

6.1.2: Establishing a 'comfort factor' at Canary Wharf?

> The three big lettings [at Canary Wharf] cannot be considered independent lettings, in the sense that all three institutions were connected to Canary Wharf or O&Y in some way (Laurie Kinney, Kinney & Green).

The number of three large banks at Canary Wharf is misleading, over-stating its attraction as a new node for global financial services in London. Both Credit Suisse First Boston (a leading US/Swiss commercial bank) and Morgan Stanley International (one of the world's leading securities firms), have been involved in Canary Wharf since its inception in the summer of 1985, when they were owner-investors in the project (see Chapter 2.5 and Chapter 4.2.1). The important point is that these two banks had little choice but to locate at Canary Wharf, for, when they agreed to sell the project to Olympia and York in the summer of 1987, O&Y insisted there would be no deal unless the two banks agreed to occupy at least 500,000 sq ft each, *and* locate their headquarters at Canary Wharf.

> Morgan Stanley and CSFB were either going to lose the money they had invested in the project, or they were going to sell the project to us and agree to occupy. The option of them selling but not occupying was not on offer from us. We saw the two banks as Canary Wharf's anchor tenants (Peter Marano, O&Y).

Rather than lose the hundreds of millions of pounds they had invested, CSFB and Morgan Stanley sold up to O&Y and agreed to locate at Canary Wharf. For their part, O&Y agreed that to keep the two banks they had to let a certain amount of 'front-office' space by the summer of 1990 (6). This 'leasing hump' was attained by June 1990 when American Express and Chemical Bank, both large US banks, agreed to consolidate their London operations at Canary Wharf. Even though these banks subsequently withdrew from Canary Wharf (7), the test was met at the time and CSFB and Morgan Stanley were legally bound to move their operations to Canary Wharf.

Barclays De Zoette Wedd's decision to take 700,000 sq ft at Canary Wharf is significant for two reasons. First, because BZW is locating all its operations at Canary Wharf. Initially, it had been agreed that BZW would lease only 500,000 sq ft at Canary Wharf to house its trading operators and back-office settlements staff whilst BZW's headquarters, brokers and acquisitions specialists were to be located at Royal Mint Court on the eastern borders of the City (8). The reaction of many of BZW's traders to the move was negative, according to the Managing Director of Barclays Property Holdings, who admitted that

> the reaction of our traders to the move has been mixed. It's true many of them aren't very happy about it. I expect some traders to leave but the majority will come round to it over time (David Turner, Barclays Property Holdings).

Although Barclays' management has offered financial inducements to traders to remain with BZW, they would not be unduly concerned at the prospect of losing some staff.

> [BZW's] move [to Canary Wharf] enables a shake-up of staff, and my understanding is that BZW is looking to shed up to 40% of its staff in the move (Sir Peter Levene, Canary Wharf).

The rationale behind BZW's decision initially not to locate its brokers and acquisitions specialists at Canary Wharf was based on the 'need' for the bank's corporate finance executives to continue to be able to meet clients in the City (9).

> Part of BZW's business requires being located in the City, whilst other parts aren't quite so reliant on it (David Adamson, BZW).

This decision was reversed at the beginning of 1996 when it was announced that BZW was to consolidate all its operations at Canary Wharf and lease 700,000 sq ft. Although BZW will maintain a suite of offices in the City to see clients, the general view amongst its corporate finance executives is that the move will make their work much more difficult (10).

> Property is one of the biggest single investments of a bank. [BZW has] saved so much money on this deal that they can afford to substantially increase the pay of their senior staff. Even

> if a few do leave, they can easily be replaced (Keith Way, DTZ Debenham and Thorpe).

The second reason why BZW's decision to locate at Canary Wharf is significant is because it is Canary Wharf's first letting to a British financial institution. Moreover, BZW is a major British institution.

> Only when Canary Wharf manages to attract a major UK corporate will it be able to create a comfort factor (Andrew Fielder, Lloyds Bank).

Nevertheless, the BZW letting cannot be seen as a straightforward 'local endorsement' of Canary Wharf. BZW is the merchant banking arm of Barclays Bank which is one of the leading players in the 'club of eleven' syndicate of global banks that formed the company Sylvestor Investments when it took control of operations at Canary Wharf. As such, Barclays has a vested interest in the project (11).

> You can't really see this as a real letting because Barclays have got too much at stake in the project. It's in their interests to boost Canary Wharf because they're one of its owners. It makes you wonder what the terms of the letting are (Laurie Kinney, Kinney & Green).

David Turner (Managing Director of Barclays Property Holdings), David Adamson (Director of Property and Facilities Management at BZW) and Sir Peter Levene (Chief Executive at Canary Wharf) were all unwilling to discuss the terms of BZW's letting. However, according to Michael Cassidy, who was given details of the deal by an acquaintance at BZW,

> it is a sweetheart deal. BZW were almost paid to move there. The first five years are rent-free. For the second five years, BZW is paying £12.50 per sq ft, and for the third five years it is paying £17.50 per sq ft. BZW's rent averages out over the fifteen-year period at £1 per sq ft.

The rationale behind the BZW letting is overwhelmingly cost-driven. In this sense Barclays has displayed similar tendencies to those of US banks which, it was suggested earlier, demonstrate a greater willingness than most to consider locating outside of the City for cost reasons. Again in common with the tendency of US banks, Barclays has placed the financial benefits of the deal over the interests of BZW's traders, brokers and other senior front-line staff. In this regard, it is instructive to compare this attitude with the apparent power of the front-line staff of the other three large domestic banks to determine the location of their front-office functions. These three include Lloyds Bank which is a also a part-owner in Canary Wharf, and which therefore also has a vested interest in the development.

> Oh, I don't think any of our front-office people would have considered moving down there ... our front-line operators will say where they want to be in relation to what they're doing. They may take the view that their operations are not locationally sensitive. But if they say they've got to be in the City, they will define where in the City they want to be, and that won't be determined by cost (Paul Storey, Nat West Bank).

The view of the Nat West Bank Property Manager above, that the bank's front-line staff will determine - over and above cost/benefit analyses from the bank's property staff - whether their operations should remain in the City, is shared by the Managing Director of Lloyds Bank Commercial Property Developments. Below, he also underscores the importance for dealers of the City's 'comfort factor' which has built up over centuries.

> The Reichmanns didn't understand the tradition, a long-standing tradition that goes back hundreds of years, of people being together. They thought Canary Wharf would break the mould, but they failed to understand the interaction within the City, people feeling the comfort of clustering together. I would just quote one example. We took back-office space for our international division of bank relations in London Bridge City in 1986. At the time we considered moving the merchant bank we were establishing there as well. But our dealers wouldn't contemplate it even though its incredibly near, they had to be in the City. It's those sort of perceptions that are important (Andrew Fielder, Lloyds Bank).

Lloyds Bank did in fact have a back-office requirement and went to look at Canary Wharf in 1991. The bank was unsure of Canary Wharf's attitude to a letting that was solely back-office, but according to Andrew Fielder,

> we had a back-office requirement for 130,000 sq ft, so we went to have a look [at Canary Wharf]. The DLR was open, but the day we went it broke down. It was a total disaster - we sat on the train for over an hour. With such poor communications, you might as well move out of London if you're going to leave the City. And that's exactly what we did when we decentralised to Bristol.

At least one of the other big UK banks did, however, consider consolidating all its operations at Canary Wharf. The following quote from Midland Bank's Head of Property Management indicates the reasons the move was attractive to the bank whilst illustrating, once again, the power of front-line staff to override a bank's commercial property decisions.

> We did consider consolidating our operations at Canary Wharf. That was driven by cost, getting everybody together and so on. But it was also driven by a search for new efficiency by going for an environment that would accept the new technology. In the end we didn't go down there for a number of reasons. The most important was that we didn't think that our core staff would go, mainly because they didn't want to leave the City, but also because they didn't want to go to the Isle of Dogs (Michael Warburton, Midland Bank).

To recap, it has been argued that the BZW letting cannot be considered a straightforward 'local endorsement' of Canary Wharf principally because Barclays Bank, BZW's parent company, has a large vested interest in the project and therefore had a self-interest in boosting it with a major letting.

> The BZW letting was an attempt by Barclays to turn around a dud loan (Michael Cassidy, Corporation of London).

Although it is questionable whether the BZW letting has established a 'comfort factor' at Canary Wharf, the letting nevertheless represents an upturn in fortunes for Canary Wharf. The departure of BZW from the City has also angered the City Corporation and may yet have a catalytic effect in bringing in other major financial institutions, as Canary Wharf's protagonists argue. In this sense, the BZW letting has once again upset the balance in the relationship between Canary Wharf and the City, with the City feeling itself threatened once more by Canary Wharf.

A key argument in this thesis is that the competitive relationship between Canary Wharf and the City illustrates the complex interplay between global and local forces. Below, the difficulties Canary Wharf - as a 'local' manifestation of global forces - faces in establishing a 'comfort factor' are explored by focusing on local processes. For, it is argued, the global ambitions of Canary Wharf are partly determined by economic, social and cultural processes that are peculiarly local to the City of London. At one and the same time, these local processes work to the benefit of the City and to the detriment of Canary Wharf. On the one hand they help explain the tendency to cluster in the City, and on the other they help explain the reluctance of financial institutions to locate to the Isle of Dogs.

6.2: 'Holding down the global' in the City

> The City [of London] shows relatively few signs of deconstructing in the face of [globalisation]. Its spatial matrix has enlarged only a little. Few foreign banks' offices have moved very far away. [The City] will continue [to thrive] because [it] satisfies essential communicative/ interpretive needs that cannot be met through electronic communication. There will be no 'end to geography' (Thrift, 1994:351-352).

A key question for any locality is its ability to secure a 'place' in the globalised political economy. However, localities develop unevenly, and much of this question depends on the extent to which localities exist as 'embedded' centres in a global economy (Dicken, Forsgren and Malmberg, 1994). Chapter 3.6 has already argued that the ability to 'hold down' global processes exists only in some localities, for example those that find themselves as key nodes within global economic circuits. In the world of finance, such key nodes are the 'glocal' financial centres (Swyngedouw, 1992), for example the City of London which, it is shown, continues to demonstrate its ability to 'capture' global economic flows.

Until the mid-1980s, the City of London was still as concentrated as it had been a hundred years earlier (Sampson, 1992). The City's main financial markets still conformed to spatial rules that formed part of the collective regulation and spatial policing knitting important elements of the City's markets into the old spatial matrix (Pryke, 1988). These included regulations covering the location of stock exchange members, rules regulating the location of UK and foreign banks and other financial institutions within the 'walk areas' of the City's discount houses, rules governing the location of the Accepting Houses Committee (a British group of merchant banks), and the 'Town Clearing Walks' centred on the Clearing House in Lombard Street (12). Consequent to the City's Big Bang in 1986, the floor of Stock Exchange closed down as trading went electronic, the rules relating to the location of banks were relaxed (13), and the City witnessed the development of electronic funds transfer - notably the Clearing House Automated Payment System. The 'City walks', "which acted as a kind of socio-spatial glue [began] dying out as electronic settlement systems came on line" (Thrift and Leyshon, 1994:332).

Despite the fact that the City's space is increasingly electronic and linked into a global space of flows, the City's spatial orbit shows few signs of disintegrating. Although comparison of Tables 17 and 18 below shows that over the last ten years the percentage of foreign banks located in the City has dropped slightly, the data demonstrate - contrary to arguments that the globalisation of finance is heralding the 'end of geography' - the persistent tendency to cluster in the City (14). The data also illustrate that when banks choose not to locate in the City, the West End continues to be considered a more attractive location than Midtown (in between the West End and the City), Victoria or London Bridge, all of which are closer to the City than the West End. Moreover, the data illustrate that the overwhelming majority of banks locating outside of the City, locate to the west of the City.

The 'pervasive and persistent' pressure for financial services to cluster in the City is explained below by emphasising local processes. First, 'external economies of scale', or agglomeration economies (Castells, 1989; City Research Project, 1992; Evans, 1985; Hall, 1989; Thrift, 1994a; Thrift and Leyshon, 1994) are analysed, although it is misleading to view these as excluding non-economic factors. According to Thrift "these [agglomeration] economies tend to be *dynamic* [because] they increase as the number of firms, markets and discourses increase" (1994a:337 - emphasis in original). Secondly, the continuing 'need' for face-to-face contact, which is associated with external economies, is demonstrated. Thirdly, it is shown that on the one hand there exists a cultural attachment to the City, and that on the other hand the Isle of Dogs is perceived as 'foreign territory'.

TABLE 17: GEOGRAPHY OF FOREIGN BANKS IN LONDON, 1986

AREA	FOREIGN BANKS	0%
EC1-4 (City)	431	87.8
W1 (West End)	42	8.6
SW1 (Victoria)	8	1.6
WC1-2 (Mid-town)	5	1.0
Other	5	1.0
Total	491	100

Sources: Blanden, 1986; The Bankers' Almenac, 1986, 1987; The Banker, November 1986, February, 1987.

TABLE 18: GEOGRAPHY OF FOREIGN BANKS IN LONDON, FEB 1996

AREA	FOREIGN BANKS	0%
EC1-4 (City)	427	80.1
W1 (West End)	47	8.8
SW1 (Victoria)	18	3.4
WC1-2 (Mid-town)	10	1.9
SE1 (L. Bridge)	9	1.7
E1	5	0.9
E14 (C. Wharf)	5	0.9
E14 (I. of Dogs)	1	0.2
Other	11	2.1
Total	533	100

Sources: The Bank of England; The London Investment Banking Association; The British Bankers' Association; The Bankers' Almenac, 1995, 1996; The Banker, November 1995, February 1996; City Research Project, 1994b, 1994c, 1995.

6.2.1: External economies of scale

> The fact that the telecoms are concentrated in the City means that the key people ... are at the centre, regularly seeing each other whilst being able to reach out to as wide a hinterland as you care to choose using the available telecoms. The Managing Director can say to himself [sic] 'I can be here, in the middle of the City, just down the road from the Bank of England and my Livery Club, all my customers that I need to see regularly are there around me. And yet, because of technology, I can deal with all my branches from here, from the centre' ... (Michael Cassidy, Corporation of London).

On the basis of the literature on the clustering of financial services, seven external economies of scale, or agglomeration economies, are briefly identified. First, the concentration of financial firms in one place increases the size of the market and so allows services to be provided at a lower cost because of economies of scale. Secondly, this concentration of financial firms and markets induces a similar concentration of firms supplying ancillary and support services, thereby reducing the overall cost of these services. Thirdly, a pool of skilled labour will be at hand in an established centre (see, for example, Coupland, 1992a; Coupland and Newman, 1988; Rajan and Fryatt, 1988; SERTUC, 1990).

> The City has a strength that derives from the labour market here. The establishment [in 1991] here of the European Bank for Reconstruction and Development is a good example of what I mean. By its constitution it had to recruit from 34 different countries, and the bank was able to do that here to the extent of about three-quarters of its requirement ... so the bank didn't have a great expense in relocating many people from their own countries (Michael Cassidy, Corporation of London).

Fourthly, extensive costs such as those sunk into the construction of buildings, the installation of information technology (15), the build-up of a knowledge base and a network of relationships mitigate against the decline of international financial centres.

> We have a lot of capital tied up in buildings and people, and you can't drop them and walk away from them easily (Paul Storey, Nat West Bank).

Fifthly, the concentration of markets attracts both greater information turnover and greater liquidity. Information-related industries tend to concentrate in international financial centres, "which is where the stories are" (Thrift, 1994a:335). Financial centres are centres of discursive authority, with a nexus of face-to-face communication through which information is gathered and interpreted. Sixthly, the benefit of being able to make contacts rises with the number of possible contacts. If firms cluster together it is easier to gain access to contacts, and the possibility of informal unplanned contacts, which may lead to unlooked for but very welcome new business, will also increase markedly (Hall, 1989). Seventhly, the greater the concentration of expertise, the more likely it is that product innovations will be sparked off. According to Thrift and Leyshon (1994), international financial centres are centres of expertise because of their 'permanent place' in the financial services 'knowledge structure'. Related to this, the reputation of a centre as a place to do business attracts more business and more firms.

6.2.2: The continuing need for face-to-face contact

> Financial services are all about innovation, sparky ideas, face-to-face contact and rapid access to information. And you can only

> get that in a financial centre (Michael Cassidy, Corporation of London).

No stretch of land in the world has had such a continuous commercial experience as the City of London (Sampson, 1962), for the City's markets operate on the spot where Roman London developed nearly 2,000 years ago (16). The main characteristic of the City is perhaps its compactness, it being possible to walk from one side to the other in about fifteen minutes. "Most people do just that: walk. Walking, meeting, talking - these are the habits of generations, and in many ways they have not changed much through the centuries. [The City] is in essence a village, with both domestic and international contacts" (Clark, 1979:3).

Although the City's traditional social structures have weakened over the last couple of decades (17), its 'habits of generations' remain important in this age of electronic communications. One consequence of the weakening of social structures is that the City's 'reflexivity' has been heightened (Thrift, 1994a; Thrift and Leyshon, 1994). The City's network of contacts is now "increasingly constructed out of the demands of reflexivity and not just social structure. Personal relationships are still vital in the City but they have to be worked at rather than through, constructed for their own sakes rather than for the sake of maintaining social structures. Indeed, this tireless working on relationships is now, more than ever, the primary focus of the City. The City no longer looks for signs of trust; it constructs them" (Thrift, 1994a:349). The increased emphasis on reflexivity in the City has affected the City's network of social institutions (such as the Corporation of London, the Livery Companies, the London Clubs and the Freemasons' Lodges). These institutions have themselves become more reflexive, and now have become places in which face-to-face communication is conducted more actively.

As the whole process of international finance has speeded up and the need for reflexivity has increased, the City's need for face-to-face contact has become greater. According to a senior German banker,

> technological and financial changes have made it possible to work well from home, but frankly that is not what makes financial services tick (Claus Bertram, Deutsche Bank).

Whilst in theory people can sit in front of a screen anywhere and operate efficiently, in the case of financial services for example, social contact is necessary.

> Machines give information, they don't make decisions, in which there are qualitative issues. And you can only put your qualitative

> thinking together by sharing ideas with other people. So I think it's fundamental that social contact takes place. I regularly meet people. It's a network and sometimes I hear things I didn't know anything about (Michael Warburton, Midland Bank).

