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# From Lima to London - Free trade, globalisation and regeneration

A set of articles about free trade looking at regeneration in London and globalisation in South America

## The Real, Real Thing

By Peter Carty

While the US pours more military advisers and hardware into South America, new research indicates that the global cocaine business and its associated narco-terrorism have been fostered by one of its own multinationals. **Peter Carty** reports

[IMAGE]

>> Coca plant. Forced eradication by burning coca fields from

[<http://www.cia.gov/saynotodrugs/warondrugs.html>]

As the US dispatches more Black Hawk helicopter gunships to assist on the Colombian front of the global war on drugs and terror, academic research has come to light which implicates a leading US transnational in the growth of the cocaine business.

The research is being aired through an unusual outlet. One of the summer's most popular paperbacks is set to be Dominic Streatfeild's *Cocaine* (Virgin, £12.99), a doorstop of a book containing all the nose candy information you've ever wanted to sniff out. In among its 532 pages (detailing white powder history via the Incas-Freud-Prohibition-Cartels et al) is a small section detailing new and mind-blowing research about Coca-Cola by US historian Paul Gootenburg (*Between Coca and Cocaine*, Gootenburg, 2000) which implies that the beverage behemoth has helped to foster the global narcotics business.

It is a little known fact that Coca-Cola has run coca plantations in Peru for over a century. Its cultivation of the coca leaf continued after it stopped using cocaine as an ingredient during the early years of the twentieth century. Instead, it added an extract of the coca leaf from which the active narcotic alkaloids were removed. The practice continues: at the last count, New Jersey-based Coca-Cola subsidiary Stepan Chemicals was importing 175,000 kg of leaves annually.

The Federal Bureau of Narcotics has ensured that legislation banning the importation of coca leaves to the US has consistently exempted Coca-Cola. At the same time as it protected the business of a leading US company, the FBN took steps to discourage the rest of the Peruvian coca industry. As the options for legitimate cocaine makers narrowed through the 1930s and '40s, the temptation to link up with Latin American criminal traffickers became overwhelming, and the black market trade grew through the 1950s and '60s.

Gootenburg's thesis hinges on circumstantial evidence, but is persuasive: it would be far from surprising if the existence of large-scale legitimate coca plantations to supply Coca-Cola has encouraged the continuation of sizeable illegitimate cultivation for use in the black market. Furthermore, Coca-Cola's secret agricultural activities are likely to have affected neighbouring countries: much of the cocaine-base processed in Colombia originates in Peru and Bolivia.

Among the many ensuing ironies are that cocaine is now a much better globalisation case study than Coca-Cola. Refined production and distribution mean that cocaine is a uniform global product, while Coca-Cola is adapted to meet the requirement of domestic markets.

Gootenburg's discoveries come after admissions by the CIA that it assisted Nicaraguan contras with cocaine imports to the US. As the flood of US military hardware and personnel into Colombia, Peru and Bolivia continues, consideration of the extent to which the superpower has fomented the drugs war and associated narco-terrorism would be timely.

Peter Carty <peter.carty AT tesco.net> is a writer and journalist

## **Free Trade in the Americas**

By Conrad Herold

The effect of increased trade on developing nations is today the subject of a vital public debate. Conrad Herold examines its economic context and looks at free trade, from NAFTA to the FTAA, as a form of class war

In a well known but perhaps little read speech of January 1848 (the same month in which he was putting the finishing touches to the Communist Manifesto), Karl Marx addressed head-on the issue of free trade.[1] He described the positions that were being publicly debated at the time: the anti-free trade protectionism associated with economist Fredrich List of Germany, and the pro-free trade attitude of the English businessmen Cobden and Bright. Mid-19th century Germany was playing economic catch-up with England: the key issue for both sides was to identify which strategy, free trade or protection, would best further German economic development.

For Marx, the protectionists were simply promoting the idea that 'it is better [for the working class] to be exploited by one's fellow-countrymen than by foreigners. I do not think,' he wrote, 'the working class will be for ever satisfied with this solution, which, it must be confessed, is indeed very patriotic, but nonetheless a little too ascetic and spiritual for people whose only occupation consists in the production of riches, of material wealth.' [2] Marx goes on to admit that the protectionists may be able to save jobs by guaranteeing the labourer 'work for his hands'; the problem for the working class, he argues, 'is not to preserve the present state of affairs, but to transform it into its opposite.' That is, to go beyond capitalism.

### **NEW PARADIGMS, NEW DEMANDS**

Marx's argument is incomplete, because he is referring only to the effects of free trade upon German and European workers. The effects of increased trade upon the peoples of the impoverished Third World, a topic now part of a vital public debate, was then understandably secondary in Marx's research agenda. Marx did not predict the way that free trade today is being used as the justification for, and the means of, dismantling the welfare state. This hard-won achievement of the working class did not exist then, and was not in contention. Nonetheless, Marx's comments on free trade do have a direct bearing on the current situation: as in pre-war Germany, the two possible strategies of capitalist development today, protectionist versus free trade, in no way reflect the concerns of the working class. The protectionists are interested in protecting their industries against foreign competition; the free traders are interested in extending their markets and profits – and both of them would do this at the expense of the working class.

Today, the Bush administration is seeking a Free Trade Area of the Americas agreement (FTAA), a regional free trade accord that calls for the elimination of all trade barriers between all the countries of the Americas, with the sole exception of Cuba. What Marx's comments suggest is that our debate over the FTAA should not merely take place over which fraction of the capitalist class, foreign or domestic, should exploit the peoples and resources of Latin America. While it does make a difference who is

exploiting you, and how, it is important to remember that our arguments are with capitalism itself, and not merely with the particular form it takes. This is one of the many lessons learned from the Zapatista uprising: the EZLA argued that the end of protective tariffs indeed meant the end of Mexican lives; but they were not demanding protective tariffs or domestic capitalists: they were demanding an end to capitalism.

In other words, it is still necessary to follow Marx's lead, to understand the effects of the FTAA on the working class. But in order to do that, we first have to understand what the FTAA is.

[IMAGE]

## THE FTAA: ITS ORIGINS

The Free Trade Area of the Americas agreement is a regional trade accord being sought by the Bush administration. First proposed by President Bush senior as part of the Enterprise for the Americas Initiative in June of 1990,[3] it calls for the elimination of all trade barriers between all thirty-four countries of the Western Hemisphere except Cuba. If enacted, it would create the largest single free trade area of the world, with a combined GDP of US\$13 trillion (10 trillion of which is the US economy). This expansion of NAFTA is being negotiated in secret by trade ministers from North, Central and South America and the Caribbean. Its goal is to impose the NAFTA model of new corporate investment and patent protections, trade liberalisation, deregulation, and privatisation hemisphere-wide.

The FTAA chapters that have become public so far have seen significant increases in the power corporations have to constrain governments from setting standards for public health and safety, safeguarding their workers, and ensuring that corporations do not pollute the communities in which they operate. Effectively, these rules would handcuff governments' policymaking, enhancing corporate control at the expense of citizens throughout the Americas.

Nine negotiating groups have been created to produce an outline of each chapter of the agreement – for example, investment or intellectual property rights. A Committee of Government Representatives on Civil Society was established to represent the views of civil society, but this committee is little more than a mail inbox, with no mechanism to incorporate civil society's concerns into the actual negotiations. Former US Commerce Secretary Ron Brown made it very clear about who is actually writing this agreement when he addressed an American Business Federation meeting, saying that they were the leaders of the FTAA process and that the government's role was to take whatever policy steps were needed to best suit the business interests in the Hemisphere.

US advocacy of regional trade accords like the FTAA is a relatively recent phenomenon. Until the 1980s and the presidency of Ronald Reagan, the United States was a firm advocate of multilateral accords and actively discouraged the creation of regional trade accords. Throughout the post-war era, the United States pursued multilateral trade liberalisation. The Great Depression had convinced US policymakers that competitive protectionism – the rounds of retaliatory tariffs imposed against countries that had themselves imposed tariffs in an effort to protect their domestic economies – had exacerbated the fall in economic activity as one country after another excluded imports to try to increase national employment levels. The United States emerged from this experience a strong proponent of multilateral trade negotiations, which it saw as the best way to restore international trade and thus international economic activity.

The opposite of the multilateral approach is regionalism. This is the approach of the FTAA as much as it was the NAFTA's before it. The standard argument against regionalism, the argument that the United States had always put forth, was that regional agreements were a sub-optimal and perhaps counter-productive approach to trade liberalisation. Entering a free trade area means that you are discriminating against the outsiders, and it may be that the outsider is the one who in fact can produce the commodity in question most efficiently (at the lowest opportunity cost). So, say the United States signed a free trade agreement with Mexico, and not with Brazil: now Mexican-made shoes or whatnot can get into the US without paying the tariff, while Brazilian shoes must continue to do so. It could be that Mexico now becomes the source of shoes imported into the US, although Brazil can produce them at a lower opportunity cost. The free trade area, instead of creating more trade, has merely diverted trade, and diverted it to a less efficient producer. Global welfare is thus lowered by regional trade agreements to the degree that trade is diverted instead of created. Jacob Viner, an economist at Columbia University, was the first to lay out the economists' argument against regional trade accords in 1950.[4] Today, Jagdish Bhagwati, perhaps the leading international trade economist in the world and one of the original 'neoliberal' economists, has spent the latter part of his career railing against the US turn toward regionalism, to no avail.

There is now substantial evidence that NAFTA and Mercosur are in fact diverting trade, instead of creating it. The Caribbean nations, for example, lost their textile exports to the US when the textile plants shifted to Mexico, to take advantage of the tariff-free entry into the United States. Bhagwati has become increasingly strident in his denunciation of regional trade agreements. 'One would think that the Clinton administration,' he writes,

would take heed...and desist from further indulgence of FTAs [Free Trade Agreements], reverting instead to multilateral trade initiatives. But it has not. Part of the reason, of course, is intellectual laziness. Partly it is also the fact that no international economist of repute has ever had access to the White House, where the main concern has been the politics of its trade policies, not their economics.[5]

[IMAGE]

#### FROM AGGRESSIVE UNILATERALISM...

So why did the United States abandon multilateralism? In the 1980s there developed, particularly among Republican businesspeople, the view that the principles of the GATT had become obsolete.[6] In particular, it was argued that while the United States kept its markets open and followed the rules of the GATT, other countries used unfair and GATT-proof tactics to discriminate against US exports. Other countries, in particular Japan, were not playing by the rules of GATT. They were keeping US products out with bogus health or sanitary regulations and unfair subsidies to their export industries. 'Free trade' was in fact deindustrialising the United States. President Reagan responded by becoming the most protectionist president in the post-war era. In a turn to what Bhagwati called 'aggressive unilateralism,' the US started using a wide variety of non-tariff barriers to retaliate against the rogue states. Such were the 'voluntary export restraints' (VERs) used against Japan and the aggressive anti-dumping legislation used against Brazil, India, Japan, and others.

#### ... TO PROTECTIVE BILATERALISM

In the face of this rising protectionism in the US, the conservative premier of Canada, Brian Mulroney, sought to forestall its effects upon Canada. In September of 1985 he proposed opening bilateral negotiations that would lead to a Canada-US free trade agreement. That free trade agreement, signed in January 1991, became the turning point. It became clear that the US could simply bypass the stalled GATT process, which had become mired in seemingly endless and intractable negotiations, and start

signing bilateral and regional agreements with countries that it felt it could negotiate with. NAFTA soon followed, going into effect in 1994.

It bears repeating, because it is little recognised, that the proponents of regional trade agreements are not the 'neoliberal' economists that are behind the liberalising policies of the Washington Consensus or the policies of the IMF (the International Monetary Fund). Anne O. Krueger, currently vice-president and chief economist at the IMF is, like Bhagwati, a staunch critic of trade regionalism.[7] The US policymaking establishment has made the decision to pursue regional trade agreements despite the fact that many economists do not see them as the optimal path to trade liberalisation. Is there some other motive? Yes indeed. The regional agreements with countries like Mexico have some widely acknowledged effects, and if you are a US businessperson, you see them as very salutary effects.

