

ENTERPRISE ZONES: NON-INTERVENTION AS A
FORM OF INTERVENTION

THE CLYDEBANK EZ AND POLICY SUBSTITUTION

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"The process whereby the eventual result of some scheme 'on the ground' bears little relation to the thoughts of the man at the top is so familiar as hardly to need illustration."⁽¹⁾

Introduction

The Enterprise Zone (EZ) idea is closely connected with the efforts of - the "man at the top" - Sir Geoffrey Howe. We document profound changes in the nature of his policy as it moves toward implementation in the usual policy-making processes of consultation, negotiation and accommodation. What is of particular interest is that Sir Geoffrey was singularly well aware of the problems associated with policy innovation - and the tendency for "administrative difficulties" to emerge. Howe aimed to overcome, by firm political direction, obstructions in implementation but, in practice even a "non-negotiable" policy turns out to be negotiated. That enterprise zones have been created suggests that this is an example of an Opposition intention being translated into action, but so considerable have been the changes in the detail of the scheme, that this can scarcely be viewed as the implementation of the Howe intention. The following discussion focuses particularly on the proposed Clydebank EZ. The Clydebank example indicates the transformation of the policy - although in some ways the Clydebank EZ represents the most considerable deviation from the Howe ideal.

The History of an Idea

Ironically in view of its later identification with the Con-

servative Party, the notion of the Enterprise Zone is widely attributed to the planner Peter Hall - usually considered to be a Fabian socialist. Hall, impressed by the economic vitality of the freeport areas of Hong Kong and Singapore after a trip to the Far East, suggested that government might induce the regeneration of derelict inner-city areas in Britain by the encouragement of selective immigration of entrepreneurial Armenians, Hong Kong Chinese, Bengalis and Ugandan Asians. Citing the historical examples of ghetto Huguenots, Jews and Irish, Hall recalled the injection of 'a rich new entrepreneurial strain' and the success of these 'new capitalists'. Why shouldn't government see this and build on it?

Rather than the injection of financial resources, which he averred would merely maintain local bureaucracies and lead to unuseable factories for large scale industry Hall maintained,

"Better by far to develop a policy of identifying the sources of spontaneous regeneration. That would take a brave statesman indeed."⁽²⁾

The Howe Version - Isle of Dogs

The Shadow Chancellor, Sir Geoffrey Howe, assumed the role of 'brave statesman' at a Bow Group meeting in the Waterman's Arms, Isle of Dogs in June 1978. He presented the EZ concept as a personal idea which was part of his free enterprise philosophy. The Hall proposal had been first made in February 1977 and elaborated at the Royal Town Planning Institute Conference in Chester.

Hall in fact had raised this issue as far back as 1969 when he was then advocating the idea of Non-plan⁽³⁾ and is still a devotee of a radical solution to the problems of urban decay and the planner's mortmain.⁽⁴⁾ Howe in fact claimed to be less radical than Hall, who had outlined a 'Freeport' or 'crown colony' idea. This was seen by Hall as an 'extremely drastic last-ditch solution' which could be tried 'only on a very small scale' probably in an area that was 'largely abandoned and denuded of people'. An indication of its radical nature was Hall's observation that UK passports would still be valid. Howe presented his own ideas as more modest proposals to be measured against the more dramatic yardstick of the 'crown colony' idea. The Howe idea was radical enough by conventional standards. He suggested that in four or five places for a guaranteed number of years:

1. Planning control of any detailed kind would cease to apply. Any building that complied with very basic anti-pollution, health and safety standards and was not over a stated maximum height (and did not threaten to frighten the horses) would be possible. Industrial Development Certificates (IDCs) and Office Development Permits (ODPs) would not be required.
2. Public authorities would be required to sell off land. New developments would be free from rent control.
3. There would be no development land tax and perhaps exemption from rates in whole or in part. The concessions were to apply only to new firms.
4. Businesses would be given a guarantee that tax law would not be changed to their disadvantage. No government grants or subsidies would be payable.
5. Price control, pay policy and perhaps legislation such as Employment Protection would not apply.

Howe believed it would be necessary to establish a new model authority with some of the qualities of a new town to administer each of the zones. Sir Geoffrey argued that the scheme could be managed through the existing framework of local government, but that many of the problems arose from the process of securing a common view between overlapping or adjacent local authorities. He stated that Enterprise Zones would not be considered as regional policy "Rather the idea would be to set up test market areas or laboratories in which to enable fresh policies to prime the pump of prosperity and to establish their potential for doing so elsewhere."

Howe acknowledged that the idea required more analysis but he specifically warned of the GREY MEN "whose job it is to consider the 'administrative difficulties of any new idea ... (and) ... to start manufacturing the small print that could stop the initiative in its tracks.'" But he invoked the spirit of Winston Churchill who in 1940 was told that the idea of compensation for war damage was quite unthinkable. "Churchill had not been prepared to take 'no' for an answer and the outlines of an entirely beneficent scheme was drawn up within three weeks."⁽⁵⁾

Although the EZ idea had only reached outline development stage in Howe's argument, it was specific enough in essentials to

allow us to examine how much compromise was necessary to allow it to be put into practice.