Electronic communications seem to have acted as a supplement to face-to-face communication, rather than an alternative, increasing the overall amount of communication. For the screen traders, who deal in equities, gilts and the money markets, it is still important to be able to pick up 'the buzz' at lunchtime; to cultivate relationships and personal contacts in order to retain a competitive edge (18). The following quote from the Managing Director of Deutsche Bank illustrates this point well:

> If you're selling financial futures, you need to be near everyone else selling financial futures. If you're not, first you won't get the best employees, because they want to be in their market place, and second you won't get the best knowledge about what's going on in the trade (Claus Bertram, Deutsche Bank).

For the conversational dealers, those involved in investment banking and corporate finance, who occupy the most powerful spaces within the finance houses (Allen and Pryke, 1994), the cultivation of relationships is still the major activity. Merchant operations and corporate financial dealings are still very much dealt with through teamwork and through intermediaries. Hence a central location, close to clients, colleagues and the City's social and cultural venues, remains a priority.

> People still feel the need to press flesh. I know that some of the people at Credit Suisse First Boston are a bit edgy about how remote they are [at Canary Wharf]. If you're working on a screen all day, perhaps you don't need to know who's on the other end of the 'phone. But for some of the more complicated transactions, people normally work together. A lot of time and effort is spent meeting people to find ways of generating new business (Mark McAlister, Richard Ellis [19]).

6.2.3: Canary Wharf - 'foreign territory'?

> Paul [Reichmann] belatedly took a lesson in London's geography when, in 1988, he realised that Canary Wharf would have to be plugged into London's underground system (Michael Schabas, O&Y [20]).

The above quote, from O&Y's transport vice-president, suggests that the issue of 'London's geography' for Canary Wharf is largely one of accessibility. In other words, now that the Jubilee line extension to Canary Wharf is being built the development's 'problem of location' will be overcome. Contrary to this assertion, it is argued here that location, which is a rich and complex notion, remains Canary Wharf's fundamental problem.

> The Jubilee line does make Canary Wharf more accessible, but it is still in an awful environment. Canary Wharf's basic problem is its location not its accessibility (Laurie Kinney, Kinney & Green).

Paul Reichmann, it has already been suggested, lacked a suitable appreciation of London's local geographies.

> The Reichmanns looked on a map and saw that [the Isle of Dogs] wasn't that far away from the City. But they knew nothing of the area (Andrew Fielder, Lloyds Bank).

Tower Hamlets is perceived as an environmentally, economically and socially poor area.

> One hears all this anecdotal evidence about how awful the environment is down there ... I had occasion to visit the Isle of Dogs and, actually, the environment really is awful. All this grotty housing everywhere. It's unnatural and spooky. And that's principally why we [the Mercers' Company] didn't find it threatening. No bank would leave Princes Street to go down there (Michael Wakeford, Mercers' Company).

According to a senior planner at the Isle of Dogs' Neighbourhood Committee,

> many companies who come to look at the Isle of Dogs don't like the environment because it's naff. They sneer at the architectural zoo this place is. They don't like the fact that it's half empty. They don't like the fact that there aren't any serious services, nowhere sensible to have lunch, that sort of thing. They don't like the fact that fact that Canary Wharf sits cheek by jowl with some of the worst property in the country. People do see these things, and it makes them feel uncomfortable. Canary Wharf has certainly got an image problem in respect of these factors (Dick Monteith, Isle of Dogs Neighbourhood Committee).

The area's image problem became worse still when the British National Party won Millwall ward (where Canary Wharf is situated) in a by-election in 1992 (21). The demonstrations by council workers against the BNP councillor's presence at council meetings took place outside East India Dock, a new 500,000 sq ft development next to

Canary Wharf owned by NCC, a Swedish company (22). Dick Monteith, of the Isle of Dogs Neighbourhood Committee, says of the implications of the BNP victory for Canary Wharf:

> Canary Wharf should be concerned that people will link Canary Wharf to the BNP and think 'we're not going to go somewhere where our windows get broken every time there's a council meeting' ... In these circumstances, where there is a buyers' market, anything that makes people feel uncomfortable makes it an even taller order for Canary Wharf.

Canary Wharf has failed to overcome the negative perceptions of East London, that it has a socially and culturally poor environment, that Canary Wharf is miles away from central London, and that 'culturally', it is 'foreign territory'. In its propaganda, O&Y claim that "Canary Wharf is as close to the Bank of England as is Bond Street ... it will relieve the pressures on the City and the West End while setting new and superior standards of office accommodation for London" (O&Y, 1991:3). The problem with drawing this analogy is that it overlooks the fact that the cultures of the West End, where 'City' people feel comfortable, are very different to those of East London. Financial firms appear to be prepared to pay for this comfort, for, parts of the West End command higher rents than anywhere in the City. A bank with its headquarters in Berkeley Square, which has the highest rents in London, is outside 'the buzz' of the City, but is nevertheless making a very strong statement concerning the 'need' for a prestigious location (23).

To recap, the globalisation of finance is not heralding the 'end of geography' for financial services and the City of London's spatial orbit has remained relatively tight. Agglomeration economies militate in favour of the persistence of established international financial centres such as the City of London (Thrift and Leyshon, 1994). As the whole process of international finance has speeded up, the need for face-to-face contact has in fact become greater and the City's 'reflexivity' has been heightened. There is, at one and the same time, a cultural attachment to the City on the part of financial services and a perception amongst them of the Isle of Dogs as 'foreign territory'. Thus, local economic, social and cultural processes have constrained the ambitions of Canary Wharf to establish itself as a node for global financial services because, on the one hand they underscore the 'pervasive and persistent' tendency for financial services to cluster in the City, and on the other hand militate against locating at Canary Wharf.

What follows continues to emphasise local/global relations but at the same time explores the role of agency, for it is necessary to analyse the roles of key individuals to fully understand the fluctuating fortunes of Canary Wharf. In the first place, the focus is on the role of Paul Reichmann at Canary Wharf before the development was placed into administration by the banks which owned it. Below, it is suggested that Paul Reichmann's tendency to view London's geography and local property markets through 'North American spectacles' and his modus operandii of bringing 'North American practices' to bear on the marketing of Canary Wharf have both worked to the detriment of Canary Wharf.

6.3: Misunderstanding the City

> Transport wasn't the [Reichmanns'] real problem. The City's perceptions of Docklands was one problem. The other was their perception of the City. They just didn't understand it (Robert Strick, Drapers' Company).

The timing of the Reichmanns' arrival suggests that they were not concerned by the competitive reaction of the City fathers to Canary Wharf, and that they felt confident in Canary Wharf's ability to compete with the City in attracting international financial tenants.

> By the time [Paul Reichmann] had arrived, the buildings were already going up [in the City]. He talked to everybody. He did a lot of talking, but I don't know how much listening he did ... The Reichmanns believed they had enough money and muscle to change perceptions. They'd done it in Manhattan and they'd done it in downtown Toronto, and they believed they could do it here (Peter Rees, Corporation of London).

Paul Reichmann, it must be assumed, believed the product O&Y was offering at Canary Wharf would break the mould of the tendency for financial services to cluster in the City. Paul Reichmann appears to have lacked an appreciation of the complexities of the local commercial property markets, assuming that in the post-Big Bang era the locational behaviour of banks in general would conform to that of US banks, a view a senior City agent considered blinkered:

> I'm sure O&Y had a pretty one-dimensional view of the City. One where we all go around in bowler hats and shaking hands, awfully nice chaps, but dim. In reality the City is a dynamic place ... The Americans are remarkably parochial themselves. The Reichmanns used their experience in North America to draw parallels about how things could be done here. Our property market is far more complex than theirs. And you can't generalise

about ours any more than you can about their's (Richard Saunders, Baker Harris Saunders).

6.3.1: Canary Wharf - a 'foreign' challenge to the 'traditional' City

> Canary Wharf suffered from zenophobia. I would not exactly say the English are great lovers of foreigners (Peter Marano, O&Y)

Canary Wharf can be seen as a 'foreign' challenge to the City's traditional 'ways of doing things'. The marketing of Canary Wharf challenged these ways in that Paul Reichmann and his executive team operated outside of the City's established networks. O&Y antagonised the 'City' by bypassing the agents and consultants in their search for tenants to take space at Canary Wharf. O&Y's modus operandii was for Paul Reichmann or one of Canary Wharf's top three executives (Michael Dennis, Robert John and Peter Marano) to approach the heads of major financial institutions directly, targeting their existing North American tenants (24). According to Chemical Bank's vice-president:

> We didn't approach O&Y. Quite the reverse. When the Reichmanns first turned up, we hadn't even considered Canary Wharf. It was the O&Y approach to us as a bank that got us interested in researching whether there was a deal to be done. And obviously, the reason we signed the lease was because there was a very attractive deal to be done (Cliff Fairley, Chemical Bank).

The O&Y modus operandii meant that City agents and consultants were being kept out at both ends and, according to leading chartered surveyors in the City, reaction to this style of operation was overwhelmingly hostile. The modern arms-length transaction instigated by O&Y, where deals would be struck chief executive to chief executive back in New York, is not how things are done in the City. According to Andrew Fielder, the Head of Property Management at Lloyds Bank,

> here, an organisation would evolve its property requirement, if it had one, and it would then involve consultants to find space to meet that requirement. A chief executive doesn't suddenly say, 'hang on, I think we need a new building' and then go out and find one. It's not how we operate here ... People didn't feel comfortable [with the marketing of Canary Wharf], especially since all the deals were being struck in New York. There was no trust.

Thus, the modus operandii at Canary Wharf antagonised the 'City'. According to an established City agent, the way the Reichmanns operated

> rubbed a lot of people up the wrong way. They came in here, told us all we were doing it wrong and said they would show us how to do it. Well, maybe they had done it in Toronto and New York, but this was London (Laurie Kinney, Kinney & Green).

Paul Reichmann imported the same team that had worked on the World Financial Centre in New York to work on Canary Wharf, and did not approach the City for advice. Not one person interviewed for the current project knew of any instance in which Paul Reichmann approached any City institution, or group of institutions, for advice. To the knowledge of all informants who took part in the research, at no time (even before buying the project from the Travelstead consortium) did O&Y commission any independent research into the viability of Canary Wharf. According to Charles Sanderson of Savills, who worked on the project between 1985 and 1987,

> there was nobody on the O&Y team with any great background in the City. If any of them had much experience in City property, then they were sufficiently overcome with the momentum of the situation not to be negative about Canary Wharf.

A commonly held view in the City is that

> one of the biggest mistakes [the Reichmanns] made was not to get the City's property specialists - and I use that phrase literally - on their side. They didn't seek any advice from the specialists here, because, I suppose, they thought they knew it all (Andrew Fielder, Lloyds Bank).

According to Michael Cassidy of the City Corporation,

> once you're outside the established networks ... where everyone knows where they are and what everyone else is up to, you're then fighting from the outside, and [Paul Reichmann] never broke through that divide.

As such, Canary Wharf gained little support from the City establishment (the pension funds, the banks, the property investment companies and the City agents), particularly as Canary Wharf was, in a whole host of ways, viewed as a gauntlet thrown down to the City. The following quote from a Senior Partner with City agents Richard Ellis is a good example of the 'traditional' City's reaction to the modus operandii of the Reichmanns:

> The American corporate culture doesn't appeal to everyone here, that's for sure. Peter Marano came to talk to Hill Samuel, who I was working for. They didn't like the cut of his jib. He presented the sort of image the older school are just not happy with ... Canary Wharf was seen as an American ghetto because all the key decisions were being made in New York (Mark McAlister, Richard Ellis).

Reflecting on his experiences as Head of Leasing at Canary Wharf, O&Y executive Peter Marano believes that

> as well as the general cultural resistance [that exists in London] to moving east, there is a cultural resistance to change. Canary Wharf, as a complex, as opposed to an individual building, was quite a step forward in the thinking. It was a North American concept. It wasn't one of your cosy little British things. It was major league international development. There's plenty of things like Canary Wharf in North America, but it's just not English.

Similarly, O&Y's Head of Marketing at Canary Wharf argues that the City generally considered Paul Reichmann as an outsider.

> Paul was never accepted by the City cartel. If he'd been one of them, the project would have gone much further forward (Aviva Geshuny-Roth, O&Y).

The following quote from Sir Christopher Benson of MEPC exposes the parochial attitude of many 'City people', and suggests there may well be some truth to the assertion that Canary Wharf does not enjoy wide appeal because of the conservative nature of the English:

> I don't think you can create a huge change in a culture just by waving a magic wand of bricks and mortar. I don't think you can say, by producing something that's really rather magnificently American, that you're actually going to be able to strike away all the traditions of the Square Mile, or that it is an extension of the City [because] anything beyond the Square Mile to me is not City.

However, O&Y's view that the conservative nature of the English has been a crucial factor behind Canary Wharf's lack of appeal cannot explain why the many negative perceptions of Canary Wharf as a centre for global finance extend, by and large, to the rest of the global financial community. Indeed, it is clear from the above quote that the reason financial institutions are reluctant to locate at Canary Wharf is not, in the main, because the product does not appeal, as is suggested by the O&Y informants; it is because the product is located in the wrong place. Canary Wharf is, in fact, a high-quality product, albeit a North American one. The mistake Paul Reichmann made was to assume that the quality of the development, and its low cost compared to the City, would be sufficient to entice enough of London's commercial banks to the Isle of Dogs and thus in time to create a 'critical mass' of financial services at Canary Wharf. The location of Canary Wharf, to the east of the City, is considered 'foreign territory', and this is the principal reason Canary Wharf, no matter how prestigious a development, has failed to overcome the dominant negative perceptions within the financial community.

We have seen how local processes have constrained Canary Wharf's ability to establish itself as a new London node for global financial services. At the same time, these processes have also shaped the marketing strategies adopted over time at Canary Wharf. Below, the role of Sir Peter Levene, who took over the running of Canary Wharf for the banks after the development had come out of administration, is contrasted with that of Paul Reichmann. It is argued that Sir Peter Levene adopted a far more flexible attitude towards the marketing of Canary Wharf and that this new approach lies behind the recent upturn in Canary Wharf's fortunes.

6.4: Shifts in the marketing of Canary Wharf

> Paul Reichmann was fanatically focused on City activities for Canary Wharf. [He had] a single-minded approach which was short-sighted in the extreme (Sir Nigel Broakes, Trafalgar House).

In Chapter 3.2, O&Y's Head of Marketing was quoted arguing that Paul Reichmann, because he focused exclusively on attracting large commercial banks, had an inflexible attitude toward the marketing of Canary Wharf. She argued that the marketing team should have been given more flexibility to split up the huge dealing floors available at Canary Wharf and thus target smaller tenants, both City and non-City. The combination of the competitive response of the City Corporation and the reluctance of financial institutions to locate at Canary Wharf had meant that the project continued to find it difficult to attract the large banks even after it had been boosted by the O&Y takeover in 1987.

> We were having trouble attracting the banks and other financial institutions. They were obviously reluctant to come here. We [the marketing team] could see no point in promoting Canary Wharf first and foremost as an international financial centre (Aviva Geshuny-Roth, O&Y).

By the end of the 1980s, Paul Reichmann had introduced a subtle change to the marketing of Canary Wharf. The focus on the major financial institutions remained, but Canary Wharf was now being promoted as London's 'third business district' (after the City and the West End). The marketing of Canary Wharf widened so as to include all types of commercial firms, but which insisted on their headquarters, if not the whole firm, being a part of the deal.

> Paul Reichmann continued to dream of Canary Wharf becoming a Wall Street On Water, but he accepted that there would be a mix. That was when we began our big marketing drives to attract advertising agencies, the newspapers, and so on (Aviva Geshuny-Roth, O&Y).

By the time Paul Reichmann lost control of Canary Wharf to the banks, towards the end of 1992, non-financial commercial lettings had been secured with one advertising agency (Ogilvy & Mather), one newspaper (The Telegraph), one oil company (Texaco), one firm of accountants (KPMG Peat Marwick), one small Danish shipping company (Maersk), one small engineering company (JWP International), and the headquarters of both the International Sugar Organisation and the International Wheat Council. In 1993, the banks installed Sir Peter Levene as Chief Executive of Canary Wharf, and from that time to date the development has gained nine more lettings almost doubling its total. One of these is the BZW letting which, it has been argued, is Canary Wharf's most significant letting to date. Whilst no other advertising agencies have taken lettings, two other newspapers have, the Independent and the Mirror Group (the Telegraph also increased its letting), and the interesting point to note here is that Canary Wharf's large dealing floors are in fact quite suited to the revamped newspaper industry. Recent lettings include a wide range of firms, such as the European Agency for Evaluation of Medicinal Products and Live TV, which looked to locate anywhere in the South East.

> Sir Peter Levene has taken a thoroughly commercial approach to Canary Wharf. He'll take any tenant. As long as they're willing to take space and pay the rent, he'll take them (Keith Way, DTZ Debenham Thorpe).

6.4.1: Selling Canary Wharf

> The marketing of Canary Wharf is much more flexible now. I will not dictate to any firm what type of operation they must bring in here. I will not ask any firm to sign a contract stipulating that they locate their headquarters and front-office staff here. If they want to

take space here they can bring in who they like (Sir Peter Levene, Canary Wharf).

Sir Peter Levene is a powerful individual, with close connections to the highest levels of government. In his business career he has served as Personal Adviser to the Secretary of State for Defence, as Permanent Secretary, Chief of Defence Procurement, as Special Adviser to the Secretary of State for the Environment and the Chancellor of the Exchequer, as Personal Adviser to the President of the Board of Trade, and as Chair of the Docklands Light Railway. Currently he serves as Adviser on Efficiency to the Prime Minister. He also has close connections with the City of London, being Alderman for Portsoken ward and currently one of the City's two Sheriffs, a necessary precondition to becoming Lord Mayor. He is an active Liveryman, becoming a member of the Worshipful Company of Carmen by patrimony (he held the post of Master in 1992/93), and is also a member of the Worshipful Company of Information Technologists.