#### THE FTAA AS ATTACK ON WORKERS IN THE US

A rather large professional literature has developed among economists debating the effects of regional trade accords like the NAFTA and the FTAA. Most US economists are of the opinion that signing a free trade agreement with a country like Mexico, or countries like those of Latin America, has a measurable effect on the level of wages and the negotiating power of workers in the United States. Standard mainstream trade theory, in what are called the factor-price equalisation theorems, argues that when two otherwise similar countries trade, in the long run and in the absence of other mitigating forces, the prices of their factors of production, meaning the price of labour (the wage) and the price of capital (the interest rate), will converge. Here what is relevant is the price of labour, that is, the wage.

According to standard modern trade theory, called the Heckscher-Ohlin theory, a country will export those goods in the production of which a relatively large amount of its relatively abundant and cheap resource is used. That would increase the demand for its abundant resource, thereby raising the price of the abundant and cheap resource. The expensive resource is not being demanded, on the contrary it is being released as the country specialises, thereby reducing its price. This occurs simultaneously in both countries, with the price of each abundant, cheap resource in each country rising, and the price of the expensive resource falling. So, a capital-abundant country like the US, with expensive labour, trading with a labour-abundant country like Mexico, with relatively cheap labour, will eventually see the price of labour fall. Conversely, the labour-abundant country, Mexico, increasing its demand for the abundant resource, labour, will see the price of labour rise. That is, the wage in the US will fall, while the wage in Mexico will rise.

There is no longer any controversy that the wages of unskilled workers in the United States have fallen dramatically in the last fifteen to twenty years. Arguably, the Clinton boom of the 1990s was built not on deficit reduction, but on wage compression, that is, on lowering wages in order to raise profits. In this sense, the free trade agreements have been an attack on the working class in the US.

What of wages in the labour-abundant country like Mexico? Here too we see the theory corroborated in practice. Wages along the border with the US have been in fact rising.[8] The result has been that a large number of labour-intensive assembly plants along the border (known as maquiladoras) have in fact left Mexico and are relocating to China, where wages are significantly lower than in Mexico and where a totalitarian government promises to repress any labour organising and keep wages low. Mexican wages in maquiladoras on the border now range between \$2.00 to \$2.50 an hour, including benefits. Chinese assembly plant wages range from 35 cents an hour to a dollar an hour.[9] For this reason, China has by far been the largest recipient of direct foreign investment several years in a row.

Another effect of the trade agreements, first noted in the professional economics literature by Dani Rodrik of Harvard, is that the negotiating power of US workers has been undermined by the accords. Now, whenever US workers demand a raise in pay, the bosses can pull out the spectre of moving the whole plant to some labour-abundant country where workers will do the same work using the same technology at pennies on the dollar. The goods can be imported back to the United States tariff-free. The point here is that the bosses don't need to actually move their operations overseas, merely the existence of the credible threat that they can moderates the demands that workers will make. Economists call this an increase in the elasticity of labour demand (meaning that the labour demand curve is now flatter than before the trade accord). This effect, undermining the negotiating power of workers in the North, may in fact be more important than the actual fall in the demand for labour due to the increased trade.[10]

[IMAGE]

#### THE FTAA AS ATTACK ON DEMOCRACY

The new trade agreements, the NAFTA, Mercosur, and the preliminary draft of the FTAA (along with the agreement that created the WTO, the World Trade Organisation, a multilateral trade authority, in 1995), all contain within them a dispute resolution mechanism[11] that effectively undermines democracy. What is new about these mechanisms is that countries are now able to bring their disputes concerning the agreement to an ad-hoc arbitral body that makes binding decisions and allows for retaliation against the offending party if the censured anti-trade practice is not terminated. The fact that retaliation is sanctioned is what is new and what gives real teeth to these accords. Thus, for example, if the United States feels that Peru is not allowing a US product to freely enter the country, and is thereby impeding free trade, the US can appeal to the dispute resolution body. If the arbitral body agrees with the US and Peru does not change its behaviour, the US has the right to retaliate by imposing countervailing trade sanctions that are designed to force the country to comply with the ruling. In general, the members of the ad-hoc panels are drawn from rosters drawn up previously by the parties to the agreement. The panels operate without public scrutiny or input.[12] They are, in effect, non-democratic supra-national bodies that can overturn local or national law, all in the name of free trade.

The NAFTA and the FTAA are therefore mechanisms that recompose the balance of power between workers and capitalists in favour of the capitalists. They lower wages in the North, undermine workers' bargaining power, and undermine local and national democracy. Let's now look again at what has happened in the countries of the South.

#### THE FTAA AS AN ATTACK ON WORKERS IN THE SOUTH

Under capitalism, free trade always produces displacements and dislocations. Capitalists, borrowing the phrase from the economist Joseph Schumpeter, call it 'creative destruction', which they see as both natural and virtuous. It is creative because it frees up people and resources and makes them available (if they survive) for new and more productive uses. It is destructive because whole peoples and their communities, whole ways of life, have to be systematically dismembered in order to make the pieces available as inputs to new investment. Clearly, it is going to be the most vulnerable, the least powerful (and decidedly not the least efficient), who are 'creatively destroyed' first. And if they resist much, the army will be called in as an integral part of the process. This is what we have seen throughout Latin America. The least powerful sector of the working class is the one that has to bear the brunt first. Thus, in Mexico today, it is the small peasant farmers, currently about 20 percent of the population, who are now being systematically displaced. In January of this year, thousands of small farmers marched into Mexico City's main plaza to demand a renegotiation of the NAFTA. The Mexican government –

Mexican capitalists – see them as anachronisms from the past. Ironically, what is wiping them out are highly subsidised agricultural imports from the US. Last year, as a reflection of the power of the corporate agro-industry lobby in the US, the pro-free trade Bush Administration passed legislation giving US corporate agriculture its highest level of subsidies ever, 40 billion dollars. Mexican farmers cannot compete against the highly subsidised agro-industry megafarms of the US. In Mexico, US corn sells for less than it costs to grow it. The majority of the displaced farmers move to urban areas in Mexico and the US where they join the ranks of the poor and unemployed, available as a new pool of powerless workers.

For Latin American capitalists, joining the FTAA is a way to gain additional leverage against workers. It locks in the liberalising reforms that have been completed by raising the costs of unwinding them. In particular, the FTAA will help destroy the remaining remnants of the import-substitution industrialisation model (ISI) that was applied throughout Latin America from the 1930s (the period of the Great Depression) to the 1980s (the debt crisis). This particular set of ISI policies, while at first successful, eventually resulted in workers that were powerful enough to subvert the capital accumulation process. To understand how this happened, and the role of the FTAA in attacking them, we need a little historical background.

## A BRIEF HISTORY OF LATIN AMERICA

Latin America emerged from its colonial period as an exporter of primary raw materials. In the 19th century, Latin America supplied the world with tin, copper, coffee, bananas, and the like. Landowners and owners of mines controlled the governments. With the Great Depression, that primary commodity export strategy collapsed. A new group gained power, a rising domestic bourgeoisie that was able to displace the landowners. These emerging domestic capitalists formed an alliance of convenience with urban industrial workers in order to create a political power base. In exchange for privileges like job stability and relatively generous wages, the new urban workers supported the new capitalists with their votes. Getulio Vargas of Brazil, L-zaro Cardenas of Mexico, and Juan Perón of Argentina all expelled the landowners from power and strengthened their own power base by applying ISI policies that rapidly industrialised the countries and provided jobs for the new urban workers.

The new capitalists thus consolidated their power by dividing the working class and setting urban industrial workers against peasants. A component of these policies was to create state-owned enterprises that could provide employment. Another was to keep out imports by raising tariffs and thereby creating hot-house conditions inside the countries that fostered rapid industrialisation. These policies produced a relatively small but very powerful group of privileged urban industrial workers. Latin American cities soon became small privileged cores surrounded by seas of displaced unemployed peasants who migrated to the city hoping to be able to get one of those privileged jobs.

While the strategy produced economic growth in the 1950s and '60s, by the 1970s it was becoming clear that the privileged industrial workers had grown too powerful. Payrolls became bloated with workers who produced little or nothing and could not be fired. The government found it was not able to face these workers head on, and chose instead to run up the national debt to pay for the privileges of the lucky few. Deepak Lal, who became chief of research at the World Bank from 1983 to 1987 under Anne O. Krueger and who wrote what most approximates what we might call the 'neoliberal manifesto', openly called for the ruthless elimination of the import-substitution coalitions:

The political difficulties on the path to more efficient domestic policies should not be minimised. They stem largely from the manifold vested interests in the maintenance of the trade control system which it has itself created by providing large windfall profits to those lucky, influential or corrupt enough to obtain various licenses, and by fostering an inefficient structure of industry where the current incomes

of so many producers contain an element of rent derived from the existing system of control. A courageous, ruthless and perhaps undemocratic government is required to ride roughshod over these newly-created special interest groups [emphasis added].[13]

Trade liberalisation, including international agreements like the NAFTA and the FTAA, which lock in the trade liberalisation policies (along with privatisation, the selling off of all those government owned enterprises), became the strategy of choice for finally attacking and destroying these powerful workers. Cheaper imports were used as the means to overwhelm and destroy virtually all the national industry that had been created by the ISI policies throughout Latin America. Today, Latin American cities are full of these now displaced workers, rendered powerless and available as inputs to foreign investment. This is the single most important achievement of the neoliberal economists. The lesson for the working class here is that when one sector gains power but excludes other working class sectors from the fruits of that power, no-one comes to your aid nor mourns your loss when you are finally attacked.

#### THE FTAA AS A MOMENT IN STRUGGLE

Showing how the FTAA is a mechanism to attack workers, North and South, does not mean that we thereby endorse protectionism. Recall Marx's comments at the head of this discussion. My aim here has not been to endorse a reliance on domestic capitalists as against foreign capitalists. Our understanding of the FTAA should not remain at the level of debating which fraction of the capitalist class should exploit the peoples and resources of Latin America. Our argument is against capitalism. The issue, for us, is how to use such divisions within the capitalist class to best further the interests and power of the multitudes of Latin America. The first step, and only the first step, in that process is to understand the structures of power that are arrayed against us. That is what this piece has sought to do: to begin to understand the FTAA as a moment in struggle.

Footnotes:

Trade Barriers:

Trade barriers are any kind of administrative impediment to international trade such as tariffs, which are per-unit or ad valorem taxes on imports, and quotas, which are quantitative limits on the amount of imports allowed in a country.

Multilateral Trade Agreements:

A multilateral trade accord is one in which all countries in the world participate and agree to lower tariffs simultaneously. A regional trade accord is a discriminatory trade accord in which the benefits of the accord, liberalised trade, are extended only to the countries that are parties to the agreement. Countries that are not parties to the regional accord are excluded from its benefits.

When all countries agree to lower tariffs simultaneously, the costs of trade liberalisation are not unduly borne by any one country. If one country were to open its markets before others do, it could find itself swamped with imports and be unable to export. That could destroy its economy. Since no one country wants to take the first step alone, some sort of coordinating mechanism is needed to get the process started and keep it going. If all countries could agree to reduce their tariffs together in a coordinated fashion, then all countries could simultaneously benefit from the increased trade. In the United States it was Woodrow Wilson and F.D.R's Secretary of State, Cordell Hull, who were the strong proponents of the multilateral approach. Seven rounds of multilateral trade negotiations were successfully completed in the post-war era. These rounds of negotiations were completed under the aegis of GATT, the General Agreement on Tariffs and Trade, which was the framework for multilateral negotiations signed in Geneva in 1947.

## NAFTA:

(the North American Free Trade Agreement, an agreement between Canada, the US, and Mexico in effect since January 1994).

## Regional Trade Agreements:

In a regional trade agreement some specified group of two or more countries agree to eliminate trade barriers amongst themselves. If they leave all their trade barriers against countries that are not part of the regional agreement at the same level they were before the agreement, economists call such an agreement a free trade area. NAFTA and the FTAA are such. Likewise, the recently concluded bilateral agreements between the US and Chile (December 2002), and the US and Singapore (January 2003) are free trade agreements. When, in addition to eliminating trade barriers amongst themselves the countries also modify their barriers against countries outside of the area such that all the partners have a common tariff structure against the rest of the world, economists call such a customs union. Mercosur, the trade agreement between Brazil, Argentina, Uruguay, and Paraguay, signed in 1991, is a customs union.