Developments in Office

The most important difference between the Hall proposal of 1977 and the Howe proposal of 1978 was that Hall did not become Chancellor of the Exchequer in 1979. Hall perhaps floated the idea but it was Howe's strategic position which placed it firmly on the agenda. The EZ idea re-emerged in the Budget Statement of March 1980. It would be unrealistic to present the EZ as more than a minor theme in that Budget but the Chancellor introduced EZs as "an idea which is intended to pioneer a new, and more adventurous, approach to the question of industrial and commercial renewal."⁽⁶⁾

Firmly apportioning responsibility for non-resolution of urban or inner-city problems between planners, administrators and tax bureaucrats he prefaced his proposals with:

"There are some parts of our economy, most notably in the older urban areas, where more and more public authority involvement seems to have led to less and less fruitful activity. The planning process has all too often allowed, even caused, whole areas at the heart of some of our most populous cities to be laid to waste for years, even decades. Even when plans are finally made the public purse is often unable to provide the funds, or the expertise to match the planner's aspirations. And when private initiative might have been ready to stir, it has generally been stifled by rules and regulations and by a tax system which pays no regard to these special problems."⁽⁷⁾

The proposals were then set out with minimal elaboration. The provision for capital allowance and relief from Development Land Tax were included in the Finance (No 2) Bill 1980 and the rating, planning and designation procedures were introduced as a single clause amendment to the Local Government, Planning and Land (LG, P&L) Bill (No 2). The detail was set out in Schedule 25 of the Bill (Now S179 and Schedule 32 of the LG, P&L Act 1980). Provision for Industrial Training Board exemption for establishments in EZs was included in the Employment and Training Bill (No.49) passed June 1981.

The Committee stage of the LG, P&L Bill produced Opposition expressions of concern regarding local authority freedoms in connection with the EZ proposal. The Opposition seemed unequal or unenthusiastic in presenting the planning argument and there seemed

to be a tacit acceptance of the Howe/Treasury line that, "We had tried everything else so why not this?" Members, after token resistance regarding the principle, seemed more concerned for their constituencies - particularly, and understandably, those in inner-city areas.

The DOE Version

As Parliament dealt with the LG, P&L Bill in May/June 1980, the DOE taking over as lead Department for the Treasury circulated a policy proposal document to some 75 organisations. The document stated that the Government would welcome comments on the proposals from Local Authority Associations, from organisations and individuals with an interest in the subject. The 'policy proposal' was sent directly to Local Authorities in eight specific areas. This was a 'first list for consideration' for the 3 - 4 EZs in England and one each in Scotland, Wales and Northern Ireland. In Scotland the document went to Clydebank District Council, Glasgow District Council, Renfrew District Council and Strathclyde Regional Council. It also went to 22 "organisations representing Scottish interests".

The Treasury/DOE paper⁽⁸⁾ expanded (and in part changed) the Isle of Dogs version. It specified that the zones would generally not be more than 500 acres. The sites were to be allocated to areas with problems of economic or physical decay. The scheme was presented as an experiment in the encouragement of industrial and commercial activity, by the removal of fiscal burdens and the removal of administrative controls. While it was again claimed that the proposal had nothing to do with regional, inner-city or derelict land policy, the fact that it was concentrated in areas of economic or physical decay makes the distinction a fine one. In an important change, it indicated that the sites chosen would continue to benefit from whatever aid was normally available and that the proposed benefits would apply to existing firms as well as the 'new' enterprise.

The time limit of ten years was specified. Exemption from DLT was confirmed. The capital allowance for corporation tax and income tax was set at 100% and was to apply to industrial and commercial building. Exemption from rates (rates holiday) for

commercial and industrial property was also promised; the loss of revenue to be reimbursed by 100% specific grants from the Exchequer. The deregulation of planning procedures (de-planning) was interpreted to mean the production of a plan specifying acceptable classes of activity and thereafter 'blanket permission' for anything in the acceptable use categories. But it was indicated that certain matters would be 'reserved' and that these together with any proposed use falling outwith those prescribed in the plan would require Local Planning Authority permission.

As it was appreciated by Ministers that the de-bureaucrat-isation dimension of the package had been eroded by the dropping of the Health and Safety relaxations and the drift away from Howe's original "anything legal permitted" idea, three minor additions were made to consciously 'beef up' the Isle of Dogs package. Firms were to be relieved of their responsibilities to comply with Industrial Training Board requirements, requests for statistical information were to be reduced to a minimum, and applications for customs warehousing and inward processing relief were to be given priority. It was expected that the Enterprise Zones would come into operation at the end of 1980.

EZs Become Part of Inner-City Policy

The period between the Conservatives' election victory in May 1979 and the publication of the policy proposals was a period of internal Whitehall discussion. In the Treasury chaired meetings, 'departments' such as the Scottish Office, DOE, Department of Employment spoke for their particular interests but the interests were not directly consulted. For example, it was predictable that the Department of Employment, engaged in controversial enough policy change over picketing was unhappy at further aggravating the unions with the proposal that in areas of Britain workers would lack employment protection and even health and safety protection. There was group power through 'anticipated reaction'.

In this period the Treasury was in the unusual role of being a spending department. The sums involved were admittedly small (the capital allowance provision was costed at £20M and the 'rates holiday' at £10M - 15M per annum). However departments such as the Scottish Office regarded this as a small financial bonus which for

once did not have to be extracted under pressure from the Treasury. It may be significant that the capital allowance provisions involve the non-collection rather than spending of revenue. The Treasury apparently finds it more attractive to forego revenue than to spend it. Thus there tends to be a bias towards this kind of solution in policy making.