> We [Candlewick ward] elected Sir Peter as a Common Councilman in 1983. Much to our surprise, just one year later he stood as Alderman. We don't often have contests, but that election we did ... we turned him down (Laurie Kinney, Kinney & Green; Candlewick ward).

Sir Peter Levene turned immediately to Portsoken ward, historically a Jewish ward, where he was elected its Alderman in 1984.

> [Sir Peter Levene] was an eminently suitable businessman to elect as Alderman. We had no hesitation in supporting him (Stuart Beare, Portsoken ward).

Sir Peter Levene has a reputation as a 'super salesman' and he believes that he has a better feel than Paul Reichmann for what is required in the job of selling Canary Wharf.

> The way I handle people and negotiations here is very different [to Paul Reichmann]. It is far less aggressive. [O&Y] thought they could send a lot of North Americans over here to run the thing. He could talk to the North Americans because he spoke their language and most of them understood what he was doing. But in dealing in the UK, a tough, aggressive, New York approach goes down like a lead balloon. The approach is quite different now, partly because I have very close connections with the City. But we do not focus on the City ... we want a really good mix (Sir Peter Levene, Canary Wharf).

Even though it would appear that the BZW letting is precisely the type of letting Paul Reichmann would have been looking for during his time at Canary Wharf, neither Sir Peter Levene nor the Managing Director of Barclays Property Holdings are so sure that the BZW letting would have gone ahead with Paul Reichmann at the helm at Canary Wharf. According to Sir Peter Levene,

> I never dictated to BZW who or what they could bring here, nor how much space they would lease. I'm not at all sure Paul Reichmann would have agreed to those terms.

According to David Turner, the Managing Director of Barclays Property Holdings,

> [Paul Reichmann] was looking for the headquarters of Barclays Bank plc. In fact he told us he would take Lombard Street [Barclays' HQ] off our hands. He was focused on Canary Wharf being another City of London. He wanted the headquarters of the major institutions in the City ... Paul Reichmann never offered us the opportunity of locating a BZW back-up operation at Canary Wharf ... I know people ask 'what is corporate?', but it's the plate on the front door, if you like, that Paul Reichmann was looking for.

When Paul Reichmann was running Canary Wharf, Barclays Bank, alongside all the big banks, was being courted to consider moving Barclays Bank plc to Canary Wharf. The bank kept abreast of the situation at Canary Wharf, as it was about to restructure its operations and knew it had BZW coming up for accommodation. The bank apparently never entered negotiations with O&Y because

> Paul Reichmann was standing behind the statement 'we only want front-office'. They were wrong in the way they thought of Canary Wharf. The analogy drawn with the World Financial Centre was absolute rubbish. You can walk down Wall Street [in New York] and be in Battery Park in less than ten minutes. Where do you get to in ten minutes walking from the Bank of England? ... Sir Peter has adopted a far more flexible approach. Whatever BZW wanted to put there was up to us (David Turner, Barclays Property Holdings).

To recap, processes local to the City of London have not only constrained the global ambitions of Canary Wharf, they have also shaped them. Over time, Canary Wharf's marketing strategies have become increasingly flexible. However, even though Paul Reichmann had by the end of the 1980s already begun to market Canary Wharf as London's 'third business district' as distinct from a 'Wall Street on water', it was only with Sir Peter Levene at the helm that Canary Wharf adopted a *commercially* flexible approach to marketing. Both Sir Peter Levene and David Turner of Barclays Property Holdings are of the opinion that the BZW letting would probably not have gone ahead under Paul Reichmann. This is because, principally, the terms were flexible enough to allow BZW the option of only locating their traders and back-office staff at Canary Wharf and only leasing 500,000 sq ft. It is unlikely that BZW would have originally considered the move if the bank had been told, from the start, that it *had* to locate its headquarters at Canary Wharf. Moreover, Sir Peter Levene's approach was very different to that of Paul Reichmann; he has many connections in the City and, as Sir Peter Levene himself points out, his approach was far less aggressive than Paul Reichmann's.

Although it has been argued that the capture of BZW has not managed to establish a 'comfort factor' at Canary Wharf, it is Canary Wharf's most significant letting to date and, it is suggested below, the letting may act as a catalyst to the large foreign commercial banks to consider locating at Canary Wharf. Whilst the BZW decision represents an upturn in Canary Wharf's fluctuating fortunes, it is considered a blow to the City by its leading politicians. This upturn has revived the intra-urban competition between Canary Wharf and the City and marks a new phase in the changing Canary Wharf/City relationship (it has also coincided with the imminent return of Paul Reichmann to Canary Wharf and the concluding chapter argues that this will intensify the competition). The City Corporation, itself the driving force behind the City's regime, once more perceives Canary Wharf to be a threat and, it is argued below, is now forcefully encouraging the office development process in the City in competition to Canary Wharf.

6.5: A sense of deja-vu in the City

> I'm not sure why Michael [Cassidy] reacted in the way that he did to our decision to locate BZW at Canary Wharf ... He would, of course, have preferred BZW to remain in the City, but nothing in the City, even with an existing planning consent, could have been built in time to meet BZW's need for this amount of space (David Turner, Barclays Property Holdings).

It is just over a decade ago since three North Americans, Archibald Cox, Chair of Morgan Stanley, Michael Von Clemm, Vice-Chair of Credit Suisse, and G Ware Travelstead of First Boston conceived of Canary Wharf as an alternative for large-space users in the City. For years both Morgan Stanley and Credit Suisse First Boston had been seeking sufficient space in which to put up buildings of around 500,000 sq ft which could house the large dealing floors they required, but planning restrictions in the City meant the Square Mile could not offer the kind of big, open trading floors of 40,000 to 50,000 sq ft that the banks wanted. The City Corporation, it has been shown, defended its position against Canary Wharf by loosening planning restrictions and clearing the way for a new generation of office blocks, and the big buildings which span Upper Thames Street in the south of the City and London Wall in the north are a product of this era. But just ten tears on, the City Corporation once again feels it has to defend its position against Canary Wharf. As in 1985, the City is again short of the type of space Canary Wharf specialises in - big, modern offices capable of accommodating the large investment banks, both foreign and domestic.

> There is certainly a shortage of quality large space in the City. The problem is that the City has few sites able to provide, say, 500,000 sq ft lettings. Whereas Canary Wharf can build as large as required, and to the customer's specification (Frederick Coope, Jones Lang Wooton).

At present, the City has outline planning consent for the construction of about 16 million sq ft, with approximately half the outstanding planning permissions applying to sites where existing buildings have already been demolished (Corporation of London, 1996). Corporation of London Schedules of Development show that this 16 million sq ft is divided amongst approximately 100 planning consents, roughly half of which apply to sites with planning permission for less than 100,000 sq ft and half for sites with planning permission for more than 100,000 sq ft. Of the latter group of 50, 34 permissions are for sites of between 100,000 and 250,000 sq ft, with six under construction. There are ten sites in the City with planning permission for 400,000 sq ft or more, with the potential for floorplates between 30,000 and 50,000 sq ft and which can therefore compete with Canary Wharf (if sites without planning permission are taken into account, the number is far higher). These are: the final phase of the Broadgate development (500,000 sq ft); Winchestor House, Old Broad Street/London Wall (500,000 sq ft); the former Mirror Group building at Holborn Circus (800,000 sq ft) where the Corporation owns the freehold; Plantation House, Fenchurch Street (650,000 sq ft); Baltic House, St Mary's Axe (400,000 sq ft); the former Daily Express building on Fleet Street (400,000 sq ft) where the Corporation owns the freehold; New Fetter Lane (800,000 sq ft); Sudbury House, Newgate Street (400,000 sq ft); Threadneedle Street/Old Broad Street (400,000 sq ft); and above Cannon Street station (500,000 sq ft). The well-known Paternoster Square site, next to St Paul's Cathedral, has planning permission for 750,000 sq ft of offices, but this space is planned for six or seven buildings each no bigger than 200,000 sq ft and with floorplates of only 20,000 sq ft. To these City sites must be added big projects just outside the Square Mile, such as the proposed redevelopment of Spitalfields market (750,000 sq ft) which the City Corporation owns as a private landholding, and further phases of London Bridge City, where planning permission exists for 1.5 million sq ft on a number sites, including one site of 500,000 sq ft and one site of 400,000 sq ft.

Despite arguments set out in this chapter suggesting that the BZW letting cannot be considered a straightforward 'local' endorsement of Canary Wharf, it has nevertheless enhanced Canary Wharf's 'institutional thickness' (see Amin and Thrift, 1994, 1995). Once BZW's decision was announced in April 1995, speculation immediately arose as to whether the Exchanges and some big foreign banks that have merged with small specialist merchant banks would consider locating at Canary Wharf. Some of the large institutions known to require new space over the next five years or so include the London International Financial Futures Exchange, which has a 600,000 sq ft requirement, Citibank (US), which has a 400,000 sq ft requirement (25), HSBC (Hong Kong/UK), and Dresdner Bank (German) which has merged with Kleinwort Benson (UK). Despite speculation that both Deutsche Bank and the Dutch bank ABN Amro, who both required extra space in London, would now consider Canary Wharf, these have both recently located in the City. In July 1995, Deutsche Bank, which merged with the UK merchant bank Morgan Grenfell, decided to take 250,000 sq ft in the 500,000 sq ft Winchester House site on Old Broad Street/Great Winchester Street/London Wall once it is redeveloped. Together with Morgan Grenfell's existing 250,000 sq ft on Great Winchester Street, the merged bank will occupy 500,000 sq ft at the site. And in November 1995, ABN Amro, which had merged with the UK merchant bank Hoare Govett, chose Spitalfields, on the edge of the City, for its 300,000 sq ft headquarters.

The City Corporation has, however, been stung by the BZW decision to locate at Canary Wharf and has taken steps to 'kickstart' the office development process in the City. One step has been to establish the City Property Forum where property developers can discuss planning issues with the City's politicians and senior planners. Thus, the City Corporation is keenly discussing the problems developers are facing in pushing ahead with new buildings where planning consent exists. Whilst the City Corporation is chivvying developers to push ahead with schemes, two problems exist for developers. First, development finance is still difficult to come by, with the painful memory of the last downturn still fresh in the minds of many bankers. Secondly, rents are not yet considered high enough to justify the redevelopment of many sites. With top City rents no higher than about £35 per sq ft, developers would find it difficult to show a profit unless a site was acquired cheaply.

> There have been no substantial developments getting underway in the last few years, because the figures just do not stack up for

> developers at present. What with the current low rents and the incentives a developer has got to offer in the form of rent-free periods, he [sic] is not seeing a big enough profit margin there. A developer will do his calculations, and think it's worth waiting a little while. Once rents start to go up again, then we'll see more development in the City. Things are starting to pick up a little now, but there's going to be this period when development once again lags behind demand ... what will happen will be similar to last time, but not on the same scale. Substantial development will arrive on the market after demand has reached its height (Richard Saunders, Baker Harris Saunders).

City property consultants are, however, warning that the scenario of rising City rents could be undermined if further phases of Canary Wharf begin within the next couple of years.

> A start on the second phase of Canary Wharf in the next two years could badly hit rental prospects in the City. Rents for quality buildings stand at around £32.50 per sq ft and were forecast to go up to £40 in the next two years. City developers basing their financing on these projections may have to do some hasty rethinking (Keith Way, DTZ Debenham Thorpe).

Whilst the rents that are negotiated at Canary Wharf are known only to the participants to the deals, it is believed that Canary Wharf offers almost half the rent and service-charge package of the City and substantial rent-free periods. This fact notwithstanding, there are four reasons why, perhaps, the current threat to the City from Canary Wharf is more apparent than real. First, established banks wishing to expand are often tied into long leases negotiated in the late 1980s and early 1990s before the market went 'soft', thus restricting their ability to leave the City. Secondly, foreign banks wishing to set up operations in London

> will probably want to establish themselves in the core area, to be a player in that location (Michael Warburton, Midland Bank).

Thirdly, only a small number of financial institutions have the sort of space requirements Canary Wharf specialises in and the City has difficulty in meeting. Since the latter half of the 1980s, there have only been three lettings to financial tenants of 400,000 sq ft or over, and these are located at Canary Wharf (Morgan Stanley, CSFB and BZW). Moreover, many financial institutions are currently shedding staff and 'downsizing', and will thus require less overall space in the future.

> Financial institutions are looking carefully at shedding back-office staff and cutting out unused or underused space and this is impacting on property requirements, reducing the amount of

> overall space they will require into the future (Andrew Fielder, Lloyds Bank).

This has led the City Corporation and others to argue that the need for office development with floorplates of 40,000 to 50,000 sq ft is very limited.

> Our research tells us that the number of firms requiring dealing floors of 40,000 sq ft or more over the next few years is less than half a dozen (Michael Cassidy, Corporation of London).

Many of the City's property analysts agree, arguing that the real heart of the City's market is among the small to medium occupiers.

> A letting of 400,000 sq ft or more is extremely rare. Indeed, you could question just how many institutions require dealing floors of 40,000 or 50,000 sq ft. A letting of 100,000 sq ft is a major letting, and they are not that common. Lettings of less than 100,000 sq ft or less are the most common. Whilst the City should try and accommodate anyone who wants to stay here, it wouldn't be sensible to focus strategy on the needs of a very small group of large occupiers (Richard Barras, Property Market Analysis).

Fourthly, Phase One of Canary Wharf is 80% let, and

> there is no space [at Canary Wharf] with the large floor plates left. *We could respond to demand for that type of space if needed.* But it could also be offered elsewhere, in the City and on its borders (Sir Peter Levene, Canary Wharf).

Despite the fact that planning permission is in place to build out the remaining eight million sq ft of Canary Wharf, the development does not have any particular planning advantages over the City. Just as City developers are reluctant to build speculatively, future phases of Canary Wharf are unlikely to go ahead on anything other than a pre-let basis (though this could change now that Paul Reichmann is back at Canary Wharf). As detailed above, the City proper has seven sites at least that can compete with Canary Wharf in providing large single lettings. These sites all have planning permission and have already had their existing buildings demolished. In a 'race' between Canary Wharf and the City, the one single advantage Canary Wharf enjoys is that the foundations for its further phases have already been laid. This advantage apart,

> buildings can be put up just as quickly in the City, shell and core, and then fitting out is the same anywhere ... building costs are going to be similar ... efficient contractors can get over any site restrictions ... there is absolutely no reason why, building for

building, all things are not equal (David Turner, Barclays Property Holdings).

6.6: Conclusion

Within the conceptual framework of intra-urban competition, this chapter has analysed the ability of the regimes at Canary Wharf and in the City to 'pin down' global financial institutions. To date, three of the world's largest commercial banks have decided to locate at Canary Wharf. However, it has been argued that these cannot be considered 'independent' lettings in the sense that each bank had a vested interest in boosting Canary Wharf. Despite the fact that one of these banks is a major British institution, it has been suggested that Canary Wharf has yet to establish a 'comfort factor' that would bridge the gulf in perceptions between Canary Wharf and the City as centres for global finance.

Canary Wharf's difficulties in capturing global financial institutions have been explained at two intertwining levels. First, it has been argued that 'local' processes have shaped and constrained the global ambitions of Canary Wharf. On the basis of in-depth interviews with key players it has been shown that these ambitions have been constrained by such factors as the persistent tendency for financial services to cluster in the City, the 'need' for face-to-face contact, the negative reactions of the 'traditional' City to both the (North American) product and the (North American) modus operandii at Canary Wharf, and the perception amongst both domestic banks (the BZW letting not withstanding) and foreign banks (aside from US banks) that Canary Wharf's geography is 'unacceptable'. One of the clearest expressions of how 'local' processes have shaped the ambitions of Canary Wharf are the changes in the marketing of Canary Wharf that have taken place over time. After being initially promoted as a 'Wall Street on water', by the end of the 1980s Canary Wharf was being marketed as London's 'third business district' although the original concept remained central to Paul Reichmann's vision. The most important change in the marketing of Canary Wharf occurred once Sylvestor Investments took control of the project at the end of 1992, after which a more commercially flexible approach was taken to the types of tenants able to locate at Canary Wharf.

Secondly, Canary Wharf's fluctuating fortunes have been explained through an emphasis on the role of agency by focusing on the roles of its regime's key players, namely, Paul Reichmann and his successor, Sir Peter Levene. It has been argued that in bringing North American practices to bear on the development and marketing of Canary Wharf and in operating outside the City's established structures, Paul Reichmann's modus operandii challenged the City's 'ways of doing things' and posed an 'outside' threat to the City. The significance of this lies in the fact that these arguments give greater substance to, on the one hand, negative perceptions of Canary Wharf as an 'American ghetto', and on the other, to the suggestion that Paul Reichmann lacked an adequate appreciation of London's local geographies and viewed the local property market through 'North American spectacles'. Paul Reichmann underestimated the cultural attachment to the City, assuming that many foreign and domestic banks would display the same willingness as US banks to deregulate their locational habits in the post-Big Bang era, and overestimated the ability of Canary Wharf to reverse the long-standing trend for London to develop to the west.

It has been shown that once Sir Peter Levene, for Sylvestor Investments, had taken over from Paul Reichmann as Chief Executive, Canary Wharf adopted a far more commercially flexible marketing approach. Moreover, Sir Peter Levene is closely connected to the City of London, both socially and politically, and he adopted a far less aggressive approach to the marketing of Canary Wharf, one which worked through the City's established structures. Both Sir Peter Levene and David Turner of Barclays Property Holdings are of the view that the BZW letting would probably not have gone ahead under Paul Reichmann because of the flexibility of the terms agreed by Canary Wharf.

Finally, it has been argued that although the BZW letting cannot be considered a straightforward 'local' endorsement of Canary Wharf, it is a significant letting which could have a catalytic effect in bringing in other banks. This upturn in Canary Wharf's fortunes, which marks a new phase in the changing Canary Wharf/City relationship, is ushering in a renewed period of intense intra-urban competition between Canary Wharf and the City. With more than a touch of deja vu, the City Corporation is responding aggressively to what it sees as Canary Wharf's new attempt to lure the big banks out of the City. The changing Canary Wharf/City relationship illustrates the complex interplay between global forces (expressed locally at Canary Wharf) and local forces (expressed by political, economic, social and cultural process local to the City of London). For, the 'reshaped Canary Wharf' continues to illicit a competitive response from the City.