## Dispute Resolution Processes:

In 1972 US environmentalists obtained passage of the Marine Mammal Protection Act (MMPA). The law prohibits the importation of tuna caught with methods that kill too many dolphins. Dolphins swim above schools of tuna, and the Mexican (and Venezuelan) tuna fleet would encircle the dolphins with nets to catch the tuna below. Environmentalists claimed the Mexican tuna fleet was drowning some 50,000 dolphins a year. Under pressure from environmentalists, the United States imposed an embargo on Mexican tuna in October of 1990. The Mexican government appealed to a dispute resolution mechanism of the GATT and won. The GATT panel ruled that the United States would have to change its national law because it was an illegal restriction on trade. (Before the ruling became final, and in order to avoid undermining the then on-going NAFTA negotiations, Mexico tabled the issue.) In March of 1999 the Governor of the State of California issued an order to phase out the use of a carcinogenic octane enhancer in gasoline, MTBE, which was found to have contaminated groundwater and drinking water across the state. The producer, the Canadian company Methanex, appealed to the NAFTA dispute resolution process, seeking 970 million dollars in damage which it claimed were the future profits it lost due to the illegal California regulation which it claims is a restriction on trade. The case is still in dispute.

[1] Karl Marx, 'Speech On the Question of Free Trade', Delivered to the Democratic Association of Brussels at its Public Meeting of January 9, 1848, Karl Marx Frederick Engels Collected Works, Volume 6, Marx and Engels: 1845-48 (New York City: International Publishers, 1976), pp. 450-465

[2] Karl Marx, 'The Protectionists, the Free Traders and the Working Class', Karl Marx Frederick Engels Collected Works, Volume 6, Marx and Engels: 1845-48 (New York City: International Publishers, 1976), p. 280

[3] A revealing analysis of the circumstances that led to the original proposal is: Joseph S. Tulchin, 'The Enterprise for the Americas Initiative: Empty Gesture, Shrewd Strategic Gambit, or Remarkable Shift in Hemisphere Relations?' in: Roy E. Green, editor, *The Enterprise for the Americas Initiative: Issue and Prospects for a Free Trade Agreement in the Western Hemisphere* (Westport, CT: Praeger Publishers, 1993), pp. 143-158

[4] Jacob Viner, *The Customs Union Issue* (New York City: Carnegie Endowment for International Peace, 1950)

[5] Jagdish Bhagwati, 'The FTAA Is Not Free Trade', in: *The Wind of the Hundred Days: How Washington Mismanaged Globalization* (Cambridge, MA: MIT Press, 2000), p. 248

[6] See, for example: Clyde V. Prestowitz, Jr., Alan Tonelson, and Robert W. Jerome, 'The Last Gasp of GATTism', *Harvard Business Review*, vol. 69, no. 2, March-April 1991, pp. 130-138

[7] See, for example: Anne O. Krueger, 'Problems with Overlapping Free Trade Areas', in: Takatoshi

Ito and Anne O. Krueger, editors, *Regionalism versus Multilateral Trade Arrangements* (Chicago: University of Chicago Press, 1997), pp. 9-23.

[8] Jesus Cañas and Roberto Coronado, 'Maquiladora Industry: Past, Present and Future', *El Paso Business Frontier*, Federal Reserve Bank of Dallas, El Paso Branch, Issue 2, 2002

[9] Elisabeth Malkin, 'Manufacturing Jobs are Exiting Mexico: Business Leaders Try to Stop the Exodus of Factories to China', *New York Times*, 5 November 2002, pp. W1, W7

[10] Dani Rodrik, *Has Globalization Gone Too Far?* (Washington, D.C.: Institute for International Economics, 1997), pp. 11-27.

[11] A comparison of the various dispute resolution mechanisms is: Rosine M. Plank-Brumback, 'Dispute Settlement' in: José M. Salazar-Xirinachs and Maryse Robert, editors, *Toward Free Trade in the Americas* (Washington, D.C.: Brookings Institution Press, 2001), pp. 255-275

[12] I note that the U.S. Trade Representative's website [[www.ustr.gov](http://www.ustr.gov)] claims that the January 2003 free trade agreement with Singapore includes new dispute resolution procedures that include open public hearings, public release of legal submissions by parties, and rights for third parties to submit their views. This would be a welcome development, however partial

[13] Deepak Lal, *The Poverty of 'Development Economics'*, (London: Institute of Economic Affairs, 1983), p. 33. I consider this text my leading candidate for 'neoliberal manifesto'

Conrad Herold <[Conrad.Herold@Hofstra.edu](mailto:Conrad.Herold@Hofstra.edu)> is Assistant Professor of Economics and History at Hofstra University, New York. His research interest is contemporary Latin American Political Economy and Macroeconomics. He was born and raised in South America

## Securing the Knowledge Empire

By Peter Drahos and John Braithwaite

Peter Drahos and John Braithwaite on how the US has used bilateral deals to secure its predominance in the information economy

The protectionist intellectual property paradigm that the US has quietly globalised over the last 20 years or so has attracted little comment outside of specialist circles. Peter Drahos and John Braithwaite investigate how, alongside the multilateral policymaking forums, the US has used bilateral deals to secure its predominance in the information economy

[IMAGE]

Since the mid-1980s, a sea change has been taking place in the way that international standards of intellectual property are set. The WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) has turned out to be a floor without a ceiling, and the hopes of many developing countries that the US would be content with the gains brought by its standards regime, to be hopelessly naïve. In fact, in the globalisation of their protectionist intellectual property paradigm, the corporate actors responsible for TRIPS at the end of the 20th century were merely laying the foundations for the knowledge economies of the 21st.

TRIPS was not just the product of private governance. It was also one of economic coercion in the face of the resistance felt from developing countries when the US began to push for the inclusion of intellectual property in the General Agreement on Trades and Tariffs (GATT) at the beginning of the 1980s. Developing countries, which at that time held about one per cent of the world's patents and were desperate for access to western technology, knew that such a proposal would not be in their interests.

The US understood that many of these countries – the most active amongst them, India, Brazil, Argentina, Cuba, Egypt, Nicaragua, Nigeria, Peru, Tanzania and Yugoslavia – were dependent upon access to its markets under the Generalised System of Preferences (GSP). It began a process of reforming this system to create a national trade enforcement tool for US corporations. Under US trade law, US corporations were now able to petition the US Trade Representative to withdraw benefits of trade agreements, or impose duties on goods from foreign countries that were not extending adequate and effective protection for US intellectual property. The Trade Representative then had the option of listing countries under what came to be known as the ‘301’ process.

There is nothing very secret about this process. Almost every developing country that opposed the US at the GATT stage has ended up being listed for bilateral attention under it by the US. In 1988 the US changed its Trade Act to make resisting its wishes in a multilateral forum part of the conditions that could lead to a country being identified as a Priority Foreign Country and therefore the subject of a Special 301 investigation. Developing countries hoped that by negotiating multilaterally there was the possibility that they would be able to obtain some limits on the use of 301 actions by the US on intellectual property. Such was the suggestion of developed country negotiators and the GATT Secretariat. In fact, exactly the opposite happened. During the 1990s the US increased its unilateral surveillance of countries on intellectual property issues. By 2000 more than 70 countries had been reviewed under Special 301, with 59 foreign countries failing to meet satisfactory standards, whose laws and practices on intellectual property had to be watched.

Thus the global regulatory ratchet the US created in the 1980s and 1990s consists of waves of bilateral agreements followed by occasional multilateral or regional standard-setting (e.g. TRIPS and the North American Free Trade Agreement (NAFTA)). Each wave of bilateral or multilateral treaties enforces existing standards and very often sets new ones. In all these agreements states are bound not to offer less protection than agreed to, but are allowed to offer more extensive protection than is required. Thus the ratchet only ever moves upwards. Its latest manifestation is in the free trade agreements that the US has concluded with Jordan, Chile and Singapore. These all contain long and detailed provisions on intellectual property, provisions that are ‘TRIPS-plus’. The US is globalising domestic intellectual property standards that meet its own economic needs and fit with its cultural and philosophical traditions. What the US Supreme Court has declared to be its domestic position, namely that anything under the sun is patentable finds deep opposition around the world. Many have strong reservations about the patentability of plants, animals and human genetic resources, based on a variety of ethical perspectives and traditions, including religious, indigenous and environmental ones. Yet the US has relentlessly pushed such provisions in TRIPS and subsequent bilateral agreements. It is equally relentless in seeking to impose upon the world a system of agriculture in which the farmer becomes the lessee of patented seeds, plants, fertilisers and pesticides. Fears that this technology does not meet the needs of subsistence farmers around the world, that it carries with it environmental risks that have not been properly assessed, that it cuts across farming traditions such as the saving and exchange of seed or that it requires economies of scale that few countries can really exploit are brushed aside by its US multinational overseers, who respond by threatening litigation in the WTO.

The US has also been successful in excluding from TRIPS the recognition of authors’ rights, based on European philosophical traditions that recognise an indissoluble link between creators and their works (the key ones being the right to paternity – which gives, for example, the composer of a song the right to be identified as such, and the right to integrity – the right of the author of any type of work and film to object to any addition to, deletion from or change to his or her work if this is detrimental to the work or to the reputation of the author). Hollywood, in the form of the Motion Picture Association Of America (MPAA), has been opposed to these rights because they are potential interferences in its world-wide system of production, marketing, distribution and exhibition. Yet at the same time actors like the MPAA invoke free speech values to argue that there should be no restrictions on the

circulation of US film, television and other copyright works. Of course, there is a trade agenda – because as has been known for a long time, trade follows the film. The practical upshot of these free speech/free trade arguments is a constant pressure to remove quotas. No quota is too low to be ignored. When Indonesia imposed a screen quota requiring its First Run theatres to show at least two Indonesian films each month for a minimum of two days both the MPAA and the International Intellectual Property Alliance raised the matter with the USTR as part of their recommendation in 1993 to list Indonesia under the 301 process. The endgame for Hollywood is zero restriction on its capacity to dominate any type of screen in the world at any time and place. The US fashions and globalises intellectual property standards based on its own economic institutions, extending its sovereignty, ignoring the world's moral diversity and the desire of different societies to pursue different paths to development. Underneath the individualist ideology of intellectual property there lies an agenda of under-development, of maintaining economic hierarchy. Today's global intellectual property paradigm is about protecting the knowledge and skills of the leaders of the pack. In the US, state and US multinationals remain committed partners in the institutional project of information feudalism: acquiring and maintaining global power based on the ownership of knowledge assets. Meanwhile the inequalities and problems of this global redistribution of property rights in information are only slowly coming to be understood.

Peter Drahos <Peter.Drahos AT anu.edu.au > and John Braithwaite <John.Braithwaite AT anu.edu.au > are the authors of Information Feudalism: Who Owns the Knowledge Economy? (Earthscan, London, 2002)

## **I am the Mayor of London (The crowds outside are going wild.)**

By Matthew Fuller

For all those who walk London's streets wondering whether brekky has been spiked; for all those who think the millennium dome is really an enormous hallucinogen; for all those who think the mayoral candidates are from Mars, Matthew Fuller has a surprise. If you see scary surrealism in today's London, wait for the magic realism of tomorrow.

Take three millennial London moments: Conservative mayoral candidate Jeffrey Archer's exposure as a liar; the city police's response to J18 and N30 carnivals against capitalism; and the Lord Mayor's parade. In the image of which shall we cast the future of the city? Let's ask the Mayor. In London's fairy kingdom, where magic wands and realist fists rule in perfect harmony, Matthew Fuller listens in on the interior monologue of a civic Godhead.

[IMAGE]

>> Photographs by Daniel Jackson

I spread plans out on the giant glass table. Turn Brixton into Brighton – dig a channel through Kent and Sussex and let the sea roll in up to Streatham Hill. More geostrategic entertainment zones. 10.000 hole crazy golf course as workfare replaces Dagenham.