The Treasury was in the position of attempting to overcome the scepticism of other departments and as concessions were made in the 'selling' of the idea, the package became more 'a policy like the others' and less an experiment in non-intervention. The DOE proposal conceded that some of the measures to be applied would be discriminatory and hence not necessarily suitable for wider application. The EZs became more and more an offer that industry was unlikely to refuse. The financial benefits of being outwith the rates and tax systems were not offset by the withdrawal of grant aid. The areas had become islands of positive discrimination rather than of non-intervention. Scottish Office staff for example have interpreted the scheme as a further layer of assistance for Clydebanks.

A definite change in emphasis appeared in the package. Originally in Howe's proposal the problem was one of planning blight and decay, the 'mortmain' or dead hand for which the remedy was de-planning. As a negotiated package emerged however the planning freedom was increasingly qualified and the advantages of the zones were to be seen as primarily fiscal. This drift in policy was of course quite against Treasury intentions. In late 1979 the debate was about 'planning free zones' rather than Enterprise Zones - but now the de-planning argument is less prominent. This is hardly surprising. The track records of local authorities in areas such as Clydebanks, inner city areas of dereliction, are characterised by an almost indecent haste, a bending over backwards to accommodate industry and commerce of any size in their desire to create employment. Scottish Office research indicates that 95% of planning applications are processed within the statutory two month period. One Clydebanks participant has argued - "the idea of planning control stifling enterprise would be ludicrous in Clydebanks. There have been virtually no private enterprise proposals to stifle Singers and the collapsed shipbuilding industries were already virtually planning free zones because of their very extensive permitted development

rights under the Planning Acts".⁽⁹⁾

A further requirement of the 'selling' of the idea was the development of 'proportionality'. Given that the proposal is now positive discrimination rather than experiment, it has been politically necessary to distribute the zones throughout the usual regional planning areas. Zones have been allocated to all the Regional Planning Areas apart from the South West and East Anglia.

It is our major claim that in the process of negotiation, departments have effectively replaced the Chancellor's concerns and priorities with their own. Departments have extracted what they want from the policy. On the legitimate basis of their experience, departmental 'lines' are developed as to what is or is not practical - what is or is not required. The changes made in the EZ package have taken the measure away from the 'set the people free' model of industrial growth to an interventionist belief that positive assistance is required. It is now necessary to view the EZ as part of a package of incentives to industry rather than an experiment in non-intervention.

Selecting Clydebank

The decision to locate the zone in Clydebank rather than elsewhere in Scotland - or even elsewhere on Clydeside - again reflects the temptation to satisfy two needs with one policy. The DOE policy proposal went out to Renfrew District Council as well as to Glasgow and Clydebank because the initial thinking within the SDD appears to have been to select Braehead just upstream on the 'Renfrewshire' side of the river from the eventual location. But as the Clydebank Working Party was in operation at this time - mainly under the aegis of the SEPD - in response to the Singer closure in 1979 with the loss of 3000 jobs, the decision was made to allocate the zone to Clydebank. This is one reason for the transfer of responsibility in the Scottish Office from SDD (Development) to SEPD (Economic Planning

Clydebank was chosen because that happened to be the major problem on the agenda at that time. Had the Singer factory survived a further couple of years when unemployment was generally much worse, the Clydebank area would not have received the high level of attention it did. Clydebank was also chosen because the SEPD has viewed the area as possessing real potential. It is viewed as presenting an opportunity to create success in an area which is con-

sidered to be less derelict and devoid of skills than is popularly conceived⁽¹⁰⁾ and which could in turn spark off success in other less well placed areas.

In fact the so called Clydebank Enterprise Zone comprises two legally distinct schemes. The larger one is under the auspices of Clydebank District Council but a smaller area is technically the responsibility of Glasgow District Council. Two separate processes have been necessary to produce two separate EZs - which have been presented, to simplify promotion of the area, as the Clydebank Enterprise Zone. When consulted about the DOE/SO policy proposal, Glasgow District Council argued for a 'string of pearls' type of application of the idea in which the zone consist of a large number of suitable key sites, not necessarily adjacent. This proposal was rejected because the original vision had been about a parcel of land. However the Glasgow proposal would have meant that all the land in the zone was free for new development and suitable for new development - this is not the case in Clydebank.

Following the precedent of the Glengarnock Task Force the SDA had been 'persuaded' to set up a further Task Force in Clydebank. Clydebank could be nothing other than number one priority. However the important thing to note here is that the Task Force was set up before there was any intimation that Clydebank was to become an Enterprise Zone. The Task Force, however, has assumed day to day management of the zone.

The Task Force's own attitude can be seen from the following extract from their information handouts to footloose industry:

"The boost provided for Clydebank by it being Scotland's Enterprise Zone is only one element in a much broader framework of incentives which exist for all sectors of industry."

and they go on to say:

"No one is claiming that Enterprise Zone status is in itself sufficient to accelerate economic development."⁽¹¹⁾

Again, the Enterprise Zone is presented as one of a set of interventionist devices.

Policy Deflections

The budget package on EZs, which reflected internal/Whitehall amendments to the Howe initiative, has been further amended in more specific ways in response to the reactions of the consulted interests.