Notes: Chapter Six

1. The only other companies located at Canary Wharf that can be considered 'City firms' are the UK accountants KPMG Peat Marwick, and Maersk, a Danish shipping company. In 1991, KPMG signed a lease to occupy three floors in the tower at Canary Wharf, which KPMG had targeted for expansion not relocation of the company from the City. But, according to a KPMG Senior Partner, "our expansion didn't take place in the way we envisaged". In the event, KPMG only occupy one floor (approximately 28,000 sq ft) where they have seven full-time staff who run a training unit; the company has been looking for sub-tenants to lease the other two floors, without success (interview, Robert John, KPMG).
2. It would appear that the Japanese, and especially the Germans, are 'more British' than the British in terms of the City location. The two UK banks identified in Table 16 which are located outside the City are Abbey National, located in the West End, and the Cooperative Bank, located in E1. The two Japanese banks located outside the City are Nikko Bank, in SW1, and Norinchukin International, in NW8.
3. Press Offices: Credit Suisse First Boston; Morgan Stanley International.
4. Interview, Peter Bennet, Corporation of London.
5. Interview, Robert John, O&Y. According to Robert John, Paul Reichmann considered Canary Wharf such a superior development that it would break the mould of the tendency for financial services to cluster in the City.
6. CSFB and Morgan Stanley insisted, as part of the deal with O&Y, that by the summer of 1990 a certain amount of space be taken up by *headquarters*; the precise amount is secret (interviews, Robert John and Peter Marano, O&Y). This emphasis on 'front-office' lettings lent further ammunition to Canary Wharf's critics in the City, who argued that this confirmed the competitive nature of Canary Wharf.
7. When Canary Wharf was put into 'administration' in 1992, lawyers from both American Express and Chemical Bank poured over their leases to see if they could extricate themselves from Canary Wharf. They took their case to court and were released of their obligation to locate at Canary Wharf.
8. Interview, David Turner, Barclays Property Holdings. Royal Mint Court is a 250,000 sq ft development which BPH have on a 25-year lease. Royal Mint Court was acquired by BPH because Barclays Bank was redeveloping its HQ in Lombard Street and needed to move staff on a temporary basis. It has a large dealing floor suitable for treasury dealing operations. BZW's staff are currently located in a number of City sites, including Ebbgate House, which is considered technologically inadequate to serve BZW's current and future needs. BPH have a 25-year lease on Ebbgate House. Although the lease has a break-clause this cannot be put into operation until 1999. BZW is moving to Canary Wharf at the end of 1996, and so Barclays Bank will hope to be able to sublet Ebbgate House.
9. Interview, David Adamson, BZW.
10. Financial Times, 18.1.96; The Guardian, 18.1.96; The Independent, 18.1.96.
11. Both Lloyds and Barclays lent money to O&Y to build Canary Wharf, and are both currently part-owners. The speculation is that Barclays lent over £250 million whereas Lloyds' loan is put at a little over £100 million.
12. For further details, see Pryke, 1988, Chapter 1.
13. In the mid-1980s the Bank of England relaxed its function as the 'spatial guardian' of the City's banking sector, and now takes a less directive role in the location of foreign banks in London (Pryke, 1988, 1991).

14. It is important to note that Tables 17 and 18 give no information as to the location within the City of banks. Up until 1986, financial institutions were wedded to the 'old spatial matrix', whereas, as explained in Chapter 5.5.1, the City has subsequently developed a new spatial matrix which takes in many fringe areas.
15. The heaviest users of telecommunications systems are financial services firms (Warf, 1989). To trade effectively, screen traders need the most up-to-date telecommunications. At the same time, telecom providers need financial services, who are their best clients. Because it takes huge investment to install state-of-the-art technology, it is first brought into an established financial centre which is the telecoms providers' biggest client, reinforcing the symbiotic relationship between IT and financial centres.
16. As in London, New York's financial centre - Wall Street - also operates from one of the oldest settlements in Manhattan (Clark, 1979).
17. Traditionally, the City's social structures have been based on highly visible class, gender and ethnic divisions (see, for example, Pryke, 1988; Thrift, 1994a; Thrift and Leyshon, 1994).
18. According to Thrift, "who you know is, in this sense, part of what you know. It is a part of the skill base of many employees and, in turn, part of the competitive edge of the firm: 'relationship management' is a vital task for both employees and firms" (1994a:333).
19. Richard Ellis are currently Canary Wharf's joint letting agents with Jones Lang Wooton.
20. The quotation in the title to this thesis is taken from this quote.
21. The election of a BNP candidate was viewed by many as an expression of the alienation felt by the local community as it has been by-passed by the area's 'regeneration'.
22. NCC, faced with bringing no rent in from East India Dock which was having little success in gaining tenants, rented space to Tower Hamlets Council. Dick Monteith says of this decision: "I don't know what possessed NCC. Council workers are not really the sort of tenants they should have. It's not really in their interests to have a bunch of unsuited social workers going outside to have a fag and generally cluttering up the place. NCC laid on a wine bar offering expensive food and they're not very pleased at all with the quality of their tenants, who prefer sausage, egg and chips. It's quite amusing, really".
23. Out of the 47 foreign banks located in the West End (see Table 18), nine banks are in Berkeley Square. Two of these are US banks: The Bank of New York; and the First National Bank of Maryland.
24. Until its demise as a property owner in late 1992, O&Y's financial clients in New York and/or Toronto included American Express (US), Barclays Bank (UK), Bank of Montreal (Canada), Bank of Nova Scotia (Canada), Chemical Bank (US), Citibank (US), Daiwa Securities (Japan), Dow Jones (US), Goldman Sachs (US), Merril Lynch (US), Morgan Stanley (US), Nikko Securities (Japan), Oppenheimer (US), Saloman Brothers (US) and Shearson Lehmann (US).
25. Now that the Reichmann consortium have bought Canary Wharf, rumours have been circulating that Citibank will locate its 400,000 sq ft headquarters there. These rumours cannot be seen as coincidental as the Saudi Prince backing the group that has taken over Canary Wharf is Citibank's principal shareholder.

CHAPTER SEVEN

CONCLUSIONS

7.0: Introduction

This case study has explored the problems Canary Wharf has faced, and continues to face, in establishing itself as a location for financial services. Analysis of this research object has taken place within a conceptual framework that stresses the need to explore Canary Wharf's fortunes within its relationship with the City of London. This relationship has been analysed at two interrelated levels: as one of 'intra-urban competition' between two contrasting local coalitions; and as a complex interplay between global processes manifested locally at Canary Wharf and social processes local to the City of London. Analysis of the research object within such a framework represents a major theoretical justification for this thesis as existing analyses of Canary Wharf's fortunes have either ignored or under-analysed its relationship with the City. Those existing accounts that do consider the Canary Wharf/City relationship (Daniels and Bobe, 1991, 1993; Meuwissen, Daniels and Bobe, 1991), proceed on the basis that this relationship is a complementary one. The contention here has been that this argument is 'under-analysed' because it is based on an inadequate notion of the City of London, which merely considers its economic functions as an international financial centre and takes no account of the 'City' as a political entity.

Because of the emphasis on the competitive relationship between Canary Wharf and the City of London, the thesis' investigation of the problems Canary Wharf has faced in establishing itself as a centre for global finance is, in great part, an analysis of the political response of the City of London, as an urban regime, to the perceived threat of Canary Wharf. As such, the thesis presents an empirical example of a 'regime' in action in a British case study, albeit that regime theory has also been applied to the analysis of the local coalition that developed to promote Canary Wharf. Regime theory emphasises the activist role of key governmental and non-governmental actors working across boundaries. This emphasis is supported by the empirical material presented for this case study, which focuses on exploring the roles of Paul Reichmann, Sir Peter Levene and key LDDC personnel (at Canary Wharf), and Michael Cassidy, Peter Rees and key people from 'City institutions' (in the City of London). These players, it has been argued here, have been instrumental to the 'Canary Wharf story'. Regime theory's emphasis on the 'structural' power of business is also borne out in the empirical analysis of both coalitions at issue, albeit in different ways. Moreover, the analysis of both Canary

Wharf's coalition, which, it has been argued here, displays the qualities of an instrumental urban regime, and the governing regime in the City, which has been conceptualised as an organic urban regime, clearly illustrates regime theory's argument that governing coalitions must be fashioned between those actors who have access to, and the power to deliver, the resources of key public and private institutions.

In taking a regime perspective on the thesis' empirical material, the largely US literature on urban regimes has been revised. This thesis has argued that regime theory and its forerunner, growth coalition theory, which have together been labelled as expressive of the 'new urban politics', are inherently voluntaristic. Crucially, the NUP fails to take account of the role in coalition-building of socio-spatial structures that are necessarily local, such as the local state. The local state, which is locally dependent, has been - and remains - crucial to both local coalitions at issue, albeit in contrasting ways. It has been shown that the structural role of 'central government's local state' at Canary Wharf - the LDDC - was critical in establishing the necessary conditions for Canary Wharf's development, in at least three respects: in restructuring the local state's 'representational regime'; in restructuring central-local relations; and in recomposing local social structures. The LDDC has also played a crucial role in levering in large sums of public money necessary to the development of Canary Wharf and, moreover, Enterprise Zone benefits continue to be important to the viability of Canary Wharf in its competition with the City of London. Nevertheless, the driving role in Canary Wharf's governing coalition has been played by two key non-governmental actors: Paul Reichmann; and his successor as Chief Executive at Canary Wharf, Sir Peter Levene. In stark contrast to the LDDC, the state form in the City has a long history. The City's politics have for long revolved around the local state, which is where many of the City's dominant social relations are to be found. The state form in the City, it has been argued, enjoys a local specificity and peculiar independence which has been understood historically. The driving role in the City's governing coalition has been played by two key governmental members, Michael Cassidy and Peter Rees of the Corporation of London, and non-governmental members of the City's regime have tended to work through, as well as with, the local state.

Alongside this thesis' analysis of the competitive nature of the Canary Wharf/City relationship, it has been argued that this relationship is illustrative of a complex interplay between 'the global' (expressed by global forces manifested locally at Canary Wharf) and 'the local' (expressed by social processes local to the City of London). Thus, a central objective of this thesis has been to explore the mediating role of social processes, local to the City of London, in an assessment of Canary Wharf's ability to establish itself as a location for global financial services. The political response of the City to the perceived threat of Canary Wharf, which forms a major part of this thesis, is clearly important to this assessment. However, it has been argued here that it is also necessary to analyse the role of economic, social and cultural processes local to the City of London. These local processes, it has been shown, have also shaped and constrained the global ambitions of Canary Wharf. However, the Canary Wharf/City relationship is illustrative of a *complex* interplay between 'the global' and 'the local'; a number of factors have recently combined to produce a renewed optimism at Canary Wharf, re-invigorating the competitive aspect of its relationship with the City, and the current Canary Wharf/City relationship is a clear illustration of its complex, changing nature.

The apparently parochial emphasis of this thesis, which focuses on exploring the role of local processes, has not been concerned to celebrate specificity at the expense of generality. Whilst it is true that pointing to general processes does not adequately explain what is happening at particular moments or in particular places, any explanation must include general processes and the wider processes lying behind them. It is for this reason that the case study's analysis of the problems Canary Wharf has faced in establishing itself includes abstract analyses of structural processes such as: the globalisation of finance and property and its impact on the City of London (as an international financial centre); the deregulation of the City of London's financial services ('Big Bang') and its impact on office space; the global property recession and its impact on both the City of London and Canary Wharf; and the deregulated planning environment which prevailed and its impact on both the City of London and the development of Canary Wharf. However, 'the general' and 'the particular' have not been analysed separately, as two kinds of explanation, for, it has been argued, specific outcomes are produced by the articulation of the general with the particular (see, for example, Massey and Allen, 1985).

7.1: Drawing conclusions

> General processes *never* work themselves out in pure form. There are always specific circumstances, a particular history, a particular place or location (Massey and Allen, 1985:9 - emphasis in original).

The main findings of the research, explored below, are three-fold. First, that in the specific spatial and temporal context in which Canary Wharf and the City are brought into relation with each other, local processes have been able to shape and constrain global forces. Secondly, that, within the overall constraints of structure, the roles of key agents (and the strategies they have adopted) have been significant in determining

Canary Wharf's ability to establish itself. Thirdly, that the significance of this agency role has not always worked positively in exerting some local influence.

The local processes referred to above as having together shaped and constrained the global ambitions of Canary Wharf are political, economic, social and cultural processes, all local to the City of London. The City's political response is manifest in the radical overhaul of the local planning system, which led to an explosion of office development in the City in the latter half of the 1980s. Three events took place in the mid-1980s which, in combination, shook awake the City's dominant territorially-organised interests leading to the creation of a governing regime to defend the City's interests against both global and local competition. First, the July 1983 Goodison/Parkinson Accord which set the date of October 1986 for the City's Big Bang. Big Bang, it was predicted, would bring about an explosion in financial services employment in the City for which accommodation would need to be found. Secondly, the publication of the City's pro-conservation Draft Local Plan in 1984. This was a singularly ill-timed and inadequate document, because it had been prepared in the 1970s, made no mention of Big Bang and took no account of the likely impact on City office space of the deregulation of financial services. Thirdly, the advent of a 'financial megacentre' at Canary Wharf, first announced in May 1985 and granted planning permission in October 1985.

Although it is necessary to take account of the combination of these factors, it has been shown that it is the perceived threat posed by Canary Wharf which acted as the most significant factor in persuading the City Corporation to "take the lid off planning permissions" (Eric Sorenson, LDDC). The City was threatened by global competition, but the threat of Canary Wharf was "the catalyst to major change in the City" (David Charles, Sun Alliance). Although the City's major landowners all had a common interest in the City defending its position against Canary Wharf, this 'need' was felt most acutely by the City Corporation. It is instructive to recall an observation by a senior City planner:

> It appears that Planning Committee members felt that threatened movements to Canary Wharf provided more persuasive arguments for permitting large schemes [in the City] than the general need for updated office accommodation to compete globally (John Watson, Corporation of London).

The relaxation of planning restrictions on office development in the City undermined Canary Wharf's ability to establish itself as a location for financial services. For, despite arguments that the globalisation of finance is heralding the 'end of geography', the tendency for financial services to cluster in the City persists (albeit not merely in the central core of the City). It has been shown that the City's ability to 'hold down the global' in the face of competition from Canary Wharf can be explained by local processes: the economics of agglomeration in respect of financial services; the continuing need for financial services to engage in face-to-face contact; the cultural attachment of financial services to the City of London and their perception of Canary Wharf as 'foreign territory'. An important argument in this thesis is that, uniquely, many of the large US banks do not hold to the dominant perception of Canary Wharf as an unacceptable location for financial services. However, it has been argued that this distinctive attitude on the part of US banks has served to lend weight to the negative perception of Canary Wharf as an 'American ghetto'.

Before drawing some general conclusions from the case study's findings on the significance of local processes, we turn to the role of agency which also needs to be considered within the specific spatial and temporal context in which Canary Wharf and the City are brought into relation with one another.

7.1.1: Qualifying the significance of the role of agency

> Michael Cassidy's nickname is 'Mr London'. He does a very good job in promoting the City both here and abroad. He is incredibly energetic, but really, the role he played in gearing the City up to meet the challenges of the 1990s was made very easy by the support he received from all around him in the City (Keith Way, DTZ Debenham Thorpe).

The thesis has sought to understand the roles of many agents relevant to the case study, and how these agents perceive their roles. However, it has concentrated on the role of those agents seen as the driving force behind the strategies adopted by the two competing coalitions at Canary Wharf and in the City to boost 'their localities'. In the City, Michael Cassidy (currently the City's Chair of Policy and Resources and *de facto* leader of the Council) has undoubtedly been the most active player in defending the City in the face of both global and local competition, though others have also played important roles, notably, Peter Rees (the City's Planning Controller). Michael Cassidy, once he had assumed the position of Chair of Planning, was at the forefront of the City's adoption of an aggressively entrepreneurial approach to planning in the mid-1980s. In his current position Michael Cassidy has consolidated his leading role in promoting the City both globally and locally. He spends a good deal of time abroad 'selling' the City, whilst at home he is at the forefront of both the drive to strengthen the City Corporation's links with the City's business community (bankers, developers, and so on) and the development of a close working relationship between the City Corporation's economic development and planning departments seen as essential to plan effectively for the City's office development needs.

Michael Cassidy's drive to bring about a more entrepreneurial approach to planning was aided by the general recognition in the City, by the mid-1980s, that it needed to respond flexibly to the changing requirements of global finance. Thus, there existed a consensus amongst the City's dominant territorially-organised interests that a more entrepreneurial approach to planning was necessary to compete effectively with Canary Wharf. Their vested interests in achieving this aim were pursued through the local state. Overall, the City's (organic) regime, which has been understood through emphasising the specificity of the City, has enjoyed considerable success in defending the City's position as London's preeminent location for financial services. However, this does not mean that it has been able to defend the City's land values to an equal extent. The City's competitive response to Canary Wharf, alongside the recession in property, brought about a glut of office space in London. Vacancy rates soared, and rents plummeted. In this 'tenant's market', City landowners were forced to use financial and other inducements to entice prospective tenants. Thus, in 'fighting off' Canary Wharf, the City undermined its land values.

In contrast, the strategies pursued by the key players at Canary Wharf have not always successfully promoted the development. It has been shown that the strategies employed by Paul Reichmann (when Olympia and York owned Canary Wharf between 1987 and 1992) frequently worked to the detriment of Canary Wharf. At least three aspects of Paul Reichmann's role during this period have been shown to fall into this category. First, the inflexible approach he adopted to the marketing of Canary Wharf, which focused on attracting the corporate headquarters of the large commercial banks. Paul Reichmann's insistence on capturing the headquarters of these banks meant that those large banks with substantial 'back-office' requirements looked elsewhere. Secondly, the modus operandii instigated at Canary Wharf under Paul Reichmann, which bypassed the City's agents and consultants in the marketing of Canary Wharf, challenged the City's 'ways of doing things' because it operated outside the City's established networks. The 'North American practices' Paul Reichmann brought to the development of Canary Wharf antagonised the traditional 'domestic' City, for whom these practices embodied a 'foreign' challenge.