200 yards away from the Tower of London which is above a grade I listed building and of importance to the monarchy. My tower is set back in parkland. It does not obstruct any view. It is energy self-sustained. I live in an apartment three feet wide, by three light years. The staff of the tower drink their own piss in order to save the finite resources of the planet. As well as carpets I have glass atria and many computers.

The staff number in their hundreds. They wear smart clothes and two hundred denier intelligent body-whelks that recirculate moisture into the cisterns of the potplants. Everywhere light shines. They are allowed to sit on their desks and arrange their cubicles.

At five o'clock the bell sounds. Everything that happens in London happens here first. Every shit that slips out of a cockney's or a businessman's arse is monitored and given travel-clearance through the Thames Barrier from us.

I hire a rota of Ninjas to do the business. Double up, I got on the phone to Sir Paul Condon. The Metropolitan Police have good voicemail systems. I ask Paul for a team of his Harlesden streetcleaners. The man is irascible. I send my team of thugs out to appraise the situation. Facilitators in the discreet BMWs. I hire an evil married couple with a new big dog to go round town. They know to fetch me the best looking tourists.

I have innumerable valises, flush-fitted stationary cupboards of manifold contents, fast acting cleaning fluids, rows of urinals with infra-red activated rinse- and doorcontrol, excellent lifts of the most silent and glass-enclosed kind, five types of letterhead each with their degree of severity, the female staff with their hair of a certain length in knots above the neck, an ingenious display of large flowers in the foyer, some 5000 kilowatts of Internet bandwidth, self-replenishing refrigerators, servile male staff trained at fawning since birth in my private underground dojo. The security sub in the Thames: four men, one for each point of the compass, cowed like monks in dripping black oilskins, lashed to the conning tower rail by steel belts, each with a pair of goggles and Zeiss binoculars clamped firmly to his eyes, staring blindly into his own sector of darkness, teeth hidden behind frozen lips clenched onto a cheap plastic snorkel. A vast conveyor belt of snacks.

[IMAGE]

I'm at a late-night meeting, helping to develop the next generation of cause-related marketing with appeal committee fundraising. The crowds outside are going wild. I nearly knock the roast swan luncheon off the desk with the laptop. The making of the grand entr e for my sixminute slot beckons.

A family of tourists stands in front of the modern glass tower. They are all talking:

1st: In the Dorling Kindersley guidebook to London for the dickheaded it says that the title of Mayor of London was thought to have largely been an honorific until the current holder of the title took inauguration. ...Really. It didn't exist.

2nd: Since when he has ruled this city with an iron fist.

1st: I'm glad to have a chance to live in a city like this. Even though it's only for two weeks. You can feel the manacles. Power is only got when it is given.

2nd: Everyone stands when the mayor comes into the room. His tongue is like the thumb of Caesar. I can't tell the difference between me and my passport.

1st: Wouldn't it be great if every year the Mayor machine-gunned hundreds of volunteers or something like that. In Trafalgar Square, the symbolic heart of the Imperial City.

2nd: The whole of life here is organised round learning good moral messages within a half-hour time-frame.

I rise from my solar-panelled desk and appear on the balcony. An assistant rushes up: “Reminder, no blue clothes are allowed, as we shoot against a blue screen; also no strong reds, or plain white, or checks and dogtooth materials. And if poss, bring along an object of personal cultural interest to discuss if there’s time.” I palm her face off.

All the police, all the revenue-protection officers, and the humanitarians, and the TV stars and the stockbrokers, and the thousands of loyal citizens in general population are doing a conga down the Strand.

How to simulate non-synchronous voice-overs in text:

1st: Political leaders have to make the choice between being either boring or evil. Most of them don’t have the guts to make the right choice.

2nd: The Mayor is hot right now.

Speech: “It’s talking about the trials and tribulations, you take the bitter with the sweet. It’s talking about crime, the homeless, spouse abuse, domestic violence, suicide, tryin’ out for the army and not gettin’ accepted, STDs and nuclear weapons – it’s talking about everything that’s going on in the world. A fully laden 34 tonne lorry must move about 30 metres every time you buy a small pot of strawberry yoghurt!”

The speech continues. Thousand of cameras are on me in the black night. I take a pocket torch from my pocket and shine it under my chin throwing arcs of light and shadow up my face. The screams can be heard across the city.

When the broadcast is made it goes like this: Midnight. The streets of London are unnaturally quiet. It’s almost back to Blackout. The camera pans down from the top of Centrepoint. Swooping down from cloud height across the rooftops. Nothing in human movement down the top of Charing Cross Road but the occasional upturned face of recipient. Through an open window, the roof of the National Gallery. Then deserted rooms. Streetlights throwing horror shadows across from angled doorways. The camera floats down to the entrance. Front outside: the doors collapse like a cloth rent from top to bottom. A gaping blackness seeps out from the entrance hall. Five heartbeats of silence and a leprous feral pigeon flings itself out, dead centre from the hole of the doorway. The camera, same point of view mount as the pigeon head, continues down Whitehall. As Parliament Square comes into view, the gears of Big Ben grind to a halt for the first time in living memory. The square is empty. Ten thick heartbeats of time. The camera gives an impression of flying through black. Then thin coloured light spilling across a stone floor. The sound of wings cutting through cold air. Columns of darkness thicket together. Nothing stirs except the steady echoing beat of pigeon wings.

Arcs of electricity crash between the beacons of Crystal Palace and Alexandra Palace. Across the river from the tower hundreds of ravens simultaneously swallow their tongues and strangle. A joyous citizen army composed of every trade and every standing in life goes to work, every five minutes redoubling its efforts to make this London the greatest of world cities.

The Northern Sewage Outfall wriggles in the earth like a vein rerouting itself and turns eastwards. A vast hole opens up in Greenwich. The giant white skin of the Dome is filled. Still the city pumps with vile life. The pressure builds. The Dome begins to expand as slow and ripe as a giant puffball in the moonlight. Soon it bursts. A torrent of giant shit slugs rains down upon the city for a full minute.

Gnarled feet of the pigeon hang still in the air as it swoops through Westminster Abbey. The enormous twin doors of the church crash open. Oak beams, each the length of a tree, split instantly. A vast rolling ball of flame sucks the air out of the building. All the windows collapse inwards. The fire gathers into a perpetual torrent, now the size of the entire front face of the cathedral. Boiling flames and rotten smoke form a face, a human face. It is that of The Mayor.

My phone call to Paul Condon finally gets through. I'm in the middle of the administrative work that I fought to get this job for. In the Mayor's head there is a special world. A theme park. The whole world made good. I tell Paul about it. He's keen to listen.

There's a bloke who just put his kids to sleep. It takes long enough. The walls are thin. He can still hear one of them murmuring, slurping on a finger, a musical toy winding down slow.

He starts to get ready for bed himself. Takes off his shirt and looks around the room for no particular reason. Just checking. Cleans his teeth in the bathroom, keeping the noise of the running water to a minimum. Goes back into the room with the TV and the sofa and the table and sits to peel his socks off. Everything's quiet. He takes his clothes off here rather than in the bedroom. Kicks his trousers off. A few pennies fall out. He picks them up. Scoops the trousers up by a leg. The pocket falls downwards and more coins fall out. They keep coming. A trickle. Whatever, copper, silver, quids. This is more than was in there. A five pence skitters out like a woodlouse. He looks at the money, then the trousers, shaking them again. More falls out. More again. The amount is slow, as if the trousers have to take the time to make the money. From the look of his face, his gut's eating itself.

What do you do? Do you actually look inside the pocket? Can you put your hand in or does that mean revoking the spell or catching radiation, your finger getting caught up inside a gestating blob of money?

Best to keep gently shaking it, like a slow bottle of sauce. If you didn't shake it, the money wouldn't come out.

He begins to count the amount of money coming out. It's four hours into when he's normally asleep. Six hours into when he would have wanted to go to bed because of his knackeredness. It's boring doing this shaking. A cramp begins to develop in his neck and arm. He has to work out whether there's enough money coming out to make it viable not to go to work later that morning.

Maybe he could just never turn up to work, could rig up a kind of shaking machine with a little motor and a cam. Peg the trousers to a coat hanger from one end of it and keep things running. What are the optimum parameters for productivity in this kind of thing?

There's no real consistency, no pattern, in what's coming out. Any value of coin. Nothing to be relied on to be the same.

The coins just drop. They slide out of the corners of the pocket like buds in timelapse, or suddenly like they're there, like out of a magician's fingers. If he stops shaking, which he does, did once when he got uncontrollable cramp, they don't stop altogether: it just turns the tap. Coins drop onto the floor, onto their pile, sliding off.

Some days later, of course, he gives some away. The trousers become work. Another way of getting by. His hands become stiff. The trousers become shiny. Sitting all day, shaking his trousers. I finish on the phone to Paul and wash my hands. He knows what to do. This palace is about the processing of flows, not the withholding of wealth or of information. It is a cube with a thousand holes punched through it by rays of light. Walkways and conduits gather all that remains static. There are no blocks to

politics any more, simply movement. The internal becomes the external. I have seven patios. Mirrors express and maintain my commitment to openness at every level of political life. The citizens may observe as they pass by the window. I have a large weather map moored in the Thames.

Groups of men in low-precision office-wear, six or seven of them, lackeys with nostril-streams of snot and ciabatta dust, would look like a chemical coating onto friends of his in the street. They'd all circle round, then they'd do these little punches. Each one'd stand stock still, but rapidly swing their fists, from their elbows only. Hundreds of little punches with clean office hands until the victim faints. The fists would swing backwards and forwards, all of them going at it at once. People would half cross the street to avoid it, but it didn't look like someone getting a proper kicking, more like close-quarters Morris Dancing.

I call a meeting that night of the London Residual Authority. For an average citizen this would be like waking up into the middle of the fiercer end of the electromagnetic spectrum. For me, I just want to check they're all still ready to wipe each other out and take power at a moment's notice. Meeting adjourned.

The trousers arrive. They've stopped up with the money. Two scientists, a psychic, five minders and a laboratory are put on the job immediately. This is how the day passes. Little things, the simple pleasures of service. Restock the Thames with crocodile. A flat-load of kids whose daddy went missing have to be gas-mained, stop London Tonight having a slow one. Make sure one of the team slips the poor monkey a compensatory lottery ticket. Five doors on the right there's a new photocopier.

I've got six vans now. Doing the rounds with a load of empty speaker boxes, stopping members of general population and offloading them cheap. We had a delivery. It was too big. We've got all these speakers to flog off before we get back and our boss notices. Do you a good price. Make us a reasonable offer. The more you do this, the more they go into a state of elated demoralisation, the more they love me. Since there's no other claimants I got the adverse possession on rulership. There is no hiding place from change. That night I slip the lock. Discreetly to the side of the under-floor parking, the lab is a basic arrangement. Stainless slab tables, a truck battery, set of electrodes and a pair of legs sawn off a mannequin. It's a long room and it looks from the emptied pot noodles like most of the action's been going on down the other end. The trousers are zipped up inside an exhibit bag in an incubator, hooked up to a bunch of read-outs. The pattern of neat lights, dials, recorders and wavelines is organised and seductive. I pull the plug on them.

The monitors are clearly only there as insurance, recording. To save someone's guts from getting spilt by The Mayor should the trousers die in custody. There's a seal on the exhibit bag. I can already taste the memorandum.

Themselves, they're nothing to look at. Office trousers, worn to hide in at best. Too small to try on. I'm just holding them, expecting nothing, cooing slightly, holding them at the waist, when a penny falls out and clatters violently in the silence. Another coin drops out from the same pocket and rolls across the floor. There's a decision forming. I unzip my trousers and gently guide the left pocket over my prick. Just let it lie there for a few minutes. It's very restful.