An important change in the power balance in these detailed negotiations occurred once the Prime Minister announced the proposed locations of the first seven zones in July 1980. Until that point the Government was in a position to resist Local Authority pressures and could adopt a 'take it or leave it attitude'. Bilston was dropped from the early 'short list' for this reason. But once the Government had announced the location of the intended zones, it would have been politically embarrassing not to proceed. The major amendments in the scheme in response to outside representations (often abetted by sympathetic departments) were:

1. Qualifications to "acceptable use"

Restrictions even within the categories of acceptable use have been made. The major amendment has concerned hypermarkets. A hypermarket of around 100,000 sq. ft. would be eligible for rates relief of about £3M per year and hence EZs are very attractive to such ventures. In Scotland there is a further bias towards non-industrial development - since all industrial concerns have 50% rate relief, the rates holiday is disproportionately attractive to retailing. Hypermarkets are, however, a long standing bete noir of the local government planning community and in response to general pressures, including representation from existing hypermarket developers there was obtained from government a general ceiling of 65,000 sq. ft. on unrestricted development. At most of the proposed zones the local authorities have been unhappy with a limit set as high as 65,000 and have sought much lower figures. Clydebank was in favour of total reservation of such matters. In this case their concern is obvious from locational factors. The proposed EZ impinges on three sites upon their own, newly developed £11M town centre - a joint undertaking of the local authority, the Co-operative Insurance Society and a private company, Neale House Developments. The understandable concern was that an EZ in its proposed boundary would mean that within easy walking distance of the existing centre competition could set up enjoying the benefits of tax concessions and a rates holiday. Clydebank have managed to secure the right to reserve for specific consideration all food or clothing proposals irrespective of size and any non-food or clothing proposals in excess of 400 sq. metres gross. In other words, the only retail developments for which planning permission will not be required are those

involving non-food or non-clothing shops less than 400 sq. metres gross.

2. Warehousing/Whisky Bonding

In Scotland, having regard to the incidence of whisky bonding, the Scottish Office and the local councils were not unsurprisingly concerned with unlimited warehousing development. In such development the rates element represents a relatively high percentage of costs, there being little plant and few employees. A rates holiday of ten years is therefore again particularly attractive for such ventures. Given that the major priority of the Scottish Office in this area and at this time was to 'mop up unemployment', the prospect of an Enterprise Zone dedicated to warehousing with its limited consequences in terms of job creation is less than appealing. The Associations of the warehousing industry have also been pushing for the interests of their members who face fresh competition from warehouses within the zones but the Treasury ministers have set their faces against further general concessions on warehousing. The promise of a review has been extracted should there in practice be a problem. Clydebank, however, have been allowed to exempt whisky bonding from their "acceptable use" categories and hence have retained a capacity to limit bonding in the EZ. It appears likely that the safety argument of the fire risk involved in a large area of bonds was more influential with Ministers in Whitehall than the employment implications.

3. "Double Benefit"⁽¹²⁾

Although the idea was announced by Sir Geoffrey with a disclaimer that it was no part of inner-city or Regional Policy, in operationalising the scheme great attention has been paid to location. The zones have been restricted to disadvantaged areas. This is certainly not a necessary condition or characteristic of the original idea. In pure terms any 500 acre parcel of land with arbitrarily drawn boundaries would constitute a test of the theory, but by concentrating in urban problem areas two policy objectives are achieved simultaneously. There is a claimed test of the theory, but as the discriminatory policy seems unlikely to do anything but good it is as well to do good where it is most needed.

A further twist to the zone choice however is noted by one commentator,⁽¹³⁾ "The Government appears to have rigged the choice

of zones by putting money on horses half way down the course." Thus absolute no hope areas are avoided and safer bets are chosen such as the fringe sites at Dudley or Corby or as in Clydebank where an existing intensive interventionist programme is underway. The Government, anxious that the 'experiment' should succeed, looked to those areas where there is already a higher level of planning or intervention.

4. Distributive Pressures

The policy process has been a good example of distributive politics. As Lowi⁽¹⁴⁾ predicts this type of policy - where in the short term the indulged and the deprived, the loser and the recipient, need never come into confrontation, the pressures are to add to the list of recipients. This takes the edge over the debate on what 'ought' to happen. There is a process of dilution of positive discrimination. The number of zones has grown from 5-6 to eleven. Hood⁽¹⁵⁾ describes the political logic of 'spreading benefits widely'. Similar dilution of positive discrimination occurred with the US 'Model Cities' programme and, nearer home, with Regional Aid policy.

Local Authorities (Labour controlled) find themselves in somewhat of an ideological dilemma. On the one hand they do not wish to hand the Chancellor and the Conservative Government a propaganda victory on the merits of capitalism, on the other there seems to be 'something for nothing' on offer. It is of no great surprise that Labour controlled authorities have appeared willing to accept any benefit available and that there has been considerable overbidding. In Scotland, the Scottish Office received bids from about half a dozen authorities - even though a Clydeside area was the almost certain choice. Dundee, Fort William, Kyle and Carrick, Wigtonshire and the Isle of Eigg all put forward a case. The last named was the most speculative. Dundee and Fort William were able to base their case on unemployment needs, Kyle and Carrick put forward Prestwick as the core of their scheme - fitting in with the 'freeport' notion. Wigtonshire ingeniously argued that if the policy was experimental a rural location should be included in the list. So sought after is EZ status that an authority such as Swindon has been advertising itself using headlines such as "Enterprise Zone Commercial Paradise, Swindon Enterprise Zone Extraordinary."⁽¹⁶⁾ What is most extraordinary is that Swindon is not an Enterprise Zone. Imitation

is the sincerest form of flattery.