Thirdly, Paul Reichmann has displayed an 'inadequate grasp of the local' which, given the focus on Canary Wharf becoming a location for financial services, has been shown particularly to have worked to the detriment of Canary Wharf. On the one hand, Paul Reichmann misunderstood the City as a financial *and* political space, and on the other hand overstated Canary Wharf's ability to break the tendency for financial services to cluster in the City. Put another way, Paul Reichmann overstated Canary Wharf's ability to overcome the negative perceptions of the Isle of Dogs as a location for global finance, demonstrating a lack of understanding for the historical development and geography of London, for East London has historically been 'underdeveloped' in office development and public transport terms. The implicit assumption in Paul Reichmann's thinking, that the deregulation of London's financial services would be accompanied by a deregulation in the locational habits of financial services in London, displays a lack of appreciation for the complexities of the local property markets. Moreover, the autocratic manner in which Paul Reichmann ran operations at Canary Wharf, insisting that his executive team 'on the ground' checked all decisions personally with him, contributed to Paul Reichmann's 'inadequate grasp of the local' in London.

The strategies adopted by Paul Reichmann to 'sell' Canary Wharf have been shown to contrast quite sharply with those employed by Sir Peter Levene, who succeeded him as Chief Executive at Canary Wharf. Under Sir Peter Levene, Canary Wharf adopted thoroughly commercial and much more flexible marketing strategies, and in three years more than doubled the number of tenants at Canary Wharf (including *inter alia* a 700,000 sq ft letting to Barclays de Zoette Wedd, the merchant banking arm of Barclays Bank). An important argument made in the preceding analysis is that the upturn in Canary Wharf's fortunes, represented by the capture of BZW, would probably not have taken place under Paul Reichmann. This is because Barclays Property Holdings were initially attracted to the option of Canary Wharf for BZW precisely because the conditions laid down by the new management at Canary Wharf were of such flexibility that they allowed the bank to locate who they wanted at Canary Wharf and to lease as much or as little space as required. One of the major differences between Paul Reichmann and his successor was that Sir Peter Levene brought a completely different style to the marketing of Canary Wharf. The new style was far less aggressive than that led by Paul Reichmann and, crucially, the new style was not dictated by 'North American practices'. Indeed, Sir Peter Levene is very much a 'City person', being an Alderman and a Sheriff. He has many contacts in the City, through his involvement in the City's political and social life and through his professional career. Crucially, the new modus operandii at Canary Wharf was to market Canary Wharf within the City's established networks.

Although it can be concluded that the strategies adopted by key agents are significant to the analysis of the fluctuating fortunes of Canary Wharf, this conclusion needs to be qualified. Not all contingencies will be connected with human agency, but may rather revolve around the specific times and places in which social actions occur. Although it can be concluded that the strategies adopted by Paul Reichmann failed to succeed at Canary Wharf, he was nevertheless 'unlucky' to have gained control of Canary Wharf a little more than a year before the global property market entered its most severe recession since the 1930s. Similarly, Sir Peter Levene was 'lucky' to have been put in charge of Canary Wharf just as the property market was beginning to show signs of recovery. Crucially, the Jubilee line extension project, which had been placed in jeopardy by O&Y's failure to meet its financial obligations, was revived and given the go-ahead a little after Sir Peter Levene's arrival.

7.1.2: 'Geography matters'

> Just as there are no purely spatial processes, neither are there any non-spatial processes. Nothing much happens, bar angels dancing, on the head of a pin ... Geography, in both senses, of distance/nearness/betweenness and of the physical variation of the earth's surface (the two being closely related) is not a constraint on a pre-existing non-geographical social and economic world. It is constitutive of that world (Massey, 1984:52).

Paul Reichmann's 'inadequate grasp of the local' can be understood as a failure to consider the effect of 'geography', or 'the spatial', on Canary Wharf's ability to establish itself as a location for global finance. The spatial, Massey and Allen (1985) argue, is part of the explanation of how social processes work, and their contention that 'geography matters' is borne out by the case study's findings. It is important to stress that it is not the spatial form itself that has effects, but rather the spatial form of particular and specified social processes and social relationships. The term 'spatial' includes a whole range of aspects of the social world, such as movement, distance, geographical differentiation, the notion of place and specificity, and of differences between places. 'Space', it has been argued, clearly makes a difference to whether the causal powers of particular social relations are activated, and the forms which these social relations can take (see, for example, Massey and Allen, 1985; Sayer, 1985, 1992). However, the existence and expression of social relations in particular places relies upon the web of contingencies that is woven by the spatial fabric of society. The picture is complicated further by the fact that social relations, in their diverse locally contingent forms, continually constitute that spatial fabric. In Pred's (1985) terms, 'the social becomes the spatial, the spatial becomes the social'.

Analysing the case study's findings within such a perspective on the relationship between the social and the spatial, allows an important conclusion to be drawn: the social processes and social relationships that make up the spatial forms of both the City and the Isle of Dogs have negatively affected the ability of Canary Wharf to establish itself as either an extension of, or alternative to, the City of London. It has been argued that Paul Reichmann believed, wrongly, that the 'grandeur' of Canary Wharf would bridge the gulf in perceptions between the Isle of Dogs and the City as locations for global finance. The 'mistake' Paul Reichmann made was to assume (implicitly) that the fact that the Isle of Dogs was a different place with a different geography would have little bearing on these perceptions. Paul Reichmann's failure to consider the effect of geography is underscored by his argument that Canary Wharf is no further from the Bank of England than Bond Street. The problem with drawing this analogy, it has been argued, is that it overlooks the fact that the cultures of the West End, where City people feel comfortable, are very different to those of East London. The City has a different sense of place and commitment to location and to established community than does the Isle of Dogs, a difference that has had an important bearing on Canary Wharf's ability to establish itself as an international financial centre.

In the light of this thesis' analysis of the problems Canary Wharf has faced in establishing itself, and by way of conclusion, it is important to reflect a little on Canary Wharf's future. In keeping with the focus of this thesis, it is therefore important to reflect on Canary Wharf's present and future relationship with the City of London. A central argument in this thesis has been that the relationship between the global and the local should be seen as a complex interplay, in this case between global forces manifested locally at Canary Wharf and processes local to the City of London. It has been shown that the political response of the City, which in the first place undermined Canary Wharf's global ambitions, was in great part influenced by the globalisation of finance and property manifested locally at Canary Wharf. The complex, changing nature of the Canary Wharf/City relationship is illustrated by the fact that the impact of 'the local' on 'the global' has produced a 'reshaped Canary Wharf' which is once again eliciting a competitive response from the City. Canary Wharf has recently enjoyed an upturn in its fortunes, represented by the capture of the major BZW letting and the sale of the development to the International Property Consortium which includes Paul Reichmann. In combination with the revival in Canary Wharf's fortunes, it is argued below that the recent return of Paul Reichmann to Canary Wharf is heralding a renewed period of intense intra-urban competition.

7.2: A re-statement on the competitive nature of the Canary Wharf/City relationship

> Now that Paul Reichmann is coming back, the gloves will come off in the fight between Canary Wharf and the City (Laurie Kinney, Kinney & Green).

At the beginning of October 1995 it was announced that a consortium of investors, including Paul Reichmann, the Saudi Prince Abdulaziz Al Saud, Larry Tisch of CBS Television, and the Wall Street bankers Michael Price and Edmund Safra, were to buy Canary Wharf from Sylvestor Investments. Although representatives from both parties have refused to discuss the terms of the deal, it is widely rumoured that the consortium has agreed to pay approximately £800 million (Financial Times, 28.12.95). Some press reports also suggest that the European Investment Bank is negotiating to take a £100 million interest in the consortium.

Paul Reichmann, reported only to have a small shareholding in the consortium, is Chair and acting Chief Executive pending a further appointment (Sir Peter Levene was asked to carry on as Chief Executive of Canary Wharf but turned the offer down). Paul Reichmann is understood to believe that Canary Wharf already has sufficient 'critical mass' to justify building out the rest of Canary Wharf (Estates Times, 1.3.96). The advantage of speculatively building further phases of Canary Wharf is that construction could start immediately, giving Canary Wharf a head start over the City. The disadvantage is that construction would not be to specification. It is probable, however, that new development at Canary Wharf will only begin if the consortium's main backers are convinced the demand exists.

> Paul Reichmann, I'm sure, would like to double the size of Canary Wharf as quickly as possible ... he wants to see his vision of a Wall Street On Water realised [but] the main backers are unlikely to agree to build speculatively (Laurie Kinney, Kinney & Green).

Whether or not further phases of Canary Wharf are built speculatively, some City analysts believe that the return of Paul Reichmann will herald an intensified rivalry between Canary Wharf and the City.

> The gentleman's agreement reached [between Canary Wharf and the City] when the banks called the shots - that Canary Wharf would not poach the big banks and the Exchanges from the Square Mile - is off. [With Paul Reichmann] Canary Wharf is likely to take a far more aggressive attitude towards attracting City tenants, and the City is bound to react to that (Richard Barras, Property Market Analysis).

Michael Cassidy's response to the arrival of Paul Reichmann is circumspect, playing down the significance of the Reichmann deal.

> Whether the banks own Canary Wharf or Paul Reichmann owns it doesn't change our stance ... We can't compete on cost with Canary Wharf, but we have quality of environment, proximity to all the key players and transport access, particularly to Heathrow. And you can walk from meeting to meeting in the City. Canary Wharf has still some way to go. And it is worth remembering that Canary Wharf is going to have to wait until the turn of the century for the Jubilee line (Michael Cassidy, Corporation of London).

The point about cost is worth briefly elaborating upon. Because of EZ tax breaks and low business rates, occupational costs at Canary Wharf are roughly half those of the City. Turkie (1991) has estimated that further phases of Canary Wharf will allow the owners to shield from tax up to £1.2 billion of profits (capital allowances on the 4.3 million sq ft first phase totalled nearly £700 million, or £230 million lost revenue for the Treasury). With basic corporation tax at 33%, this could potentially cost the Treasury around £400 million. If Canary Wharf's new owners do not have enough UK profits to shield, the capital allowances can effectively be 'sold on' to the tenants who can use them (Turkie, 1991). In fact, Canary Wharf should have lost its favourable tax treatment when its EZ status ended in April 1992 but, shortly before, the government changed the law allowing its lucrative capital tax allowances to be kept for another ten years. This move underscores Canary Wharf's dependent, but favoured, relationship with central government.

> It was obvious the government caved in to pressure from Canary Wharf and the LDDC. While the change in the law benefited other EZs, Canary Wharf had by far the most to gain (Keith Way, DTZ Debenham Thorpe).

Despite Michael Cassidy's insistence that it makes no difference to the City Corporation who owns Canary Wharf, once it appeared likely that the International Property Consortium, the Reichmann-backed group, would take control of Canary Wharf, the

City Corporation began to take steps to entice financial services tenants to remain in the City.

> We have worked with Docklands in the past, but if the new owners [of Canary Wharf] start to play dirty by fishing in our pond and offering to buy out the leases of our traditional tenants, then we are ready to fight (Michael Cassidy, Corporation of London).

The City Corporation recently commissioned tax consultants to examine the tax treatment of Canary Wharf. Crosher & James found that because of Canary Wharf's favourable tax status it was able to offer three-year rent-free periods (as against 12 to 18 months in the City). The Corporation has subsequently used the results to lobby the government to accelerate the reduction of business rates in the City. The City Corporation argues that the original intention of the Uniform Business Rate was for rates to be uniform, but because of a hitch in the transitional administrative arrangements of the UBR, a mismatch currently exists between rates in the City and at Canary Wharf giving the latter an unfair advantage.

> We are not asking the government to reverse the extension it has given Canary Wharf, but just using it to illustrate the grossly unfair position the City is in. We hope to persuade Kenneth Clarke to change his mind over the transitional phasing of business rates. We've already had meetings with him and he's very sympathetic to our position, but he wants a long-term solution to the problem (Michael Cassidy, Corporation of London).

Despite the fact that Canary Wharf has low occupational costs because of the EZ tax breaks, it is important to bear in mind that it is 'necessary' for Canary Wharf to offer far lower rents than the City. There are two reasons why this is so: first, because it is necessary to offer a major financial incentive to persuade City tenants to locate at Canary Wharf; and second, because, it is rationalised, this will enable Canary Wharf to establish itself in the long term. But this raises an interesting question: if, as argued earlier, building costs at Canary Wharf and in the City are similar, what will be the financial implications for Canary Wharf's backers of offering such lucrative deals in the short to medium term? Paul Reichmann is noted for his aggressive and adventurous deals to lure tenants from the City, often involving the purchases of the leases on their old premises. This modus operandii contributed greatly to the financial problems O&Y faced at Canary Wharf in the early 1990s, as O&Y found itself over-burdened with properties it could find no tenants for and on which it had to continue to pay rent. This time around, however, Paul Reichmann is backed by the huge personal wealth of Prince Abdulaziz Al Saud. In the 1980s and early 1990s, O&Y tried to build and establish Canary Wharf with money borrowed from banks. The Reichmann-backed International Property Consortium, by contrast, has got its own money.

> The Saudi Prince is a colossal man financially. He is one of the world's richest men. I find it hard to believe that the new consortium will overstretch themselves. The difference between the personal wealth of the Prince and that of the Reichmanns in the 1980s is vast (Laurie Kinney, Kinney & Green).

However, despite the immense financial power of the new consortium, Canary Wharf still suffers one crucial disadvantage in its competition with the City for financial tenants; its location. Moreover, transport communication is still a weak point for Canary Wharf. The DLR is still subject to breakdowns and delays, and the Jubilee line is not expected to meet its target date of 1998 (Guardian, 19.2.96). This wait for the Jubilee line extension would have to built in to any negotiations to take space at Canary Wharf, in the form of rent-free periods and so on.

> I'm sure that Paul Reichmann is coming back a reinvigorated man. But he's still got the same basic problem. Canary Wharf hasn't moved. It's still in the same place, and location is still the most important factor (Laurie Kinney, Kinney & Green).

7.3: Canary Wharf - London's 'third business district'?

> The new business district we are establishing at Canary Wharf will become London's third business district (Peter Marano, O&Y).

A whole series of questions are raised by the promotion of Canary Wharf as London's 'third business district', such as: how is the 'need' for a new business district to be measured; how should a business district be defined?; indeed when does a new business district become 'London's third business district'?; how long might it take for one to be established?; and what role would this business district play in relation to the City and West End? Whilst these questions cannot be answered here, brief consideration of these issues is a useful way, in conclusion, to speculate on Canary Wharf's future.

It has often been claimed by protagonists of Canary Wharf that the development would act as a catalyst to further office development on the Isle of Dogs, and to a certain extent it has. Thus, it has been argued that

> Canary Wharf is very much part of the whole Docklands package. I've no doubts that we'll soon see Canary Wharf at the

> centre of a much larger commercial centre, perhaps London's third business district (Sir Nigel Broackes, Trafalgar House).

Sir Peter Levene warns, however, that

> 200 yards [from Canary Wharf] is miles from here, where rents can be lower than £10 per sq ft.

If anything, Sir Peter Levene underplays the non-homogenous nature of the area in and around Canary Wharf. For Canary Wharf lies cheek by jowl with some of the poorest council housing in the country, nevermind being surrounded by far less prestigious office development.

To establish itself as London's 'third business district', Canary Wharf would have to compete with both the City and the West End for high-profile tenants, for, a third business district could be conceived as an alternative location for both West End tenants (for example, the headquarters of non-financial conglomerates and professions such as advertising), and City tenants. Although the ability of Canary Wharf to attract prestigious West End tenants is not within the scope of this thesis, it can perhaps be assumed that West End tenants may be as reluctant as City tenants to move to Canary Wharf. Indeed, when O&Y began marketing Canary Wharf as London's third business district, this new emphasis was in part designed to attract London's major advertising agencies (O&Y, 1989), 'traditional' West End tenants. Canary Wharf has, to date, only managed to attract one advertising agency, Ogilvy & Mather. In 1991, it appeared that Canary Wharf had secured two other major advertising agencies - Saatchi & Saatchi and Still Price Lintas. In April 1991, Still Price Lintas actually signed an agreement to move its 180 London-based staff to Canary Wharf but by September had scrapped its plans, because, it is believed, the staff opposed the move (Financial Times, 25.5.91).

London's 'third business district' can, perhaps, be best seen purely as a marketing slogan. According to Sir Peter Levene, Canary Wharf is not big enough to be considered London's third business district.

> [Canary Wharf] is a new business district for central London [but] I do not see it as London's third business district. The City has over 80 million sq ft, the West End much more than that, and Canary Wharf, at present, only 4.5 million sq ft. There's no comparison, even if the whole of Canary Wharf is built out (Sir Peter Levene, Canary Wharf).

Michael Cassidy is somewhat more dismissive of the idea that Canary Wharf could become London's third business district. In contrast to Sir Peter Levene, he has a vested interest in talking down Canary Wharf's prospects and therefore refers to Canary Wharf being outside 'central London'.

> Canary Wharf is not going to ever be a Wall Street On Water. Nor will it be London's third business district. After all, it's not within central London. But it might become a high-quality Croydon (Michael Cassidy, Corporation of London).

The argument as to whether Canary Wharf can now be considered part of 'central London' is largely one of perception. Certainly, in its early days, no-one except Canary Wharf's most fervent advocates, considered the Isle of Dogs as part of the central London orbit. Over time, and with the construction of extensive public and private transport systems, the dominant perception has been challenged. By the time Canary Wharf is plugged into the underground system, the dominant perception will probably be that the development is within the central London orbit.