A complex of runways brings light to my eyes. The Thames steams off its flanks in the cold morning. I will spend the day giving cakes out to people in the street. Choux replicas of the tower filled with a fat clot of cow's cream. Plenty of napkins. The thought is exhilarating. The chance to genuinely make a difference in peoples' lives. Line Three gives me some earwaxing about a shipment. I make a note to send his wife another of those forged Fabergè fridge magnets. If he were an ice cream flavour, he'd be corpse with huge cluster of scarlet poppies growing out of its stomach ripple.

A crew of policy operators from London Outcomes works the streets before we arrive. Good chance to make like the people and do some shopping as the mess gets cleared up. Fed Ex me a shirt while I do one for the cameras.

See the conquering heroes roar into town over the bridges and roadways, on the buses and trains on a Monday morning, the sunrise glowing through the backs of their ears. I want to soul-kiss my people forever. A great glorious torrent of cakes, jellies, glistening, moist, sweet mandibular frenzy. Inspire adoration in their soft parts and in their teeth. One end of the street, there's a Security with a chain-gun in a shopping trolley. He's a happy man. No screaming glove puppet with the fist of history up his arse, just someone finding their place in life. Fuckwit. My cock feels like I was wanking with a rusty cheese grater last night.

I get one of the press assistants into the back of the armoured RVs they use doing outsides. I want to check, from her recoil or lack of, whether I've got anything abnormal going on. But she knows the game and smothers any opinion-making visual or flavour sensation with suspiciously more than regulation enthusiasm. There's no spillage and I make sure she has a Coke – scrambles DNA – directly afterwards to stop any of the eggy strands caught between her teeth having a chance to boost her pension fund. A good little worker. I decide that there's an overidentification within the population of physical difference with corruption and evil. It is irrelevant.

The next day I've got a rash; a visit to parliament, pitch for the tender on the new carpets; a multi-celebrity news hosedown and an anonymously procured tub of raw hydrocortisone to counter the business class leprosy. What Christ was going through dragging his futon base up to Golgotha, I feel it. That night the Mayor's cock looks like a root vegetable attacked by metallic rats with loose teeth. The trousers were found, not because of stray talk, but when all the rooms in the bloke's flat were up to chestheight in coins – they'd been crawling around on top of them – the side of the block he lived in cracked from twelve stories up, then fell through a day later. A waterfall without a permit. Affront to the people of London.

Now the effect they're having is different. I've got something like psoriasis with little coin hatchlets cracking out from under the skin. I'm taking enough morphine a day to keep a GP in corpses for weeks. A pound coin with the new turkey-neck profile of the Queen is emerging face-on from the rancid bruised scarlet jelly of the glans. I can't urinate. It's a reception in honour of a child of five raised entirely by earwigs. 173 different council officials are there to raise a glass in her name. The food is excellent, based around an exploration of the use of the fork in conventional Western eating practices. The chef interleaves two dishes on one plate. He challenges our understanding of meal structure by desiccating one dish into very small elements, too small to be effectively speared by the fork, so that they can only be raised to the mouth by scooping them up. The other dish is composed of parts large enough to be jabbed and stacked on the prongs of the fork, but not so large or limp that they would, without extreme effort – such as finger intervention, remain on the fork as a result of the scooping motion required to obtain the elements of the other dish. It is the tension between this daring recoding of a highly familiar, indeed almost invisible, element of our material culture and those moments of tension when the two dishes momentarily agglutinate that induces in the eater a subtle quivering between contemplative serenity and gustatory panic. Sounds highconcept, but it's also compellingly honest food – a smart way of cutting down catering labour costs by halving waiting time.

I'm on an estate action centre visit with all the usual crew including Sir Paul. Plenty cameras, The Mayor getting thumb and forefinger onto the social fabric. Some welcoming speech. To the side of me the government's Drug Baron by way of a chin stroke adds a deft smear more earwax to his fine moustache. There's a raffle for a Christmas hamper, a half-bucket of KFC bones and a milk token. Much applause. During the noise the pound coin falls out, taking flesh. I bite my cheeks. People are

starting to go for the triangle sandwiches. I have to find somewhere to sit and replace the dressing. In the millÉe, Sir Paul bends down to tie a shoelace he hadn't previously noticed existed. When he comes back up he's palmed the coin and tests it against his teeth. It's the genuine. Tongue screenwipes his lips and with a moist, assured smile he slides it into his pocket.

Matthew Fuller  
<mattATaxia.demon.co.uk>

## e-Xploring East London

By Laura Sullivan

Last November the art group e-Xplo guided visitors to East London in a nightly 'part bus tour, part electro-acoustic music performance and part public talk'. Laura Sullivan, as a newcomer to the city and one of the passengers, explores how this guided encounter with the ubiquitous dumps and visible social divisions challenged the tourist's idealised picture of London

[IMAGE]

As I don't often find postmodern art pieces particularly enlightening or engaging, I'd gone along somewhat reluctantly to what I'd been told was 'an art experience on a bus'. The artists who collaborated on this venture, Erin McGonigle, Heimo Lattner, and Rene Gabri, call themselves e-Xplo (as in e-Xplorations, e-Xplode and the like). Their 'found wanting: sometimes I tend to monumentalize things I see' is a performance piece, a simulation of a bus tour, minus the usual bus driver or tour guide's voiceover, which typically circumscribes the range of meanings likely to be attached to the scenes viewed from the bus windows. In *Image-Music-Text*, Roland Barthes discusses the way that textual captions of photographs 'anchor' the meaning(s) of the visual texts, for example in print advertisements or newspaper photos. In a typical city tour, the guide's narrative provides this anchoring to the sights the viewer consumes. Also missing here are the verbal cues about *where* to look, no 'If you look to the left, ladies and gentlemen, you can see the so-and-so building, famous for...'.

What is offered in place of the tour guide's narration and directiveness? Soundscapes, tones, rhythms, snippets of recorded conversations and interviews, excerpts of passages read from well-known literary works, and combinations of these layers. The viewer-passenger, as a result, is left to figure out where to focus her attention, visually and aurally. Initially, I had moments of looking frantically back and forth out of the left and right bus windows, until I realized I was framing my experience in terms of the 'tourist' not wanting to 'miss something' and not sure what the 'something' was exactly that I wouldn't want to miss. Once I surrendered to the uncertainty of the experience, allowing my eyes to wander over whatever attracted my attention and allowing my ears to take in the sounds without searching for direction, I felt simultaneously a peacefulness as well as the excitement of actively putting together my own sense of meaning and affect.

The images streamed by, a series of pub/shop/caff/bar/shop, an ornate set of buildings of indiscernible function, a deserted road with landfills and dumps, skyscraper offices with twinkling windows. As someone not that familiar with East London, I had little point of reference to use to interpret these scenes but recognized that a 'native' would have whole histories and understandings to bring to bear on what these locales and sights 'meant'. One scene was especially striking and required little explanation: a refrigerator dump. It was used as the piece's publicity image on the artists' web site and flyers, and I could see why, as it was quite arresting and disturbing, as well as beautiful. The sublimity of the image was both emotionally moving and yet not quite able to lead the viewer to repress the

political and ecological ramifications: towers of hundreds of white refrigerators says more about the 'waste' of the current consumer society than any statistic, hitting the viewer in the gut. And that was the power of this piece overall, a fascinating and affecting juxtaposition of not only aural and visual, but also of critical reflection and emotion, a performance informed by postmodern theories and perspectives but lacking both the apolitical quality and lack of emotionality of most postmodern art experiences.

As the 'tour' progressed, I allowed the ambient and vocal sounds emanating from the back of the bus to similarly wash over me, and eventually I found myself focusing specifically on the sound-image relationship. I understood that there was a random element in the sound production but nevertheless would end up working to attach a meaning or affect to a moment, for example 'reading' a collection of sounds as signaling 'danger,' 'haunting' or 'sadness' and looking around to see what was depressing, frightening, or sadly impoverished about the corresponding landscape. However, not only did the ambient sounds provide no direct anchoring of meaning for the scenery through which we traveled, but unlike the film soundtrack – the codes of whose cues I was obviously reading into the situation – the sounds more often than not suggested some kind of provocative dissonance, a curious and interesting mix, literally. An 'ordinary' high street is experienced uniquely when accompanied by music or sound that typically would be paired with a scene of pathos or danger in a film or television text. As we were driven past a shop-filled back street of East London, sombre or ominous music gave the setting and buildings a darker edge, which only reinforced the overall surrealistic sense of the experience. This sense was also very much reinforced by the timing of the particular performance I attended: the final 'tour' on a Sunday night, 10.40 pm by the time we got rolling from Whitechapel, not the usual time for an art performance much less a 'city tour'. It meant we had most of the streets to ourselves, and the absence of pedestrians increased the sense of unreality, the sense of the landscape as an object to be consumed, the people who normally populate these streets to be filled in by our imaginations.

[IMAGE]

What was most intriguing and, if I may say, fun about the experience was the multiplicity of the process of reception. My listening – and my attempts to make sense of the sounds and visuals together – became, necessarily, layered. For me, this layeredness was most pronounced when the audio included something explicitly verbal, an excerpt from a street interview with a group of children, for example. Dialectically I went back and forth from attempting to analyze or interpret the visual and verbal texts themselves as well as how they functioned collectively, to receiving them on a more experiential and emotional level.

When there was no obvious correlation between the recorded words being broadcast in the sound mix and the passing city scenery, my attention settled in to this doubleness. I was still occasionally pulled to go into the words, to imagine visually the scene (I 'saw' the children being interviewed in a park or playground, green grass all around them) or to analyze or reflect upon the points being made.

The beginning of any verbal portion of the soundscape would make me immediately stop and try to figure out who was speaking and in what context. One spoken passage was from an interview with a Greek man who began to wax philosophically about the dangers of the lottery, and his comments became quite political in nature, an attack on the economic harm of the lottery system and its deliberate targeting of and profiting from working class people. I was surprised and, given my own political predilections, pleased to note this explicitly political set of remarks, but then I soon became aware that I was not seeing anything around me, having retreated to my 'head' to listen and think. I didn't want to give into that pull – the bus was *moving*, after all, and I wanted to see everything we passed (the curiosity of the 'tourist' not fully abandoned).

There could have been more levels to take in as well. When the bus stopped to allow the ‘tourists’ to take a break, my boyfriend and his friend commented that the sound of the bus itself was a strong presence and they would’ve liked to have seen that sound incorporated more directly into the piece. I thought this would’ve taken things a bit too far, as I felt I already had plenty of layers of both sight and sound to attend to, but when we got back on the bus and the tour resumed, I then couldn’t *not* notice the bus sound, a steady hum undergirding the music, sounds, noises, and vocal recordings being ‘played’ from the rear, so perhaps they had a point.

The break: I should talk about this. Forty-five minutes into the tour, the bus stopped. Unceremoniously and with no announcement, we departed the bus, and it wasn’t clear to me if this break was planned, or if it was part of each tour or not. The break was surreal, as we parked in front of a huge building, around 11.15 pm, a giant Waitrose store and food hall lit up behind huge windows. So we ventured inside to find all the stores closed but some janitors and cleaners who were kind enough to direct us to toilets. Our interactions with these workers made me think even more: had the artists planned these? Were they trying to make a point about the ‘alienation of labor’ or about other dimensions of this type of work (all the cleaning folks were people of color)? Were they wanting us to experience the disjuncture between the ‘privileged’ tourist and the invisible work that goes on to sustain such privilege? I’m not sure. Either way, intentional or not, these connections were obvious. I was feeling so much by that point, the urgency of needing to find a loo completely overshadowed by the sadness and that slight tug of liberal guilt that is the hallmark of particular class and race identities, and by the rage and disgust I felt at having to trounce through the kind of place I usually avoid like the plague: a giant series of generic shops with garish neon signs and blinding bright colors. I thought: this is in part what I came to London to escape from, the urban malls that are so ubiquitous in the States, the homogenization, the ‘newness’, the insularity, and the frighteningly ugly colors. I felt also a bit angry then at the artists – irrationally so, I recognize – for making me face an aspect of my anglophilia, the way I fetishize London, in particular, as ‘better’ than US cities, as less boring, more ‘beautiful’, more progressive and so on. I came face to face with my participation in a kind of elitism, a preference for the (often carefully cultivated) ‘old’ neighborhood look and ‘individualism’ of the corner shop over the massive mall experience which I grew up consuming voraciously. Clearly I’m in a state of conflict with a former self, the teenager who thought that ‘the mall’ was ‘the coolest’ place to be on a Friday night.