5. "Creep"

As well as a tendency to growth in number of sites, there is a tendency to spread of area. Precise boundaries are necessary given the important financial benefits but this leads to apparent arbitrariness. For example it appears that at one point the proposed line at Clydebank went between two opposite corner site pubs. Was it the intention of the proposal that one public house should sell beer at three pence a pint cheaper than the local competition? In remedying these anomalies the zones inevitably spread outwards. As the zones get larger the ultimate cost to the Treasury is likely to increase and hence the "game" has been between the local authority seeking to maximise areas (and hence advantage) and the Treasury seeking to limit their (still open ended) commitment. The average size of zone now appears nearer 700 than 500 acres - e.g. Salford/Trafford (780 acres), Dudley (540 acres), Swansea (735 acres), Clydebank (593 acres). The effect on industry marginally outwith the zones has been one of the major lines of criticism of the EZs. For example UIE and Goodyear (also then) at Clydebank have suggested that they would be suffering unfair competition if they were not included. Boundary "creep" permits the buying off of vocal criticism.

At some point the "creep" of the boundaries and the numbers would attract the attention of the EEC. In 1979 the Treasury obtained EEC agreement that it would ignore the unfair competition aspect of the proposals but that too widespread use would mean that this would be reappraised. The number at that time was set at about ten. If Clydebank DC had succeeded in having the zone extended to include the John Brown and UIE yards which are internationally recognised names engaged in international tendering, then the 'unfair competition' angle might have risen again.

While logically the larger the area designated the greater the potential benefit to the local authority involved this does not mean that all the pressures for expansion have come from the District Council. It was the SDD in May 1980 which indicated to the District Council that the zone should be larger than the 80 or so acres of the original Singer site. While the District Council has sought to include the Shopping Centre, the shipyards and the

Ministry of Defence land at Old Kilpatrick* it has sought to exclude the Turners Asbestos site next to the river because of the pollution inheritance. Clydebank's original submission also deliberately excluded main road frontages because a) these areas might become chaotic in planning free zones, b) they mainly catered for the motor trade and those in the zone would have an unfair advantage and c) they were virtually fully developed.

The exclusion of the Old Kilpatrick site stemmed from the fact that its inclusion in the zone would have resulted in an area much larger than the 500 acre norm although the reluctance of Strathclyde Regional Council to consider the provision of infrastructure was also important. The exclusion of UIE, John Brown's and the shopping centre can be put down to the fact that these concessions would have been very expensive in terms of rateable value relief. Whitehall Ministers were reluctant to concede too much to existing firms; the concept was aimed at helping new companies. It was only the practical problem of distinguishing between 'new' companies and those companies which would re-form themselves to obtain benefits which stopped the legislation from reserving relief to new companies in the zones.

6. Clydebank detailed concessions

In Clydebank there was a cooling of enthusiasm in late 1980 on the part of the Council in their negotiations with the Scottish Office and there would appear to be two reasons for this. Firstly there is the tactical stance, where the authority has attempted to maximise advantages and minimise disadvantages. This partly revolves round detailed questions of boundary alignment and partly questions of planning and building control, use zonings and reserved matters. By appearing reluctant to compromise and develop a 'fall back' position, the Council was adopting a predictable negotiating tactic. A second reason for a lack in local authority en-

* It is interesting to note that within the Treasury it has lately been mooted that an exclusive allocation of zones to surplus MOD land throughout the country would have obviated the need to 'horse trade' with local authorities and other interests and made for an easier passage for the Treasury.

thusiasm perhaps has its roots in ideological antipathy. It would appear that Labour Councillors were under party pressure to cease their 'collaboration' with the Conservative Government.

Planning permission will be granted for development within the Enterprise Zone in accordance with the following. As can be seen the permitted development concession has been swamped by detailed restrictions:

1. Permitted Development

A general planning permission is granted for all development normally requiring permission (subject to the reservations and conditions below).

2. Reservations

The following require planning permission:

erection of or use of a building as a shop or use of land as an open air sales area any part of which is used for the sale of food or clothing.

erection or use of a building as a shop with a gross floor area in excess of 400 sq. metres or use of land with a gross area in excess of 400 sq. metres as an open sales area.

erection or use of a building as a warehouse for the storage of excisable spirits

industrial development or use within the Special Industrial Groups (Use Classes V, VI, VII, VIII, and IX).

any development requiring licensing under the Nuclear Installations Act 1965

any development of factories, magazines or stores which requires licensing under the Explosives Act 1875

advertisements requiring express consent under the Town and Country Planning (Control of Advertisements)(Scotland)Regulations 1961
amusement arcades

any development within 7.5 metres of the centre line of the main outfall sewer

any development or change of use above the ground floor of a tenement building

within a prescribed area (sub-zone A) erection or use of buildings or use of land for general industrial purposes (Use Class IV) will also require planning permission

within a prescribed area (sub-zone B) (land contaminated by asbestos waste) the full requirements for planning permission under the Town and Country Planning (Scotland) Act 1972 apply

Standard Conditions

no structure may rise above 15 metres above ground level without clearance from the Civil Aviation Authority

connections to public roads, turning areas, parking and provision for parking and unloading to be to the satisfaction of the Regional Highway Authority.⁽¹⁷⁾

The planning permission given does not relieve the applicant from obtaining necessary statutory permissions under Building, Health, Safety, Sewerage, Water, Fire, Pollution and Licensing controls and consultations would be required with public utilities undertakers: water, gas, electricity and telephones.