If Canary Wharf is not set to become a 'Wall Street on water' or London's 'third business district', what then? In an answer to this question, David Turner, Managing Director of Barclays Property Holdings, and the man responsible for negotiating BZW's letting with Canary Wharf, argues that,

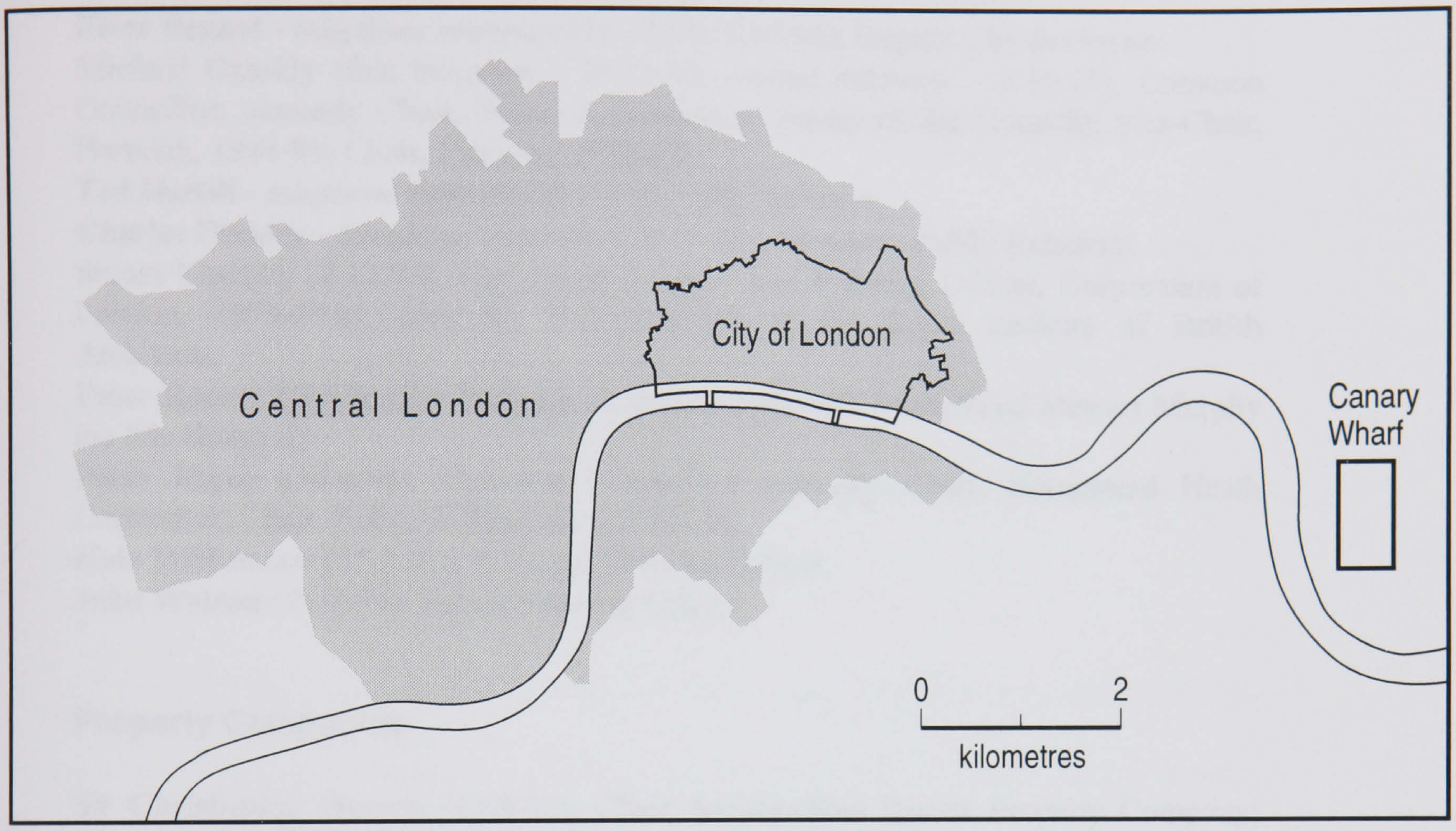
> Canary Wharf's future is very difficult to predict. I would be surprised if it became London's third business district. It may take quite a long time, perhaps 10 years or so, but I think it will be successful alongside the City, rather than as London's third business district.

For Canary Wharf to be 'successful alongside the City', the relationship between the two would have to change from one of intra-urban competition to one of intra-urban complementarity. However, it is possible that in '10 years or so' the City might cease to view Canary Wharf as a competitor. But success 'alongside the City' for Canary Wharf also begs the question 'successful as what?'; as an alternative location for the large commercial banks?, or as a location for back-office space to the headquarters of the large commercial banks in the City?

The speculative conclusion drawn here is that, whilst it might take 10 years or more, the City will eventually develop a modus vivendi towards Canary Wharf. This might involve agreement, or at least consultation with the City when a bank considers a move to Canary Wharf. Whilst the overwhelming number of foreign and domestic commercial banks will continue to locate in the City, Canary Wharf might be chosen by the occasional large commercial bank (predominantly from the US) which might find it difficult to consolidate in the City. Overall, Canary Wharf might well fulfil the role of 'back-up' to the City, not in the sense of 'a high-quality Croydon', although it will almost certainly house predominantly back-office operations. Rather, some large commercial banks, who do not wish to leave the City but who nevertheless might find it difficult to house all their operations in the City, may well decide to split up their operations, locating their headquarters and senior staff in the City and the rest at Canary Wharf. If this scenario is broadly correct, the irony will be that, in the end, the City will have found a way of 'living with' Canary Wharf.

Appendix 1

The geographical relationship between Canary Wharf, the City and central London.



APPENDIX 2: INTERVIEWS UNDERTAKEN

The Corporation of London

Peter Bennet - *telephone interview* (15.11.94, 4.10.96), Deputy City Surveyor.
Michael Cassidy (first interview - 25.11.93, second interview - 2.10.95), Common Councillor; currently Chair, Policy & Resources (leader of the Council); vice-Chair, Planning, 1984-86; Chair, Planning, 1986-90.
Ted Hartill - *telephone interview* (24.3.94), City Surveyor.
Charles Hinkley - *telephone interview* (23.11.94), Manager, Public Relations.
Stuart Murphy (8.12.93), City Architect and Chief Planning Officer, Corporation of London, 1979-1986; currently Vice-President of the Royal Institute of British Architects.
Peter Rees (17.3.93), City Planning Controller (although he replaced Stewart Murphy the title changed).
Peter Rigby (30.4.94), Common Councillor; currently Chair, Hampstead Heath Committee; Chair, Policy & Resources, 1984-90.
Kate Williamson (15.3.93), Principal Planning Officer.
John Watson (25.2.93), Senior Planning Officer.

Property Companies

Sir Christopher Benson (12.3.93), Chair, Metropolitan Estates Property Company; Chair, London Docklands Development Corporation, 1984-88.
Sir Nigel Broackes (1.12.93), Honorary Chair, Trafalgar House; retired as Chair of Trafalgar House in 1993; first Chair, LDDC, 1979-84.
Michael Griffiths (15.2.94), Director, Land Securities Properties
William Walker - *telephone interview* (14.3.94), Secretary, City Property Association (formerly the Association of Owners of City Properties).

The Great Twelve Livery Companies

Captain Mark Barrow (22.3.93), Clerk to the Haberdashers' Company (ranked 8th).
Robert Strick (25.3.93), Clerk to the Drapers' Company (ranked 3rd).
Michael Wakeford (25.11.93), Clerk to the Mercers' Company (ranked 1st).

Pension Funds/Insurance Companies

David Charles - *telephone interview* (8.11.94), Director of Sun Alliance Insurance Group.
Paul McNamara (6.3.95), Director, Global Policy Unit, Prudential Insurance Group.

Appendix 1 contd over

Banks

David Adamson (28.6.95), Director, Property and Facilities Management, Barclays De Zoette Wedd
Kunihiko Asako (28.6.95), Managing Director, Bank of Tokyo (UK).
Nick Bennett - *telephone interview* (10.11.94), Senior Press Officer, Barclays De Zoete Wedd.
Claus Bertram - *telephone interview* (7.9.94), Managing Director, Deutsche Bank.
Peter Defries - *telephone interview* (6.10.94), Director, Hill Samuel & Co.
Cliff Fairley (24.3.93), Vice-President, Chemical Bank.
Andrew Fielder (25.2.93), Managing Director of Lloyds Bank Commercial Property Developments.
John Latham (17.2.93), Senior Manager, Lloyds Corporate Banking Division.
John Saverino - *telephone interview* (14.2.94), General Manager, American Express.
Paul Storey (30.11.93), Manager, Nat West Bank Property Development.
David Turner (2.6.95), Managing Director, Barclays Property Holdings
Michael Warburton (24.2.94), Head of Property Management, Midland Bank.

City agents

Frederick Coope (24.5.93), Head of Research, Jones Lang Wooton (currently co-agents for Canary Wharf).
Laurie Kinney (first interview - 10.3.93, second interview - 2.10.95), Senior Partner, Kinney & Green; Chair, Royal Institute of Chartered Surveyors City of London branch, 1986/87; chaired the RICS' City branch's working party which responded to the City's 1984 Draft Local Plan; Chair, Candlewick ward, 1984-87.
Mark McAlister (8.11.93), Senior Partner, Richard Ellis (currently co-agents for Canary Wharf).
Keith Way (18.3.93), Senior Partner, DTZ Debenham Thorpe.
Charles Sanderson (25.10.94), Senior Partner, Savills.
Richard Saunders (9.6.94), Senior Partner, Baker Harris Saunders.

Other 'City' people

Stuart Beare - *telephone interview* (16.12.94), Clerk to Portsoken Ward.
Peter Brooke MP (20.9.94), MP for the Cities of London and Westminster.
John Whitehead (18.11.94), Barbican resident and prominent Labour Party activist.
Richard Barras (26.6.95), Director, Property Market Analysis.

Appendix 1 contd over

Olympia and York

Aviva Geshuny-Roth (16.12.93), Marketing Managing Manager, Hanson plc; Director, Marketing, Savills (agents for the Travelstead consortium at Canary Wharf, 1985-1987), 1985-90; Head of Marketing, Olympia and York, Canary Wharf, 1990-92.
Georgiana Gibbs (22.9.94), Public Relations Manager, Lowe Bell Consultants; Public Relations Manager, O&Y, 1990-92.
Robert John (27.9.94), Senior Partner with City accountants KPMG
Peat Marwick; Senior Executive, O&Y, 1988-92; Director, Nat West Bank, 1980-88.
Sir Peter Levene (7.7.95), KBE, Common Councillor, City Alderman, advisor to PM, Chair and Chief Executive, Canary Wharf, 1992-1995
Peter Marano (12.1.94), independent consultant; Senior Executive, First Boston Corporation, working on Canary Wharf, 1982-1988; Head of Leasing and Senior Executive, O&Y, 1988-1992.
Michael Schabas (1.11.94), independent transport consultant; transport vice-president, O&Y, 1988-1992.

The London Docklands Development Corporation

Ted Hollamby (3.2.93), member of the Royal Institute of British Architects, Executive Council; LDDC Chief Architect and Planner, 1980-85; independent consultant to the LDDC, 1985-88.
Stuart Innis (3.3.93), Manager, Completion Unit (has been with LDDC since 1980).
Neil Spence - *telephone interview* (9.3.95), Director of Finance.
Eric Sorenson (16.11.94), Chief Executive.
Barbara Stoakes - *telephone interview* (22.2.95) Head of Transportation and Communication.
Peter Turlik (3.3.93), Director of Strategic Affairs (has been with LDDC since 1980).

Department of the Environment

Ralph Dickens (24.7.95), Senior Planner, London Development Unit, London Regional Office, DoE
Jan Haunton (17.7.95), Senior Planner working with LDDC, London Policy Unit, DoE

Docklands Light Railway

Stephen Gibbs - *telephone interview* (22.2.95) Railway Development Manager, DLR.

Conservation bodies

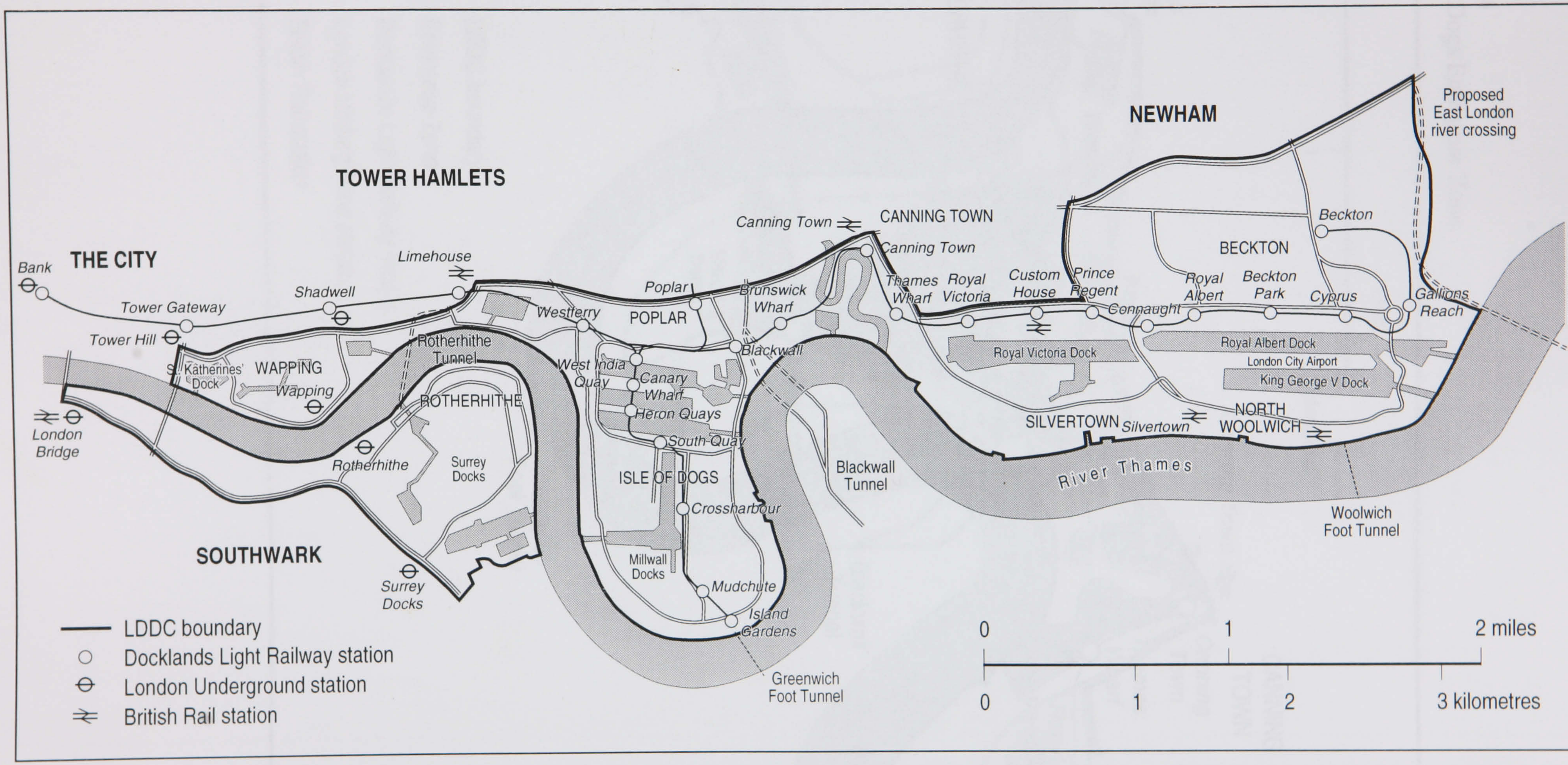
Paul Velluet (5.10.95), English Heritage, Planning Officer, City of London.
Jenny Freeman (27.9.95), Secretary, Save Britain's Heritage.

Appendix 1 contd over

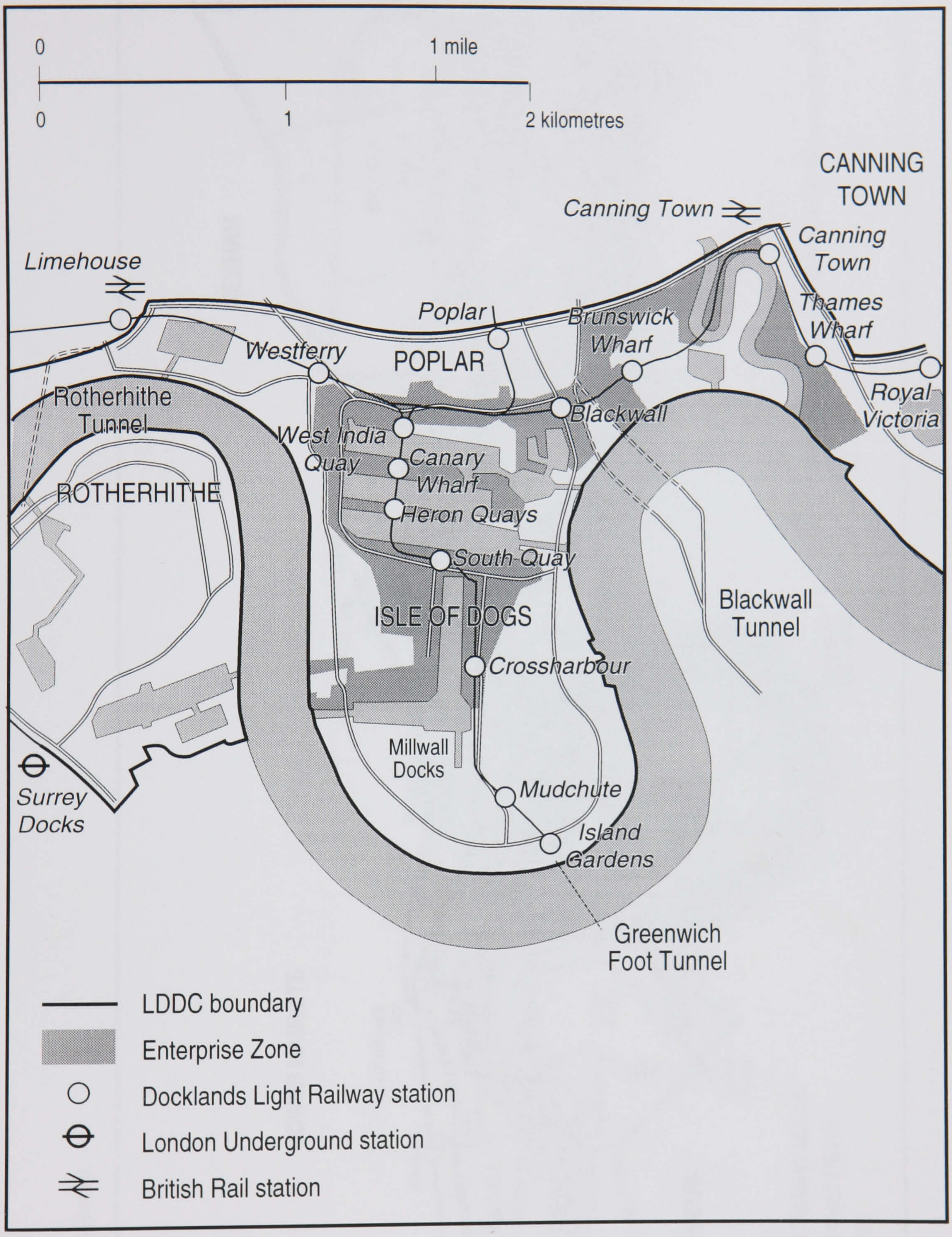
Public Sector (other than City Corporation, LDDC & DLR)

Bob Colenutt (26.1.94), Head, Docklands Consultative Committee.
Owen Henry - *telephone interview* (20.2.95), Assistant Director, Planning, LB of Tower Hamlets.
Dick Monteith (16.11.93), Development Services Manager, Isle of Dogs Neighbourhood, London Borough of Tower Hamlets.
George Nicholson (22.11.94), Secretary to Clive Soley MP; Chair, Planning, GLC, 1981-86.
Martin Simmons (18.8.94), Chief Planner, London Planning Advisory Committee.