Back on the bus, only 10-15 minutes later the tour was over. I was disappointed to find that the break was not temporally symmetrical, not dividing the tour into equal halves, as I’d been looking forward to another half an hour or so of the kind of ‘tour’ on which we’d been taken. By then I was acclimatized to the tour’s rhythms and sensory/interpretive possibilities and I wanted more. I had fun and enjoyed the doubleness and even tripleness of reception the piece provoked and I look forward to seeing what e-Xplo come up with next. In review-speak, heartily recommended.

e-Xplo’s coming series of auditory city tours will be taking place in the end of May 2004 in Williamstown, Massachusetts: [www.e-xplo.org](http://www.e-xplo.org)

## Culture Clubs

By Anthony Davies and Simon Ford

**New Labour orthodoxy maintains, in line with its predecessor, that public private partnerships are the only way forward economically. Transport, health and education have been the most controversial new enterprise zones, but is the cultural sector’s restructuring any less absolute?**  
**Anthony Davies and Simon Ford report**

**Where corporations once sponsored art and culture, they now ‘co-produce’ it. Where their structures used to be rigidly hierarchical, they are now flexible and networked. These shifts render unworkable all sorts of categories we used to employ when distinguishing between the public and private spheres. In an effort to identify the often elusive architecture — and architects — of the new cultural economy, Anthony Davies and Simon Ford report on a representative sample of Third Way alliances.**

[IMAGE]

>> Fig-1, Daniel Jackson and Simon Worthington

Today, a new variety of club is emerging: a type of club dedicated to the networking of culturepreneurs and the business community. Much of this activity has been in line with organisational and structural shifts occurring in the corporate sector — principally, the shift from centralised hierarchical structures to flat, networked forms of organisation. In this report we look at how these networks and ‘new’ economies are being formed, accessed and utilised, where they converge and where they disperse.

In the late 1990s the surge to merge culture with the economy was a key factor in London’s bid to consolidate its position as the European centre of the global financial services industry. Culture was part of the marketing mix that, within the context of the European Union (EU), kept London ahead of its competitors, particularly Frankfurt.<1> This can be traced back to the UK’s exit from the Exchange Rate Mechanism in 1992 and a range of economic initiatives aimed at attracting inward investment, or Foreign Direct Investment (FDI). During this period the UK accounted for 40 per cent of Japanese, US and Asian investment in the EU. ‘Cool Britannia’ may have been a media spectacle, but it was the need to attract FDI, combined with the co-ordinates of a new service-based economy, that underpinned London’s spectacular emergence as the ‘coolest city on the planet’. (This state of affairs could be about to change with the proposed link-up between Frankfurt’s Deutsche Börse and the London Stock Exchange (i.e. the iX market) and the recent German tax reforms that will pave the way for a radical restructuring of its corporate landscape.<2> With higher international inward and portfolio investment and the combined iX market, Germany looks set to become the leading market destination for young companies, making Berlin’s pitch to become the new cultural ‘it location’ look increasingly viable.<3>)

In London it was the cultural requirements of the ‘new’ economy that resulted in the emergence of culture brokers — intermediaries who sold services and traded knowledge and culture to a variety of clients outside the gallery system, from advertising companies and property developers to restaurateurs and upmarket retail outlets. Job descriptions such as artist, curator, critic and gallerist no longer reflected the range of activities these individuals were engaged in. For culture-brokers art production was just one element that, along with the music, drug, fashion, design, club and political scenes, could be brought together, mediated and repackaged in a range of formats, from exhibitions and websites to corporate parties and instore merchandising.<4> At the same point many companies were beginning to move away from sponsorship towards an integrated partnership or alliance strategy. This marked a further shift from the ‘something for nothing’ arm’s-length philanthropic model to a ‘something for something’ contract in which marketing departments perceived cultural (and often environmental) programming as an integral part of ethical marketing strategies (the so-called Total Role in Society).<5>

Along with these new developments corporate strategists realised that, because of the emerging knowledge-based economy, a company or individual could be valued principally on ‘intangible assets’ (e.g. intellectual capital and access to networks). This brought about a revolution in the corporate sector.<6> The underlying trend has been to develop flatter, more flexible and intelligent forms of

organisation. This, in turn, has put pressure on companies to form alliances and break down inflexible departmental structures and initiate cross-departmental project teams (increasingly staffed by short-term or outsourced contract workers). Indeed, we have recently witnessed the birth of an alliance culture that collapses the distinctions (or boundaries) between companies, nation states, governments, private individuals and even the protest movement, as we shall demonstrate later. This trend towards alliances and partnerships has resulted in what have been variously described as 'virtual' or 'boundary-less' organisations. It has also made it increasingly difficult to identify 'cores': as companies loosen their physical structures through outsourcing, concerns have also been raised about the danger that core activities are disappearing, leaving fragile shells or 'hollow' organisations.<7>

A number of corporate organisations are currently gauging the potential of extending their networks into strategic alliances with other sectors, particularly the public sector.<8> This new alliance culture between the public and private sectors can be seen within the context of the UK government's drive to establish a Third Way in which 'public' is no longer equated solely with 'the state', but with a combination of public/private agencies. With the private sector leading the way, public institutions are undergoing an ideological and structural transformation to make themselves more compatible with corporate alliance programmes. Like their corporate partners, many cultural institutions now perceive their role as 'hanging out with culture', interacting with and being part of it. In their drive to formalise informality, they provide what are essentially convergence zones for corporate and creative networks to interact, overlap with one another and form 'weak' ties. The prominence that events such as charity auctions, exhibition openings, talk programmes and award dinners have attained demonstrates how central face-to-face social interaction is to the functional capacity of these new alliances.

Some institutions go further. At London's Institute of Contemporary Art (ICA), for example, a networking club for cultural entrepreneurs and, initially at least, educationalists, arts administrators, television executives and business consultants has been set up in conjunction with Goldsmiths College, the National Endowment for Science, Technology and the Arts (NESTA), Channel 4, the Arts Council and Cap Gemini.<9> The Club is coordinated by Andrew Chetty and Sarah Duke at the ICA, Andrew Warren at Cap Gemini and Alan Phillogene at the Centre for Cultural Studies at Goldsmiths College. It is an invite-only monthly event that provides "a networking base for its members" and promises to introduce them to agencies from television companies to venture capitalists and private organisations who "may wish to support and commission them".

Through initiatives like The Club the ICA aims to become the leading institutional home for cultural entrepreneurs and perceives its role as a facilitator and "ideal forum for the cross fertilisation of ideas, and support base for these enterprises".<10> After the success of the first two meetings at the ICA, the third will reputedly take place at Channel Four in September. Such nomadism indicates that The Club itself has no fixed base or home and can move to any location within the network. This makes identifying the core organisation difficult and, in line with the complex and often hidden alliances that characterise the new corporate landscape, it raises serious questions of transparency, representation and accountability.

Given their foregrounding of The Club's 'development and growth' potential, its coordinators must be aware of the current sale talks surrounding First Tuesday, the market leader of match-making clubs for internet entrepreneurs and venture capitalists. With 100,000 members on its database and the claim to have raised \$150m in seed capital from its networking events, it is no surprise that its valuation of £33.5m was based principally on access to its "extensive database of the digital elite".<11>

A variety of means exist to finance these clubs. First Tuesday take a two per cent commission on deals, while other culture clubs generate capital through membership (The Fourth Room) or building the most "influential list of contacts in the world" (Free Thinking). With the creative industries

generating £60bn a year (seven per cent of national gross domestic product) and estimated to increase at a rate of 5% per year, it is no surprise that The Club is endorsed by both government agencies (NESTA) and private companies.

At this stage it is difficult to locate the mutual bonds and orientation of The Club, but it is a good example of the emerging inter-organisational relationships that characterise the 'new' economy. With representatives from the corporate, state, media, educational and cultural sectors, it may also represent the initial stages of a corporatised future for UK cultural and educational institutions. This falls in line with the forthcoming DTI spending review, which aims to refocus its funds into promoting enterprise, small business and 'knowledge transfer' and to "concentrate on managing change rather than attempting to direct companies' activities."<12>

In the education sector 'knowledge transfer' translates into an £80m fund (the University Innovation Fund) to establish consultancies that will mediate between universities and businesses. With the ICA and Goldsmiths College stepping up contact with Cap Gemini and providing a "support base (and provider) for enterprise", the so-called revolutionary venture capital models proposed by companies like The Fourth Room come into the equation.

The Fourth Room was set up by former Chairman of The Research Business Wendy Gordon, founder of brand consultancy Wolff Olins Michael Wolff and former head of strategy at Interbrand Newell and Sorrell Piers Schmidt in 1998 as a hangout zone and creative bolt-hole for corporate executives and other 'leading individuals'. It has been variously described as a business development club, a networking club and a strategic marketing consultancy which aims to take the strain out of networking and "put together venture ideas and management teams and take them from the moment of thinking through to the patent or crystallised idea".<13>

The £10,000 per annum membership fee includes use of the clubhouse in central London and access to "focus groups comprising of [sic] 'ordinary' people and teenagers who will act as sounding boards for new ideas".<14> In addition to the clubhouse, members receive a weekly in-house publication and an opportunity to eavesdrop on "emerging cultural trends and monitor changing patterns and beliefs".<15> This is described by the company as a corporate early warning system. As with The Club at the ICA, very little information is publicly available, but we know that The Fourth Room is "dazzlingly white, with high ceilings, long windows and white painted floorboards" and that members are encouraged to draw on the walls with coloured crayons to release their creativity.<16> As Piers Schmidt claims, "it's all about collaboration", and to this end the aim is to get CEOs mixing with eco-activists like Swampy to discuss environmental issues over breakfast.

The relationship between Cap Gemini and the ICA and Swampy's proposed breakfast with CEOs at the Fourth Room indicates that terms such as 'collaboration' can be utilised to mask a variety of vested interests. The recent shift in terminology regarding arts funding (i.e. away from 'sponsored by' towards 'co-production', 'in partnership with', 'in association with' and 'co-produced by') is also indicative of a new agenda based on alliances and an increased corporate decision-making role in cultural programming. A signal event in this diversification was the UK-based Association of Business Sponsorship of the Arts (ABSA) rebranding itself as Arts & Business (A&B), in the conviction that "the arts are the new secret weapon of business success". As a government funded organisation A&B have taken collaboration and alliances a step further through the Professional Development Programme and the NatWest Board Bank, which has placed 1500 young executives on the boards of arts companies.<17>

The Creative Forum members at A&B, who include American Express Europe, Arthur Andersen and Interbrand Newell and Sorrell, are seen as the 'shock troops' in the involvement of arts in companies and as a result A&B receive £5.05m a year from the government to run the Pairing Scheme. The arts organisations, it is claimed, gain from the decision making and entrepreneurial skills of the executives, while the executives gain valuable experience in creative processes through working with artists.

Other examples of recent collaborations follow an informal, networked and often hidden alliance-type arrangement between galleries, public institutions and corporations. An alliance-type project covered by this new lexicon is the Fig-1 website, project space and club founded by curator Mark Francis and gallerist Jay Jopling and financed by Bloomberg, the financial information company. Fig-1 aims to present 50 projects in 50 weeks; given such a collaboration, the claim to be simultaneously "in association with" Bloomberg and "independent, non-profit [and] free from institutional and commercial obligations" seems curiously paradoxical.<18> Rather, it appears that Fig-1 operates as a (principally new media) satellite organisation for White Cube and a cultural scratch-and-sniff site for Bloomberg.

We turn finally to a consideration of what might be termed 'political engagement'. In order to meet the challenge posed by these new alliances and networked global businesses, new forms of flexible and subversive organisation have emerged that can disperse and re-form anywhere, at any time.<19> These strategic movements also take into account the fact that company networks and hollow organisations actively solicit and harness counter discourses to service the illusion of dissent and dialogue.<20> In a networked culture, the topographical metaphor of 'inside' and 'outside' has become increasingly untenable. As all sectors loosen their physical structures, flatten out, form alliances and dispense with tangible centres, the oppositionality that has characterised previous forms of protest and resistance is finished as a useful model.