The draft Glasgow version of the EZ document (with Strathclyde Region's road details) runs to some 40 pages and the Clydebank document 30 pages. The documents point out that even proposals not requiring planning permission need to comply with legislation such as the Health and Safety at Work etc. Act 1974, the Building (Scotland) Acts 1959 & 1970, Clean Air Acts 1956 & 1968, Factories Act 1961 etc. In all more than 60 Acts are specified in the Glasgow document. In other words any concern interested in developing within an Enterprise Zone is likely to require local authority advice and assistance before engaging in 'permitted development'.

Group Positions

The policy is short on group or party friends. Predictably the NEC of the Labour Party, while noting that any inner-city authority would be tempted by 'any initiative or gimmick', opposed the scheme. The STUC General Council considered that the proposal would lead to 'industrial shanty towns'. The Labour Party very much view the scheme as an undesirable form of intervention. "..... a new form of industrial subsidy to be paid by the tax payer without any control or conditions, the ultimate beneficiary will not be the community at large but private capital."⁽¹⁸⁾ But there is ambivalence in Labour's position. The Labour MP R.B. Cant noted that his support of EZs made him a lonely voice on the Opposition benches, but he claimed that his colleagues look over their shoulders and

think of constituency interests and they begin to qualify their total opposition.⁽¹⁹⁾ The CBI in their submission also perceive EZs as interventionist. Prefacing their comments with a general endorsement of the principle and a statement of support for government policies about the right economic environment for business, they include a plea for less government intervention in business and declare against measures which entail discrimination between firms. They recognise that in the EZs differential trading conditions will be created and they do not like the idea of undue distortion of competition or the mere removal of industrial activity from one place to another. As a monitored experiment the scheme was welcomed, as it was hoped that success in the zones would lead to a general relaxation of controls and the general provision of incentives.

It would appear that business groups generally are in principle in favour of EZs, but they too weigh advantages and disadvantages. The Association of Independent Businesses was quoted in the Committee Stage of the Local Government, Planning and Land Bill as having twelve separate reservations on the proposal.⁽²⁰⁾ The tenor of specific comments for a group is likely to be set by companies outside the zone which have real interests to protect - rather than those unaffected companies with only, to a greater or lesser extent, a commitment to an abstract ideal.

The CBI believe that EZs will be of only limited value to smaller firms - which rather contradicts the original intentions of the Enterprise Zone idea. They do not believe that firms will be overly keen to invest in EZs in the early stages and they are concerned that the current climate of depression in business activity will adversely affect the value of the proposal.

The CBI statement made the point, vigorously taken up by the Scottish CBI, that there was a major issue of infrastructure provision.

It was considered essential that an early decision be taken on the provision of funds for the development of an appropriate infrastructure within and close to Enterprise Zones including a social infrastructure. The Scottish submission went on to say:

"It should be appreciated that the establishment of new small businesses is unlikely to happen solely by designation of a location as an Enterprise Zone. The success of the Clyde Workshops at Tollcross

stem directly from the supporting administrative, secretarial and advisory services provided by BSC (Industry) Ltd. This has created an inter-dependent community trading within itself and the conditions set for an Enterprise Zone favour similar growth provided a similar strong supportive service is available."⁽²¹⁾

This CBI (Scotland) point subscribes to the interventionist concept of how new business should be developed and not the laissez-faire model. Experience in Eire suggests that this 'hand-holding' of new business is needed. Padraic White, the Chairman of the successful Irish development authority has suggested,

"Our experience is that the entrepreneur needs more encouragement than the classical free enterprise Friedman philosophy would contemplate."⁽²²⁾

Despite the rhetoric of the market British business appears unwilling or unable to take risks unless they are underpinned by a state safety net.

The hypermarket and superstore groups favoured the Zones but this presumably followed from the fact that this was an expanding area of activity. Had hypermarkets been well established and developed the interest of operators would have been against EZs. Builders are interested in promoting housing development but this has been resisted from the outset.

The Bureaucracy of de-Bureaucratisation

The implementation of the simple 'little Hong Kong' idea has involved considerable practical difficulties. As Sir Geoffrey foresaw in 1978 the simple principles have run into 'administrative difficulties'.

The 'consultative' procedure whereby the Chancellor's hobby horse has been implemented in some form or another is interesting (and one suspects typical). There has occurred a series of bi-monthly meetings with the core interested departments. Some of the negotiations have been bi-lateral - e.g. the Scottish Office/Treasury meetings to settle the boundary of the Clydebank Zone, but the bulk of the discussion has been multi-lateral. The policy making process has necessarily involved a plethora of departments, local authorities, agencies and interests.