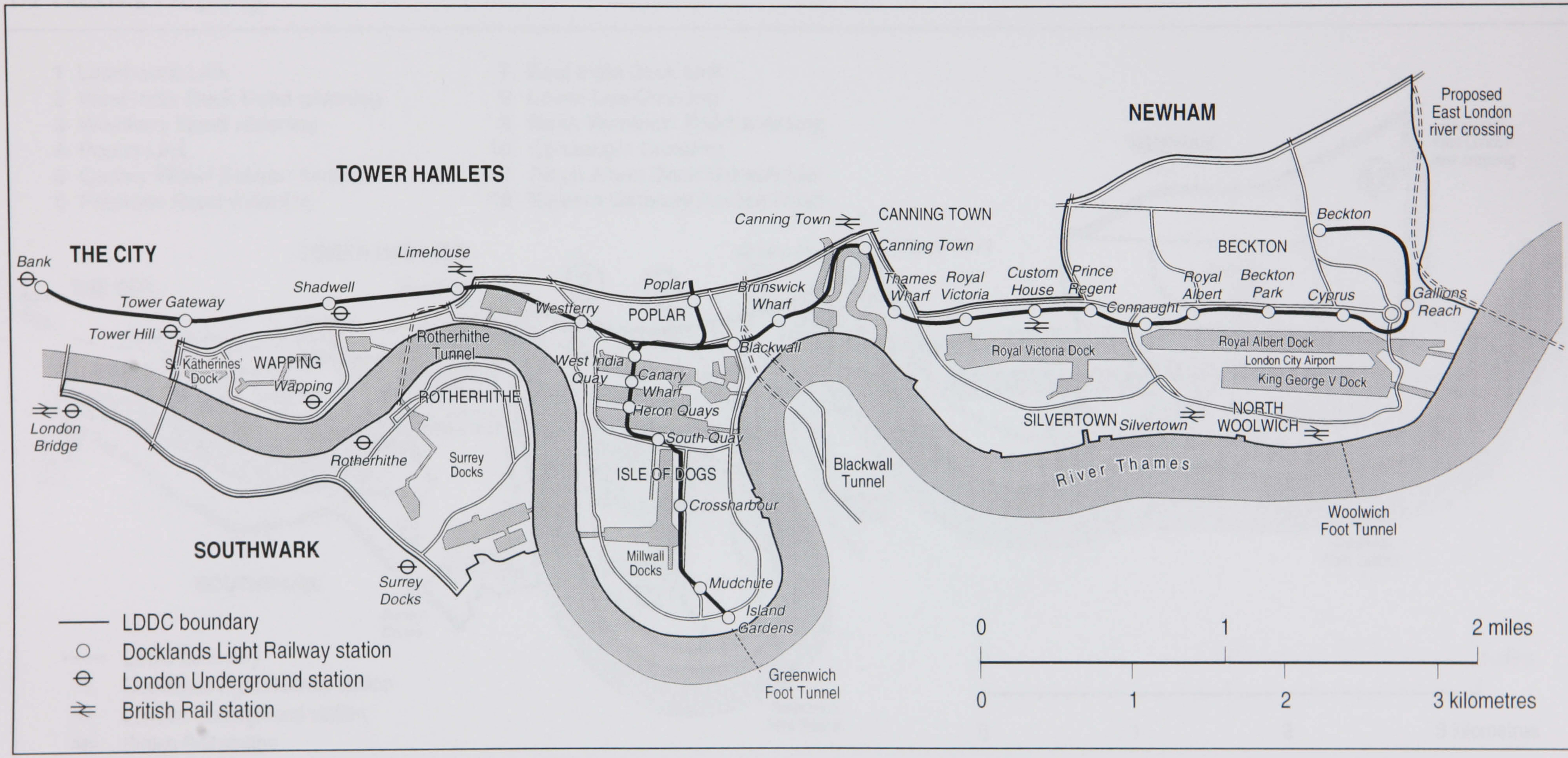
Appendix 3
The LDDC area.



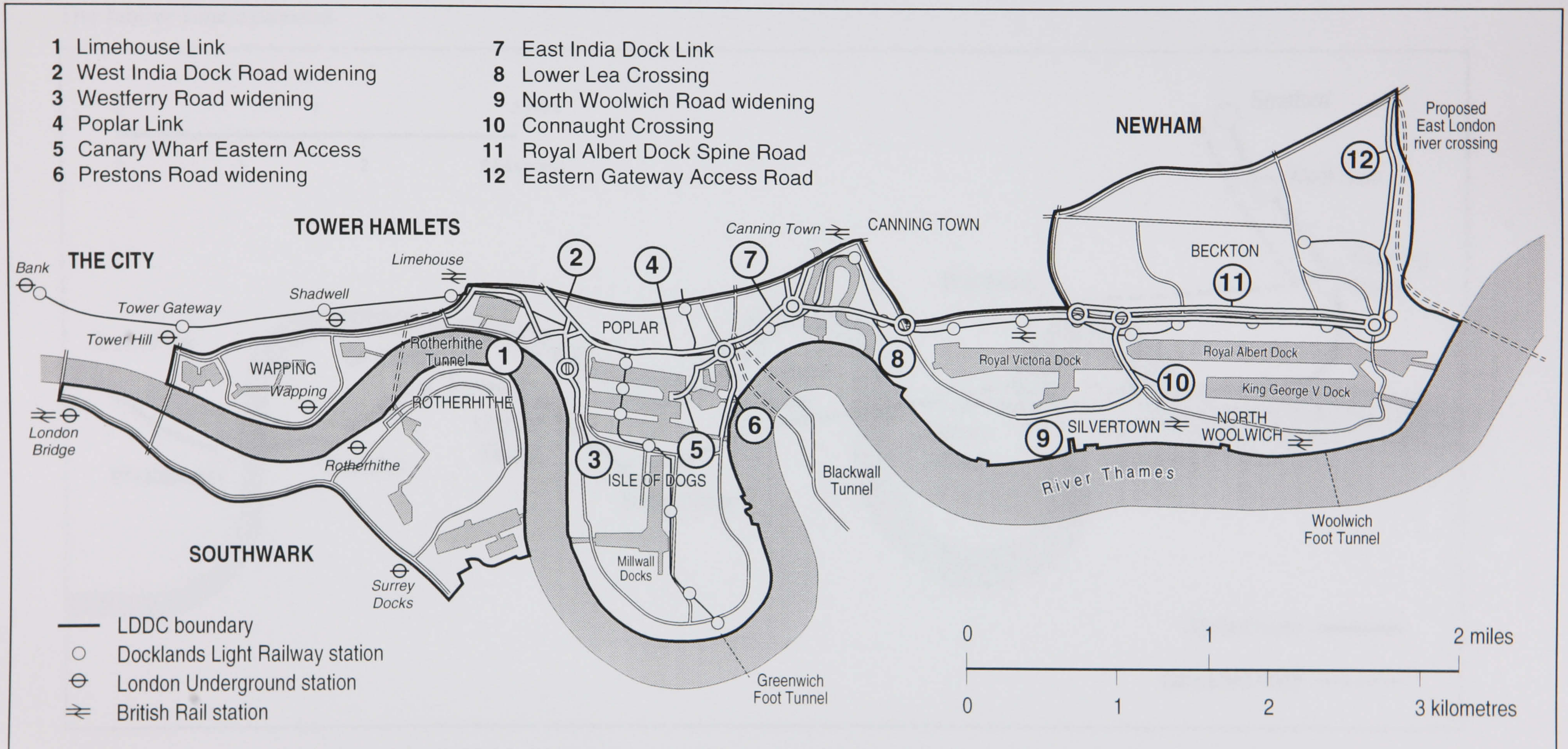
Appendix 4
The Isle of Dogs Enterprise Zone.



Appendix 5
The Docklands Light Railway.

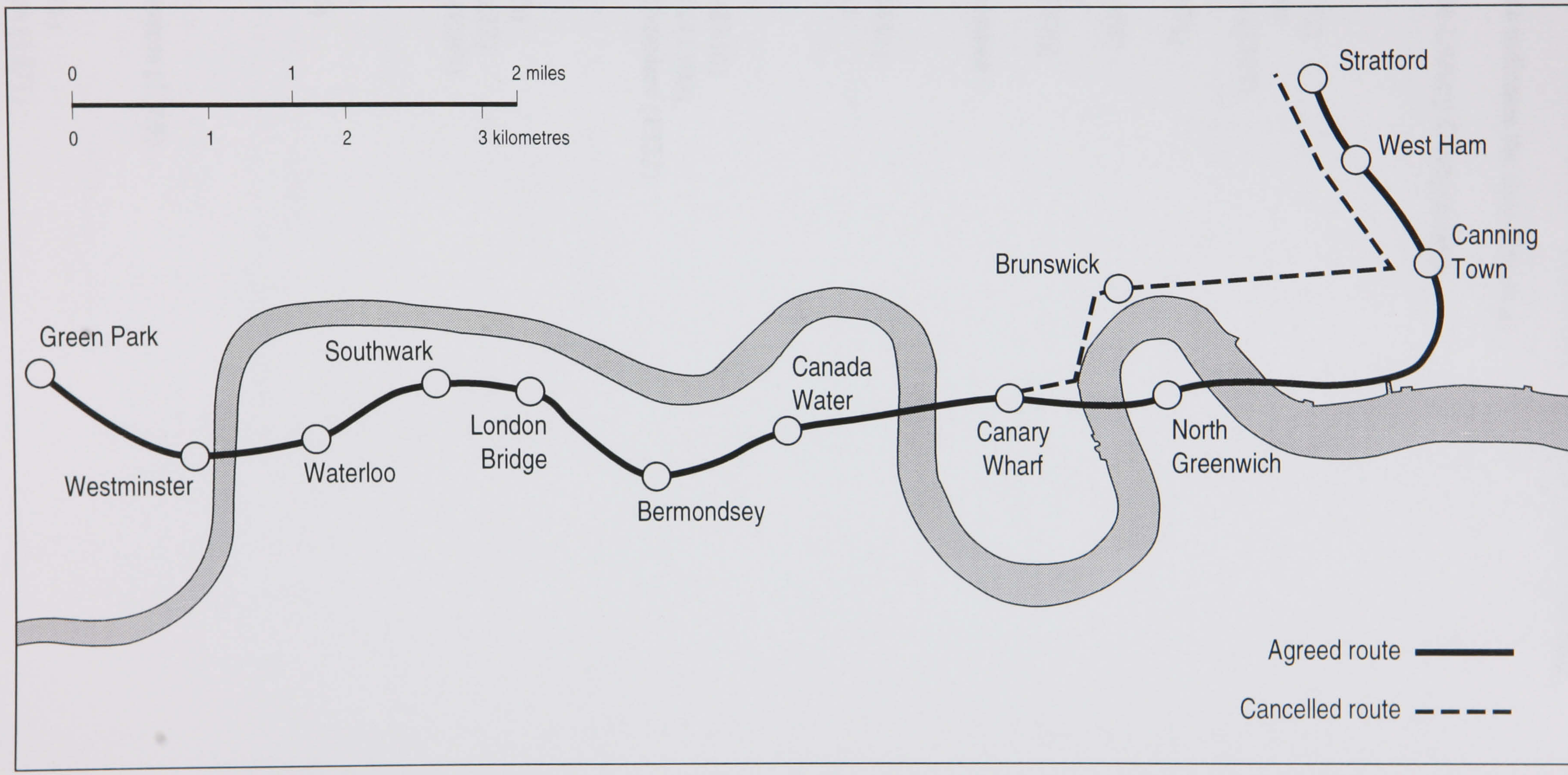


Appendix 6
The Docklands Highway.



Appendix 7

The Jubilee Line extension.



APPENDIX 8: THE LIVERY COMPANIES (ranked in order of precedence)

(The year in brackets indicates the date founded)

The Great Twelve Livery Companies

1. Mercers (1394)
2. Grocers (1345)
3. Drapers (1364)
4. Fishmongers (1272)
5. Goldsmiths (1180)
6. Merchant Taylors (1327)
7. Skinners (1327)
8. Haberdashers (1371)
9. Salters (1394)
10. Ironmongers (1463)
11. Vintners (1364)
12. Clothworkers (1376)

The Minor Companies

13. Dyers (1471)
14. Brewers (1437)
15. Leathersellers (1444)
16. Pewterers (1451)
17. Barbers (1308)
18. Cutlers (1389)
19. Bakers (1155)
20. Wax Chandlers (1330)
21. Tallow Chandlers (1300)
22. Armourers and Brassiers (1322)
23. Girdlers (1332)
24. Butchers (1179)
25. Sadlers (1272)
26. Carpenters (1333)
27. Cordwainers (1272)
28. Painter Stainers (1283)
29. Curriers (1389)
30. Masons (1472)
31. Plumbers (1365)
32. Innholders (1515)
33. Founders (1365)
34. Poulters (1368)
35. Cooke (1311)
36. Coopers (1396)
37. Tylers and Bricklayers (1568)
38. Bowyers (1371)
39. Fletchers (1371)
40. Blacksmiths (1571)
41. Joiners and Ceilers (1571)

/contd

42. Weavers (1155)
43. Woolmen (1297)
44. Scrivenors (1357)
45. Fruiterers (1422)
46. Plaisterers (1365)
47. Stationers and Newspaper Makers (1557)
48. Broderers (1376)
49. Upholders (1474)
50. Musicians (1327)
51. Turners (1604)
52. Basketmakers (1569)
53. Glaziers and Painters of Glass (1637)
54. Horners (1638)
55. Farriers (1356)
56. Paviors (1479)
57. Loriners (1570)
58. Apothecaries (1617)
59. Shipwrights (1428)
60. Spectacle Makers (1629)
61. Clockmakers (1631)
62. Glovers (1349)
63. Feltmakers (1667)
64. Framework Knitters (1657)
65. Needlemakers (1656)
66. Gardeners (1345)
67. Tinplate Workers (1670)
68. Wheelwrights (1670)
69. Distillers (1638)
70. Patternmakers (1670)
71. Glass Sellers (1635)
72. Coachmakers and Coach Harnessmakers (1677)
73. Gunmakers (1637)
74. Gold and Silver Wyre Drawers (1780)
75. Makers of Playing cards (1628)
76. Fanmakers (1709)
77. Carmen (1516)
78. Master Mariners (1926)
79. Solicitors (1908)
80. Farmers (1946)
81. Air Pilots and Air Navigators (1929)
82. Tobacco Pipe Makers and Tobacco Blenders (1960)
83. Furniture Makers (1952)
84. Scientific Instrument Makers (1955)
85. Chartered Surveyors (1976)
86. Chartered Accountants (1976)
87. Chartered Secretaries and Administrators (1976)
88. Builders' Merchants (1961)
89. Launderers (1960)

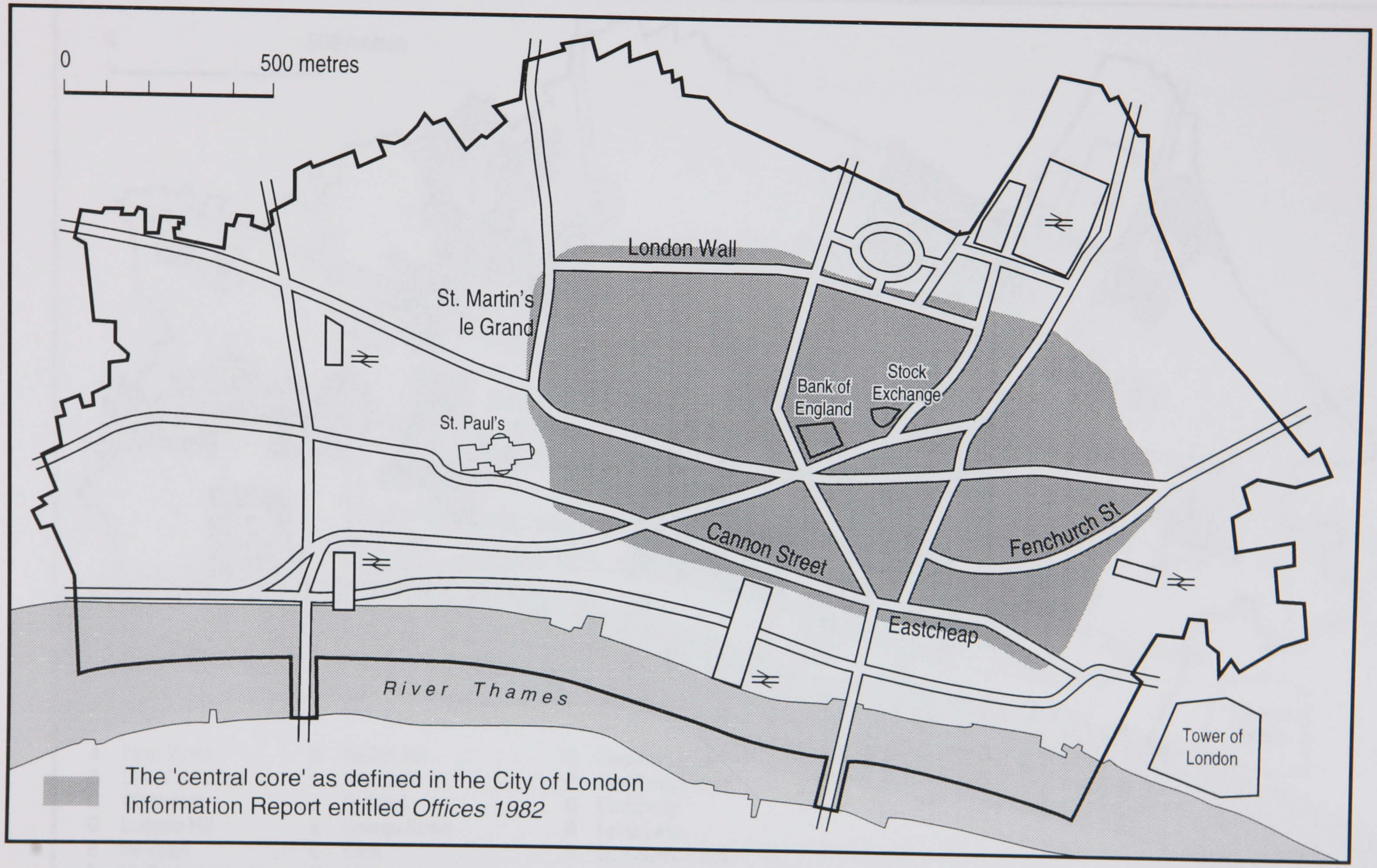
/contd

90. Marketers (1978)
91. Actuaries (1979)
92. Insurers (1979)
93. Arbitrators (1987)
94. Engineers (1983)
95. Fuellers (1981)
96. Lightmongers (1979)
97. Environmental Cleaners (1972)
98. Constructors (1976)
99. Chartered Architects (1987)
100. Information Technologists (1990)