In the cultural sector (particularly the 'cutting edge' art world), with so many brokers acting as corporate-friendly conduits to an artificially constructed 'outside', 'marginal' and 'socially engaged' culture, it should come as no surprise that these oppositional metaphors, for some, are difficult to dispense with.<21> Yet in contrast to such attitudes, more astute activists and agitators who once spoke of critical distance now recognise that their challenge lies in the forms and quality of access and connection. Fittingly, a useful new metaphor for this challenge comes from the world of digital systems. In a networked society individuals and groups are constantly alternating between 'on' and 'off'. As a result we can expect to see emerging new forms of 'engagement' which exercise border controls on networks, withhold, filter and restrict access to information and disable 'eavesdropping' strategies and 'early warning systems' employed by business consultancies, corporations and public institutions.<22> The extent and nature of these forms is still to be determined and will be examined more closely at a later date. But it can already be asserted that informal networks have become extremely effective forms of counter organisation in the sense that — just as with corporate alliances — it is extremely difficult to define their boundaries and identify who belongs to them. Informal networks are also replacing older political groups based on formal rules and fixed organisational structures and chains of command. The emergence of a decentralised transnational network-based protest movement represents a significant threat to those sectors that are slow in transforming themselves from local and centralised hierarchical bureaucracies into flat, networked organisations.

These developments are taking place against a backdrop of waning confidence and belief in the ability of governments to regulate the growing power of global corporations and their networks of influence. But thanks to corporate restructuring and the access it provides to global networks, new forms of knowledge-based political engagement promise possibilities and scales of effect previously unimaginable.

FOOTNOTES:

<1> Graham, George, 'Overseas banks warned on London' and Graham, George and Timewell, Stephen, 'City confident of keeping status', *The Banker* supplement, *Financial Times*, 27 November 1997.

<2> Grass, Doris and Boland, Vincent, 'Deutsche Börse board split on link up with the LSE', *Financial Times*, 13 July 2000; and Simonian, Haig, 'German tax reforms set to aid investors', *Financial Times*, 15 July 2000.

<3> Powell, Nicholas, 'Avant-garde flock to Berlin', *Financial Times Weekend*, 3/4 October 1998.

<4> For a fuller discussion of these developments see Ford, Simon and Davies, Anthony, 'Art Futures', *Art Monthly*, no. 223, February 1999.

<5> For a discussion of this concept see Law, Andy, *Open Minds*, London: Orion Business, 1999; and Alburty, Stephen, 'The Ad Agency to End All Ad Agencies', *Fast Company*, no. 6, December 1996.

<6> The INNFORM research programme found widespread initiatives in almost all new forms of corporate organisation in the period 1992-1996. See Whittington, Richard et al, 'New notions of organisational fit', *Financial Times*, 29 November 1999.

<7> Centre for Research in Strategic Purchasing and Supply (CRISPS). *Returning to core or creating a hollow?* Bath: Bath University, 1999.

<8> See Capital Strategies, the city corporate finance house, 'Education News' at [<http://www.capitalstrategies.co.uk>]

<9> Cap Gemini Ernst & Young is one of the world's largest management consulting and computer services firms and has collaborated with the ICA on previous occasions, most notably Imaginaria '99. The ICA's definition of 'cultural entrepreneur' is derived from an earlier collaboration with Demos. See Leadbeater, Charles and Oakley, Kate, *The Independents*, Demos: London, November 1999.

<10> Duke, Sarah, The Club press release, 14 June 2000.

<11> Daniel, Caroline, 'First Tuesday in sale talks', *Financial Times*, 20 July 2000.

<12> Brown, Kevin, 'DTI allocated funds to boost enterprise', *Financial Times*, 17 July 2000.

<13> Schmidt, Piers, 'Me and My Partner: Michael Wolff and Piers Schmidt', *The Independent*, 7 April 1999.

<14> Jones, Helen, 'Help is at hand to make the right contacts', *Financial Times*, 12 February 1999.

<15> The Fourth Room, *Invitation booklet*, London: The Fourth Room, 2000.

<16> Deeble, Sandra, 'Fourth Room opens the doors of perception', *Financial Times*, 30 December 1999.

<17> See the Arts & Business website [<http://www.absa.org.uk>]; and Thorncroft, Antony, 'From a cosy warm glow to hot support', *Financial Times*, 6 September 1999.

<18> See its website [<http://www.fig-1.com>]

<19> See, for example, Vidal, John, 'The World@War', *The Guardian*, Society Section, 19 January 2000.

<20> See Knight, Philip 'A forum for improving globalisation', *Financial Times*, August 1 2000, and Tomkins, Richard, 'Global chief thinks locally (Douglas Daft is persuading protestors to drink cans of Coke, not smash them)', *Financial Times*, August 1 2000.

<21> See *Art Monthly*, Editorial, February 2000, No 233: "It is hard to resist the lure of direct action, particularly for those of us frustrated by the inexorable process of commodification of even the most critical art practices, and by the marginal position occupied by art in our society as a whole." And exhibitions: 'Unconvention', Centre for the Visual Arts in Cardiff, November 1999 - Jan 2000, and 'Crash', Institute of Contemporary Arts, November 1999.

<22> See Carpenter, Merlin and Davies, Anthony, 'The protest had already impacted on London in the form of its absence', from the catalogue *As a painter I call myself the estate of*, Secession, Vienna, 2000.

## **Lammas land grab - Olympics strike again in east London**

originally posted on the excellent Libcom.org, from the local paper:

SECRET plans to hand over protected green space in Leyton to allotment holders from Hackney are being hatched by Waltham Forest Council and Olympic developers.

Furious local people learned about the scheme only last week though discussions began in October.

Marsh Lane playing fields were singled out by the London Development Agency (LDA) as a prospective site to relocate Eastway allotments from Waterden Road, Hackney, which fall within the 2012 Olympic site.

The fields around Marsh Lane are known as Lammas land, green space held in trust for the public by the council, and a condition attached to the stewardship of this land is that it cannot be fenced in and people must be free to roam there.

The council and the LDA, which is Mayor Ken Livingstone's development wing, confirmed that discussions over the land were under way.

A spokesman for Waltham Forest Council said: "The council is expecting to receive a planning application from the LDA temporarily to relocate allotments currently situated in the Olympic Park. A site near Marsh Lane is being considered but negotiations are continuing.

"The expectation is that the allotments will be reprovided back within the Olympic Park after the games have taken place and the park remodelled for its legacy purposes."

Now councillors, residents of Marsh Lane and Lammas supporters are angry and are demanding a full explanation.

John Spears, a resident of nearby Manor Road and chairman of Waltham Forest Allotment Holders, said: "This is a ludicrous situation. The LDA is planning to take around one third of the open space at Marsh Lane.

"This an attempted land grab by the LDA without any prior consultation with the public."

Cllr Bob Sullivan, who spoke at a meeting of the Friends of Marsh Lane on Monday, said: "Nobody seems to know anything about this.

"We've not heard a sound from anyone yet since the ideas were first put to the allotment holders in Hackney last October.

"What they are suggesting is horrendous. It is not going to be temporary and the land is not suitable for allotments.

"It's full of rubble from the Second World War.

"This is common land. It should be regenerated as a green open space for the people of Waltham Forest as part of the Olympic package, not given away."

from Leyton Guardian

## **The Regeneration Games**

By Mark Saunders

Whatever the overruns on time and cost, one thing the London 2012 Olympics is certain to deliver is a huge public debt. The enormous bill for two weeks of telematic sport is legitimated by promises of urban regeneration but in reality the games are a corporate landgrab facilitating the looting of nature and labour as prices go up and people are pushed out, argues Mark Saunders

Chila Olympian Visions I

Images: Alessandra Chilà, from the series Olympian Visions, see <http://www.alessandrachila.com>.

This page: Waterworks River, February 2007

On the 6 July 2005, crowds of Londoners gathered on Trafalgar Square for an Olympic 'decision day' event. With no real expectation of winning, the Olympic Bid Team had billed it as a 'Thank You London, Thank You UK' day. Crowds could watch on giant screens the International Olympic Committee's decision on the host city for 2012. It would probably be Paris.

Up on the platform, a host of London 2012 ambassadors expectantly held hands. All white teeth, perma-smiles, and synthetic fabrics, they prepared themselves for sporting and gracious defeat. It would surely be Paris.

At 12:49, the International Olympic Committee president, Jacques Rogge, made his dramatic announcement. The winner is... pause... pause squared... (the open mics amplifying the deafening silence)... London.

A moment of disbelief... Not Paris? Then the crowd erupted in celebration.

That evening, TV newsreaders had particularly puckered brows and quizzical looks as they announced the news. Despite being the top story, it had the 'would you believe it' feel of the light-hearted 'and finally...' item, intended to put viewers back into a happy consumer mindset for the rest of the night's fare.

## **NO DAY AFTER**

The euphoria was destroyed within 24 hours when the 7/7 bombs exploded on London's public transport. Four suicide bombers killed 52 commuters and injured 700. The events of the day before seemed remote, doubly unbelievable and distant. Some frivolous aberration from a naïve time the other side of a watershed moment.

Seb Coe and his Olympic Bid entourage returned to London to a muted welcome, after celebrating all night at what Coe described as the 'mother of all parties' on the banks of the Singapore River. Despite being 'shocked and saddened', their return had the air of galavanting playboys who had had a high old time while at home all hell let loose.

The bombings overshadowed all debate. In the public consciousness, the Olympic party in Trafalgar Square had had no 'day after'. As the media dust settled, the London Olympic reality slipped back into view. Like some post-traumatic flashback, computer animations of the Olympic site on TV showed a grey expanse turning green. Dome-shaped structures mushroomed everywhere like 1950s lunar bases linked by wobbly bridge walkways.

Out went the sporty types, in came the suit-and-tie squad. It was the men's tri-athletes: legal, PR, and planning. It's time to hide behind the sofa, because this is the invasion of the technocrats all those politicians were warning you about.

## **WHY LONDON?**

The main reason London won was because it was not France. The Olympics is basically corporate America in Lycra. The US Olympic Committee receives 20 percent of marketing revenues and 12.75 percent of TV income from the Olympic Games – a dominance that concerns other National Olympic Committees. The US is a serial Olympic host: St. Louis in 1904, Los Angeles in 1932 and 1984 (and a bid for 2016), Atlanta in 1996, and Winter Olympics at Lake Placid in 1932 and 1980, Squaw Valley 1960 and Salt Lake City in 2002.

Since the Gulf War, the US has been virulently anti-French. There was no way that McDonald's or Coca Cola, the latter a major sponsor for the past 80 years, were going to let those smug surrender monkeys enjoy the reflected glory and glitz of corporate America. After all, it was France that forced McDonalds to deviate from the one-size-fits-all burger because of their finicky eating habits.

The Bush regime and its business allies know all about mega-spectacles like the Olympics. Recall 1 May 2003, when Bush landed a fighter jet aboard the USS Abraham Lincoln, delivering his Iraq victory speech standing in front of a giant 'Mission Accomplished' sign.

It's all about image. And such sophisticated connoisseurs of the spectacle are hardly likely to squander the global arse-kicking razzmatazz of their athletes sweeping up medals just to puff up the French cock... er...

## **A MODEL OF MULTICULTURALISM**

Rather than confessing to it being a reward for British military support of the US in Iraq, and perhaps to pre-empt accusations of bribery, the London Olympic Committee claimed the UK was favoured over France (which, after all, had all the infrastructure in place) because of London's (and particularly East London's) tolerance, multiculturalism, and ethnic diversity. There is nothing in the constitution or history of the International Olympic Committee that betrays this concern.

In 2006, an international coalition of human rights organisations issued a joint statement saying that the International Olympic Committee has failed to protect Olympic ideals citing continuing human rights violations and political propaganda abuse of the Games by the Chinese government.