The administrative geography of the Zone is complex. While most of the Zone is in Clydebank, part of it is in Glasgow thus both Clydebank DC and Glasgow DC are party to the negotiations with

the Scottish Office. Within the Scottish Office the original responsibility lay with the SDD but was transferred to the SEPD: both departments have an interest. This complex inter-organisational network is more akin to what Howe wanted to remove than what he wanted to create. Howe had a scornful aside at previous urban policy where the same amount of money was shuffled from "one fashionably-named urban programme to another." He cited with distaste the DOE's description of Birmingham's Inner Area project - "a multi-authority, interdepartmental steering committee under the chairmanship of the Department of Industry, the County or the District as appropriate." He quoted a 'New Statesman' author who had argued that "the complex inter-relationships between the various local authorities and other agencies involved have created an inertia." The de-bureaucratisation of the inner-city has certainly not been advanced by the EZs; they too involve complex relationships. At its official unveiling in March 1980 the intention was to have the first EZ operational by December 1980, the slippage has been such that the Clydebank Zone is not expected to be designated until August 1981.

Strathclyde Region were unhappy at their lack of formal involvement in the zone designation process and 'inspired' Lord Ross in an unsuccessful Parliamentary attempt to get formal consultation rights. The Region was concerned that while they had statutory responsibilities for matters such as roads and water they were left out of the main discussions. The Region objected to the assumption that their investment priorities should be determined by District Council/Scottish Office decisions. It was also expected that at the end of the ten year 'experiment' pressures would exist to bring the standards in the Enterprise Zone up to those in the rest of the Region. Glasgow DC attempted to arrange a meeting between themselves, the Region and Clydebank DC to agree a local authority 'view' on the zone but the other authorities preferred bi-lateral relations with New St. Andrews House.

Only after agreement on the boundaries, the reserved matters, the zoning policies and the conditions does the Secretary of State send out the formal letter inviting the two Local Authorities involved to prepare their separate submissions for his approval. Hence there was considerable "Kissinger shuttle diplomacy" to reach

informal clearance from the various public bodies involved before the formal invitation is issued. The Scottish Office has been in touch with the SDA, Strathclyde Region, the Health and Safety Executive. This prior agreement with interested bodies is an attempt to save time (and embarrassment?) in the formal consultative process. Prior agreement with the District Councils is needed because the Secretary of State's final power is to designate or refuse to designate the schemes put forward by Clydebank and Glasgow: he cannot amend the proposals at the later formal stage. Accordingly there is a great emphasis placed on "arranging" what the schemes will include. The 'informal agreements' concluded between the Scottish Office and the Local Authorities are put in an exchange of letters and only then is the formal invitation extended. In the case of the Clydebank Zone the formal invitations from the Scottish Office containing the details outlined above was extended on 20 February 1981.

Once the two local authorities involved had produced their separate 'draft' schemes, the planning conventions require "a reasonable period for consultation with the statutory interests." Scottish Office legal advice and interpretation indicated that this meant at least 28 days. It was hoped that the 'Kissinger shuttle diplomacy' would mean approval by return of post and hence shorten the consultative process by some 3-4 weeks. It would appear that this is not to be the case. Strathclyde Region produced a lengthy document for annexation to the brief zone proposals and introduced a major surprise by seeking to reserve or safeguard a new road line. The Civil Aviation Authority comments were late and it eventually asked for an amendment to incorporate a runway public safety area which had already been rescinded. The Health and Safety Executive apparently did not realise that pipelines are controlled by the Department of Energy not the Local Authorities but the local office was able to resolve the difficulty. The 'shuttle diplomacy' did not appear to lead to any time saving.

After the consultation with statutory bodies stage, the public consultation stage follows. Again following planning precedent this is of 6 weeks duration. Should there be no delay caused by objections to the scheme (grounds are restricted, with no public inquiry provision) the local authority can adopt the plan and forward it to

the Secretary of State. There it must lie for six weeks with the possibility of challenge for improper procedure in the Court of Session. At the end of this period the Secretary of State can make a Designation Order (or reject the scheme/the two separate schemes). These Orders are then subject to negative resolution procedure in the House of Commons and this entails another minimum 21 days. Thus the minimum period of consultation - assuming the agreement of all concerned and no public objections - is about 19 weeks.

The agreement reached between the two authorities and the Scottish Office casts some doubt on the value or validity of subsequent procedures. Some participants will no doubt, with much justification, feel that the consultation is purely a mechanical and cosmetic device. The Swansea Enterprise Zone was the first to reach formal invitation stage and legal advice caused the Welsh Office to amend their draft letter of invitation to propose a scheme from "in accordance with the exchange of letters" to "taking into account the exchange of letters." This 'subtle' touch hardly affects the substance of the issue.

Conclusion

The following table indicates that Sir Geoffrey has not got what he wanted but ironically he has perhaps got something which suits his pragmatic propaganda purposes better than his exercise of de-regulation and de-control. What the Zones are not are experiments in the value of the unfettered free market in job generation and profit. The design of the schemes is non-experimental.* There is not a range of different types of site and conditions being compared. This is not necessarily a disadvantage from the Chancellor's point of view. The nature of the scheme has been altered more and more to the extent that it now constitutes an unrelieved financial blessing for companies locating in the areas: presumably jobs will arrive in the zones (relocated if not new jobs).

* This is likely to present some considerable difficulty to the firms of consultants appointed ostensibly to monitor the EZs for an initial three year period. (Thereafter monitoring will be carried out in-house by the departments concerned.)

HOWE'S ORIGINAL ISLE OF DOGS
PROPOSAL (1978)

1. Detailed planning control would cease to apply; any building which complied with very basic anti-pollution, health and safety standards and not over a maximum stated height would be permitted. Industrial Development Certificates and Office Development Permits would not be required.