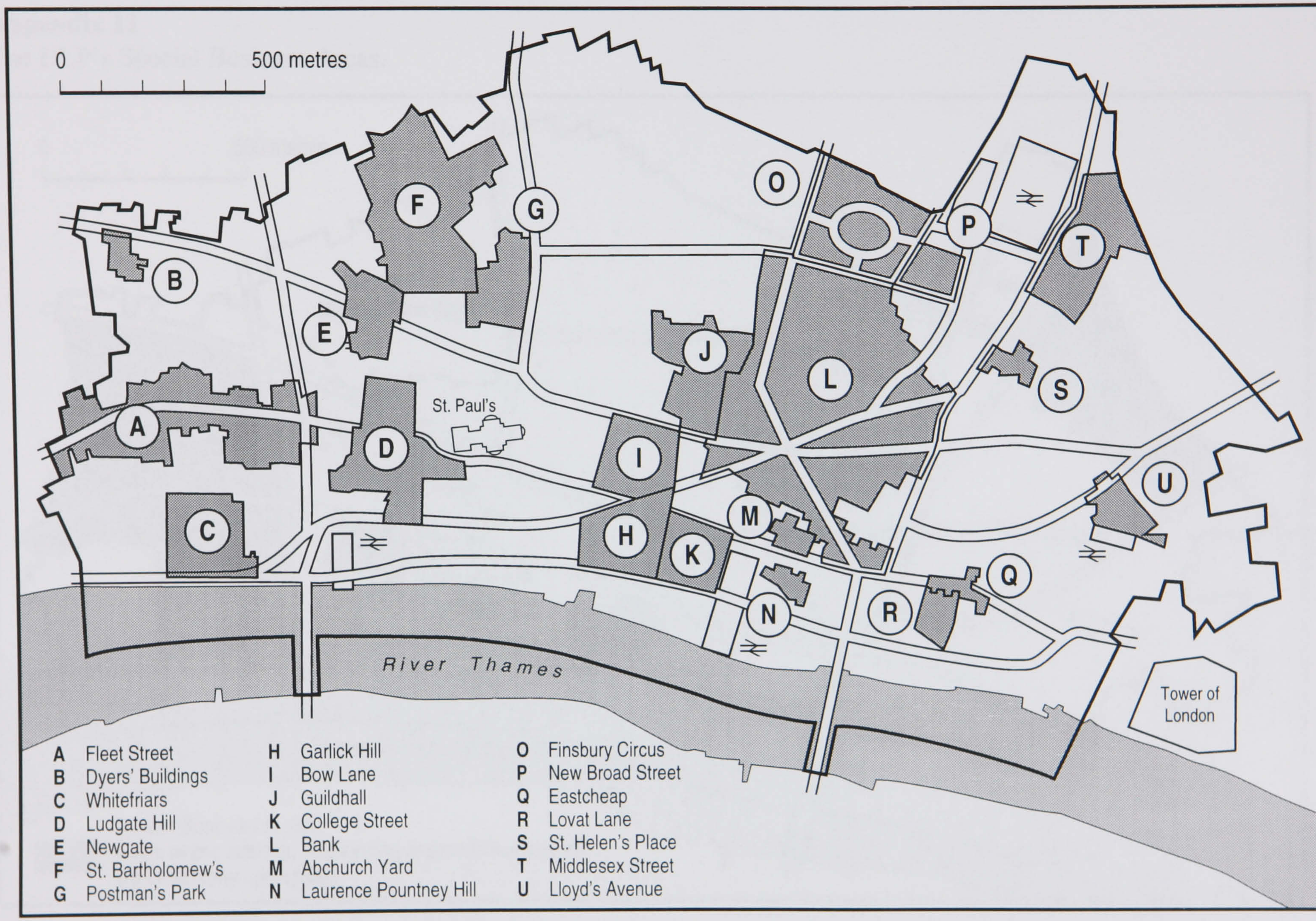
Recognised as City Companies but without the grant of Livery
Parish Clerks (1448)
Watermen and Lightermen of the River Thames (1555)
Water Conservators (1988)
World Traders (1989)

Sources: Corporation of London, 1995; Melling, 1973

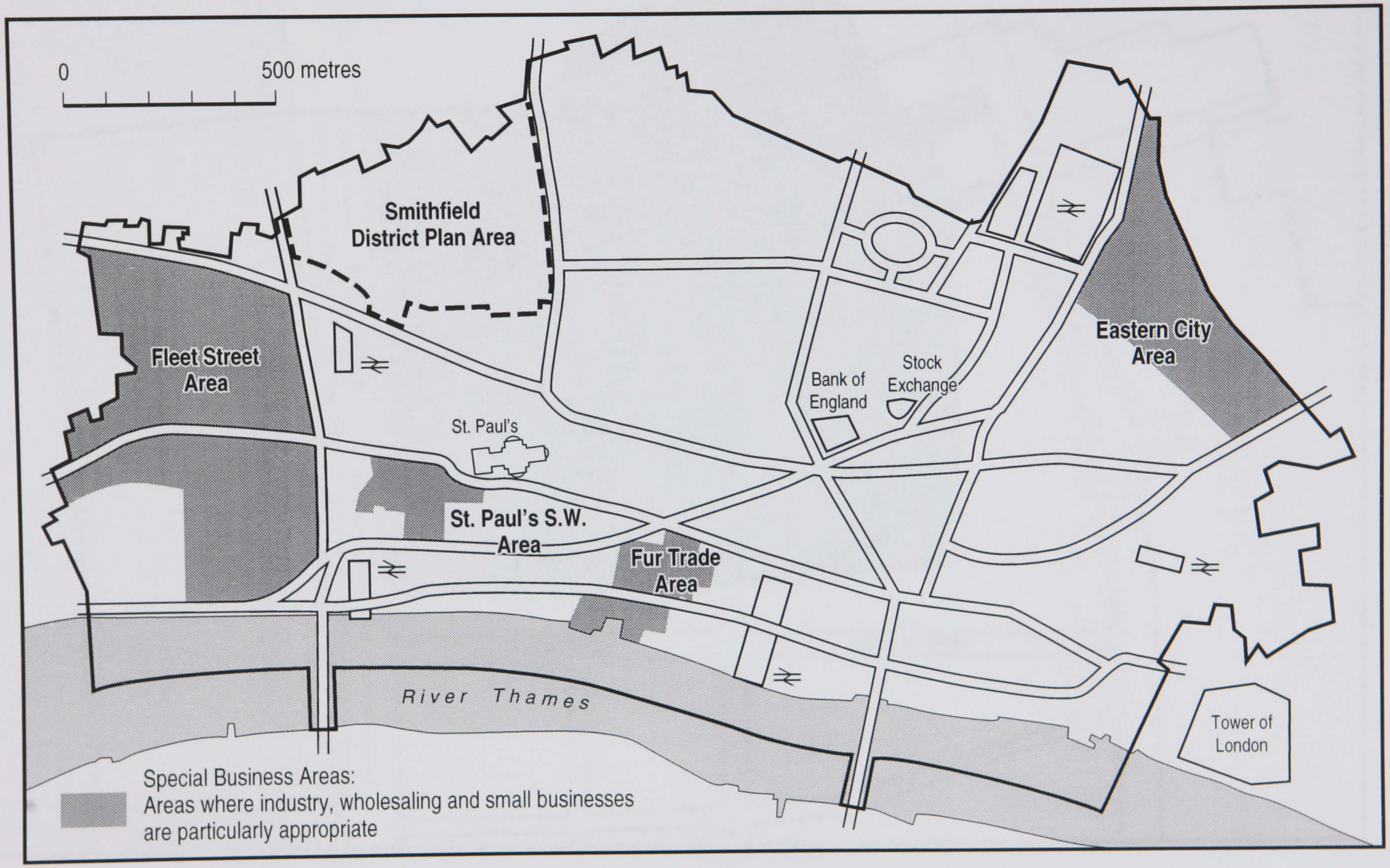
Appendix 9
The City core.



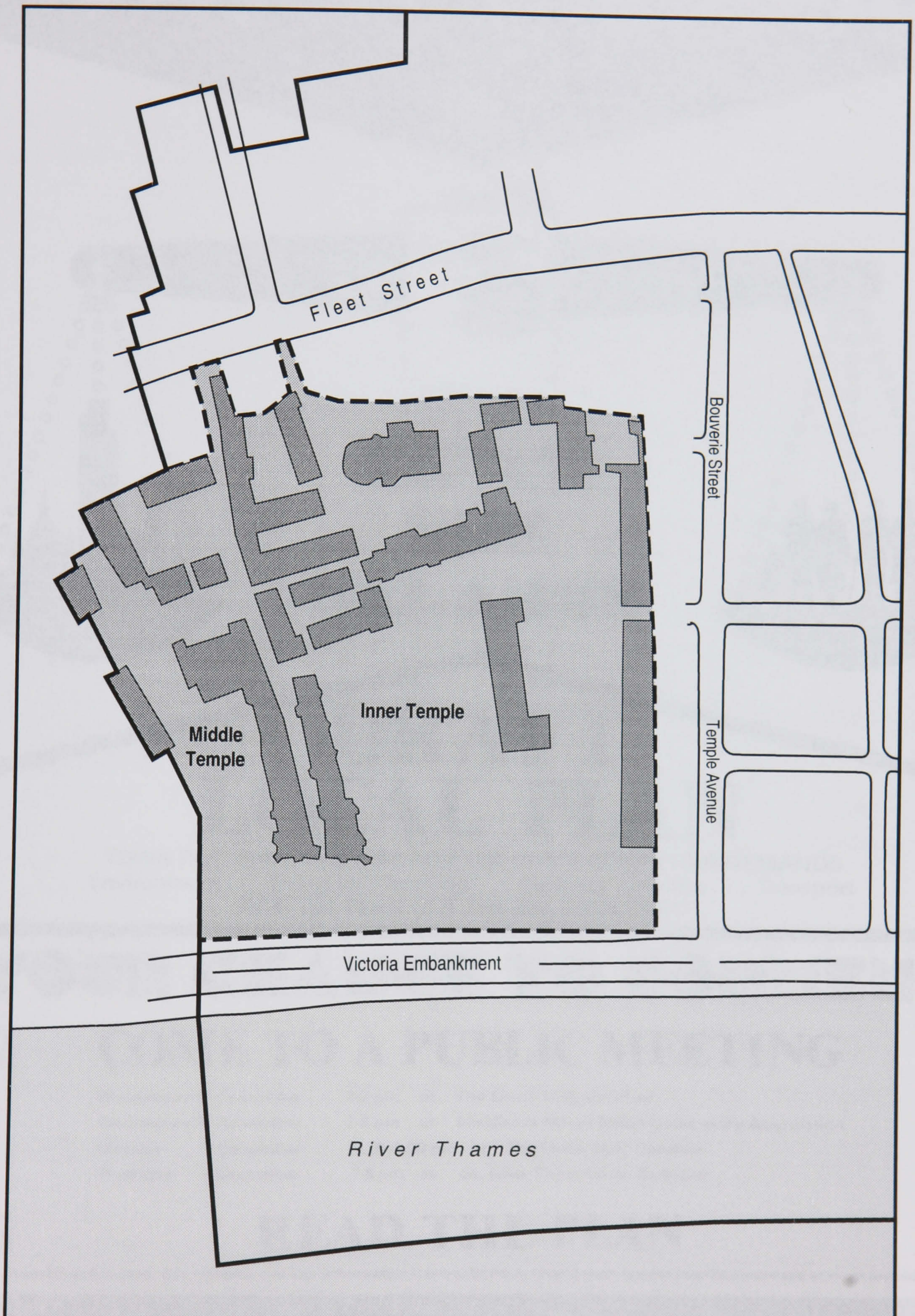
Appendix 10
The City's Conservation Areas.



Appendix 11
The DLP's Special Business Areas.



Appendix 12
The Temples Area.



Appendix 13

DLP advert: 'Checking the balance'

APPENDIX 14: PRO-DEVELOPMENT & PRO-CONSERVATION FORCES

Group A consists of those who perceived a fundamental conflict with DLP policies and its overall aim of promoting the City as an international financial centre. *Group B* consists of those who supported the policies opposed by Group A.

GROUP A

Minor Livery Companies: (22) [submitted joint statements]
Bakers; Brewers; Carmen; Carpenters; Chartered Surveyors; Coopers; Cordwainers; Dyers; Farriers; Gardeners; Leathersellers; Masons; Painter-Stainers; Parish Clerks; Plaisterers; Saddlers; Scrivenors; Stationers; Tallow Chandlers; Tobacco Pipe Makers; Upholders; Woolmen.

Banks: (18)
Bank of England; Credit Suisse First Boston; Banque Belge; Charterhouse Japhet; Societe de Banque Occidentale; Chemical Bank; Nat West Bank; Morgan Grenfell; Midland Bank; Royal Bank of Scotland; Lloyds Bank; Banque Nationale de Paris; Barclays Bank; Hambros Bank; Italian International Bank; Hill Samuel; Singer & Friedlander; Bank of Scotland.

Property Companies: (17)
Brixton Estate; British Property Federation; Rosehaugh; Trafalgar House; Land Securities; Stanhope Properties; City Acre Property Investment Trust; Property Holding and Investment Trust; British Land; The Associated Owners of City Properties; Metropolitan Estate Property Company; Greycoat; The Hammerson Group; Morgan Guaranty Trust; Capital & Counties; Warnford Investments; CIN Properties.

Ward Clubs: (13)
Tower; Castle Baynard; Bishopsgate; Portsoken; Farringdon; Langbourne; Bread Street; Lime Street; Cordwainer; Bassishaw; Candlewick; Aldersgate; Vintry/Dowgate.

The Great Twelve Livery Companies: (12) [submitted joint statements]
Ranked in order of precedence: Mercers; Grocers; Drapers; Fishmongers; Goldsmiths; Merchant Taylors; Skinners; Haberdashers; Salters; Ironmongers; Vintners; Clothworkers.

City Agents/Surveyors: (12)
Royal Institute of Chartered Surveyors, City of London Branch; Jones Lang Wootton; Hillier Parker May & Rowden; Debenham, Tewson & Chinnocks; Duffy, Eley, Giffone, Worthington; Baker Harris Saunders; Kinney & Green; Richard Main & Co; Richard Ellis; Lennon & Co; Savills; Strutt & Parker.

Insurance Companies: (4)
The Prudential Corporation; Sun Alliance Insurance Group; Pearl Assurance; Standard Life Assurance.

Solicitors: (2)
Stanley Hicks & Son; Berwin Leighton.

Public Bodies: (2)
British Rail Property Board; London Regional Transport.

Government Quango: (1)
Crown Estates Commissioners.

Others: (4)
The Centre for Policy Studies; Associated Newspapers Group; The London Chamber of Commerce and Industry; Earl of Chichester.

Appendix 14 contd over/

GROUP B

Residents: (32)
32 individual residents.

Special Interest Groups: (18)
Society for the Protection of Ancient Buildings; Consultative Committee on Thames-side Planning; City of London Conservation Area Advisory Committee; Greater London Association of Trades Councils; London and Middlesex Archeological Society, Historic Buildings and Conservation Committee; The Inland Waterways Association; Royal Fine Arts Commission; Save Britain's Heritage; City Parochial Foundation; Ancient Monuments Society; Institute of Environmental Sciences; The Civic Trust; The Georgian Group; London Tourist Board; The Smithfield Trust; The Victorian Society; River Thames Society.

Public Bodies: (8)
LB of Tower Hamlets; LB of Southwark; LB of Islington; LB of Newham; LB of Camden; LB of Lambeth; Greater London Council; London Docklands Development Corporation.

Amenity Groups: (4)
London Amenity and Transport Association; Joint Committee of the National Amenity Societies; Youth Hostels Association; The Barbican Association.

City Firms: (4)
Ebrahimmoff & Sons (fur traders); British Fur Trade Association; Andrew Alexander & Co; Vigers.

Architects: (2)
The Cities of London and Westminster Society of Architects; Royal Institute of British Architects.

Minor Livery Companies: (2)
Arbitrators; Architects.

Banks: (2)
Sir John Hall; C Hoare & Co.

Others: (1)
Food for Health Restaurants.

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