2. The Community Land Act would be put into reverse. Publicly owned land would be required, within a specified time, to be sold to private bidders by auction. New development would be free from rent control.

3. Entrepreneurs who moved into this land would be exempt from Development Land Tax and perhaps from rates in whole or in part.

4. Businesses would be guaranteed that tax laws would not be changed to their disadvantage. An undertaking from the Crown would be given to the effect that they would not be liable to future nationalisation.

5. No government grants or subsidies would be payable to any enterprise within the area.

6. Legal obligations or threats would not operate, e.g. price control or pay policy and some or all of the Employment Protection Act.

7. All this to be guaranteed for a stated and substantial number of years

MEASURES TO BE IMPLEMENTED IN
ENTERPRISE ZONES (1981)

1. Plan produced showing approved use classes, zonings, conditions and limitations - blanket permissions. 'Reserved matters' - existing D.C. to apply e.g. Hypermarkets, all proposals over 65000 sq. ft. reserved, and lower ceilings for particular areas. Developments to meet Health and Safety standards, building control and height limitations. IDCs and ODPs, limited application, being phased out generally. Little specific advantage to EZs.

2. Community Land Act repealed 1980 - again no specific EZ benefit. No mention of enforced sale of land and no mention of rent control exclusion.

3. DLT exemption but DLT limitation exists outwith the zones. Rates relief introduced. Also 100% capital allowance for income and corporation tax purposes for commercial and industrial buildings.

4. No mention of this - no significance under Parliamentary Sovereignty.

5. Grants and subsidies retained.

6. No mention of exemption from any price or pay policy (because not generally operative) but also no exemption from Employment Protection Act.

7. To run for a ten year period.

Other features to be implemented:

Establishments in EZs would be excluded from the requirements of the Industrial Training Boards (may be removed generally)

Speedier handling of requests for customs warehousing and inward processing relief (promised)

Government requests for statistical information reduced to a minimum (but data for monitoring the experiment probably required).

In many zones some form of 'special force' or agency exists already to help create or regenerate the local economy. It may be an Industrial Development Officer or team offering little more than a site finding service and advice on grants and loans, in others the 'hand holding' exercise may be on a grander scale, e.g. BSC Industry Ltd. operating in Swansea, Hartlepool, Corby and the SDA, through its Task Force, in Clydebank.

It is interesting to list, apart from the EZ boost, what is actually on offer in the Clydebank Zone. SDA promotional literature points to the following advantages:

Special Development Area Status

- Regional Development Grant 22% on Buildings, plant and machinery
- Selective Financial Assistance - additional aid to employment creating projects
- office and service industry grant aid
- in plant training assistance
- European Investment Bank loans

SDA support

- loans for buildings, plant, equipment and working capital
- Equity participation capital injection
- financial guarantees
- business advice on accounting, financing and marketing.

Sites and buildings

- advance factory units sale or rent
- purpose built units sale or rent
- sites for purchase
- refurbished premises

The Task Force

- a flexible, non-bureaucratic team

The Conservative Party will be able to draw the conclusion that minimalised planning and industrial de-regulation encourages development - even though the financial benefits of positive discrimination or the advice of interventionist agencies might be the underlying cause of the investment. The pressures on the Chancellor have forced him to weight his own 'experiment' firmly in the direction of his desired conclusions.

The EZs have had a more immediate benefit than that of long term public relations. Even if the policy never has any impact whatever on the problems of underinvestment, of inner-city decay and economic stagnation it has allowed the Government to demonstrate

its concern regarding unemployment. As a placebo policy it can be judged a success. Even more specifically the announcement of the location of the zones has been useful ammunition in debates on the economy. It has been suggested⁽²³⁾ that Howe's announcement in 1980 was delayed a month to be on the 'good news' in the Budget. The Prime Minister announced the first seven zones in a censure debate on 29 July 1980. It is obviously useful in such circumstances to be able to claim; "We are creating an opportunity unequalled in modern times".⁽²⁴⁾ In a Commons debate on unemployment in October (28/10/80) the Chancellor announced the location of probable sites for the East Midlands (Corby) and the West Midlands (Dudley).⁴ Again the announcement was the cue for a positive sounding passage in his speech. The final two zones of the round were announced in yet another debate on the economy in January 1981 - Kirby and Hartlepool. In the March Budget, 1981, Enterprise Zones were described as a "major new initiative which had stimulated intense interest among investors ..." The Enterprise Zones are very useful 'good news' stories as is perhaps indicated by the high number of newspaper features which have accompanied this modest financial investment by the Government.

The EZ concept has moved from in essence being an experiment in deplanning to a package of incentives to industry to locate in a particular area. It has done so despite the manifest intentions of the Chancellor. It remains a politically attractive kind of public relations development - while the departments with industrial urban responsibilities seem to have successfully transformed the device into their standard routines. The interventionist policy style has prevailed.

An example of a similar process of policy translation is that observed in the development of the EPA (Educational Priority Area) idea. Banting notes that the idea was essentially social-science theory and that it ran into sharp conflict with the institutional structure" and in the end the proposal was fundamentally remoulded to fit the existing contours of administrative and political life. The resulting policy turned out to be a pale reflection of the original idea."⁽²⁵⁾ EZs provide an example of this same phenomenon.

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