Multiculturalism? It would be surprising if the IOC even thought about it. Had it done so, it would soon have had concerns about the UK. In one typical week earlier this year, stories in the national newspapers included the following:

The Conservative homeland security spokesman, Patrick Mercer, stepped down after saying that being called a 'black bastard' was part-and-parcel of life in the armed forces.[1]

Magistrate reprimanded for 'bloody foreigners' outburst in court. Mr Mitchell, a magistrate for 36 years, did not accept the punishment issued by the Office of Judicial Complaints, part of the Department for Constitutional Affairs, and remains on the active list.[2]

Police accused of brutality after officer beat 19 year old woman during arrest at night club. An investigation into alleged police brutality was launched last night after a black teenage epileptic woman was filmed being repeatedly punched by a policeman, while two colleagues held her down outside a Sheffield nightclub.[3]

These are all examples of institutional racism. It may be that on the East London street and within communities, there is a certain class based solidarity and community cohesion across and beyond race. But to describe the East End as a model for multiculturalism is simplistic. While the area does have a long history of fighting fascism and racism, from resisting Mosley's British Union of Fascists in the Battle of Cable Street in 1936 to Bengali youth reclaiming Brick Lane from the National Front in the 1980s, it sadly has often been in response to an equally long history of racism and intolerance.

In 1968, ex-Tory minister Enoch Powell's speech in which he predicted 'rivers of blood' if black immigration continued inspired several hundred London dock workers to strike and stage an 'Enoch is right' march.

In 1986 Tower Hamlets Liberals proposed to put hundreds of homeless families (mainly Bengalis) into ships moored on the Thames. A report by the Commission for Racial Equality in 1988 found Tower Hamlets Liberal Council guilty of allocating ethnic minorities disproportionately to poor quality estates.

In local elections in 1995, the total number of votes cast for far-Right parties in Britain amounted to just over 20 thousand. The vast majority were cast in East London. On 5 May 2006, the British National Party (BNP) gained 11 of the 13 seats it contested in the East London districts of Barking and Dagenham, becoming the second biggest party.

Chila Olympian Visions II  
Image: Hackney Wick, April 2007

There are incidents of race hate crimes in the Olympic area, but there is also the manipulation of racial tension for political ends. In her paper, 'Playing the ethnic card – politics and ghettoisation in London's East End', Sarah Glynn details how local politics has linked territory and race.[4] From the mid-1980s, the Tower Hamlets Liberals had in effect used housing policies based on ethnicity to divide and rule. They had systematically shifted the blame for housing shortage onto the homeless (predominantly Bengalis) while continuing to sell off housing and land.

High unemployment, scarce and neglected housing, excluded from the dockland development boom – there were reasons for local residents of the Isle of Dogs to be angry. The Island's relatively small Bengali population provided an easy scapegoat. Similarly, the Olympics is bound to intensify competition for housing, especially with an expanding buy-to-let sector hyping rents. Locals, already squeezed between two of Europe's biggest business districts, Docklands and the City of London, are going to find themselves surrounded on all sides by intensive gentrification. It would be ironic if racial tension were to deflect from class-based 'yuppies out' hostility to the gentrification and privatisation of space in the East End that the 'multicultural' London Olympics will presage.

## **INFRASTRUCTURE**

Paris was favourite to win the Games because it has much of the necessary infrastructure in place. In opting for London, the International Olympic Committee must surely have chosen to ignore the UK's unique history of infrastructure and stadia construction fiascos. The newly refurbished Wembley Stadium was originally set to cost under £400 million. The official overall cost of £757 million did not include the overruns and compensation compromises on the building works of £352 million. It opened two years late. The Millennium Dome, originally estimated to cost the National Lottery £399 million, came in at least twice over budget and only just made the New Year's Eve opening for which it was built.

During a debate on the economic and social benefits of the Olympics in the upper house, Lord James, a Tory peer, said that big business, including McDonald's, BT, and British Airways, had run rings round the Government when negotiating sponsorship deals for the Dome. The Dome organisers had negotiated flawed contracts with major sponsors and had ended up receiving a fraction of the money they expected.

The overrun on the Dome all occurred on the management costs and the running of the Dome and its ancillary services [...]. It resulted eventually in what amounts to an £811 million learning curve for the Government, which I sincerely hope they will be marking and using extensively in the lessons for the Olympics.

So the IOC must have thought it was worth a shot, statistically, that this time it would all go smoothly. But then they have nothing to lose.

## **ONE FOR THE MONEY, TWO FOR THE SHOW**

As with the Poll Tax the media response to the Olympics has tended to concentrate on the costs and its implications for taxpayers, rather than the social injustices. The total Olympic budget is £9.3 billion, an increase of £5.9 billion from the original budget of £3.4 billion. When Tessa Jowell, the then culture secretary (now Minister for the Olympics), admitted in the House of Commons that the initial budget had not included the 17.5 percent cost of VAT on the construction of the venues and infrastructure, there were cries of incompetence. Nowhere was it remarked upon that nearly every bid is undervalued, not through incompetence but as a strategy. For London taxpayers, the Olympics are indeed a big story. Financing is split between the Olympic Delivery Authority (ODA) and the London Organising Committee for the Olympic Games (LOCOG). The ODA will 'build the theatre' – the infrastructure, venues, land remediation, and so on – and will be funded jointly by the public sector (64 percent), London taxpayers (13 percent), and the lottery (23 percent). The LOCOG, meanwhile, will 'put on the show' – everything from the opening ceremony to the closing ceremony. This expenditure will be funded by the private sector out of ticket and merchandising sales, TV rights, and sponsorship. All the real costs and risk are therefore taken on by the public sector.

Sydney 2000 ended up costing over twice the pre-bid figures, according to the auditor-general of New South Wales. In Athens, total costs will be at least four times as high as the bid committee's initial budget. The IOC insists that host nations cover any cost overruns. Basically, the public would never accept the Olympics if it knew the real cost.

## **THE PROMISES**

The media were equally uncritical of the promised regeneration of East London, regurgitating the public relations press releases without seeming to question the 'empty land' myth or whether regeneration through sporting facilities is genuinely worthwhile.

A common feature of regeneration schemes is verbal promises given by people who are clearly unable to deliver those promises. Lord Coe, director of the London Olympics, promised a successful bid would bring: '9,000 new homes, many affordable for local people' and

new shops, offices, community and health facilities, plus world class sporting facilities in a new park. Local businesses are likely to benefit from the influx of new visitors and from potentially winning contracts to service the Games.[5]

Affordable housing sounds good, but a recent, high profile scheme for subsidised 'low-cost' rent-and-buy housing in the East End requires applicants to have an annual income of at least £28,758 (£32,644 for couples).[6]

The Olympics are very likely to have the opposite effect and make housing unaffordable for local people. In the run-up to the Sydney Olympics 2000, rent escalated and intensified evictions in the neighbourhoods alongside the Olympic development. In Barcelona, the 1992 Games were partly responsible for massive increases in costs of living in the city: between 1986 and 1992 the market price of housing grew by an average of 260 percent.

While the number of affordable new homes promised tends to come down over time, so the projected jobs figure seems to go onwards and upwards. A 2002 survey by engineering consultants Ove Arup calculated that

The Olympics will lead to the creation of 3,000 jobs and 4,000 new affordable homes for people in East London.

By 2007, London's Employment and Skills Taskforce and the London Development Agency (LDA) were talking of the Olympics creating up to 50,000 new jobs in the Lower Lea Valley.

Dee Doocey, chair of the Committee for Economic Development, Culture, Sport, and Tourism, the leading committee on the London Assembly for scrutinising the Olympics, said locals could miss out unless language and construction skills were 'urgently' improved in the East London boroughs. As she said on her own website:

The last thing we need is another Docklands, where many of the newly created jobs did not benefit local people.

Responding, the LDA pledged to make it a 'priority' to ensure locals in the five Olympic Boroughs of Greenwich, Hackney, Newham, Tower Hamlets, and Waltham Forest benefit from the new opportunities. Of the 720,000 people of working age living there, a quarter have no qualifications and, of these, over 60 percent are unemployed. Commenting on the announcement of a new 'Living Wage' for London of £7.20 an hour, Doocey, said:

The Mayor and Seb Coe signed an 'Ethical contract' with London Citizens before winning the Olympics, promising a Living Wage for everyone involved. Yet to date, no Living Wage has been included in the contracts allocated and Seb Coe told the London Assembly that 'any of the issues about a living wage is a consideration, not a condition'. This is of great concern because LOCOG will be letting contracts for all the traditionally low paid jobs such as catering and cleaning.

As for local businesses exploiting the games, as Coe had suggested, it is more likely that existing businesses will be endangered. The director of H. Forman & Son, the UK's oldest established salmon curer and one of the Lea Valley's biggest and oldest companies, recently took to bringing a large aerial photograph of the proposed Olympic site to meetings, in order to show that far from being empty the Marshgate Lane area of Stratford includes 350 businesses with 15,000 employees. According to plans, these premises would be bulldozed to make way for the games.

Chila Olympian Visions III

Image: Ruckholt Close, May 2007

The Institute for Practitioners in Advertising describe the marketing prohibitions defined in the London Olympic Games and Paralympic Games Bill, which sets up the Olympic Delivery Authority (ODA) as 'so extreme that it could technically lead to pubs being prosecuted for using chalkboards to flag up [TV] coverage of the Games'.<sup>[7]</sup> Protected Olympic trademarks include use of the words 'Olympic', 'Olympiad', and 'Olympian', '2012', 'London 2012', 'games', 'medals', 'gold', 'silver', 'bronze', 'sponsor', 'summer'; insignia such as the 2012 Games logo (and mascots), the Olympic rings, Team GB, the British Olympic Association and the British Paralympic Association logos, London's bid logo; derivatives of London2012.com; and the Olympic motto 'Citius, Altius, Fortius' (Faster, Higher, Stronger).<sup>[8]</sup> Ludicrously, 31 small firms throughout London reflecting the Greek diaspora will be forced to change their company names and shop fronts as a result of trademark conditions.

The companies likely to benefit are Coca Cola, McDonalds, and Visa, which have bought exclusive worldwide marketing rights via the Olympic Partner Programme. The BBC states that the IOC have made £790 million marketing revenue over the last four years from corporate sponsorship (35 percent of total), while LOCOG estimates that £580 million, or 40 percent of its operating budget, will come from this source.

## **THE PARK**

The International Olympic Committee specifies the need for an integrated park. The IOC also demands that athletes should be accommodated in a village and not be required to walk for more than twenty minutes. The Olympic Park has been presented as '1500 landscaped acres' representing 'one of the biggest new city centre parks in Europe for 200 years.' This ignores the fact that much of the Lower Lea Valley, where the park will be built, is an extensive network of waterways with important wildlife habitats on a key migratory route.

For centuries 'Parkification' has been the instrument of choice for colonising the urban periphery, hinterlands and backwaters, socially cleansing those edgy zones of social marginalism and transgression, displacing the grey economies and polluting industries, taming the wild.

Although it has no formal position on the Olympics, the River Leas Trust, an environmental charity that works to preserve this wild environment, have told the London Olympic bid committee that 'landscaping' the area is inappropriate, particularly in the way represented in the 'artists impression'

that the bid supporters are so proud of.

Chila Olympian Visions IV

Image: River Lea, March 2007

Hackney Marshes, once ancient common lands called Lammas Lands, were bequeathed in the 1890s by the Settlement of St. Mary Eton to the people of Hackney in perpetuity for recreational use as open space. Since that time Hackney Marshes has been home to amateur league football. Most London footballers have played there. Hackney Marshes holds the world record for the highest number (88) of full-sized football pitches in one place. On a typical Sunday, over 100 matches are played by amateur teams competing in several local leagues.

At a meeting set up by the Hackney Environment Forum on 24 July 2003, Neale Coleman, the London mayor's advisor on the Olympic bid, countered fears that Hackney would lose its open space to stadium and temporary facilities, reassuring the meeting that there was 'no question of permanent or temporary facilities on any part of Hackney Marshes'. Attached to the planning applications is a condition stating that the developing agency must provide exchange land for Common Land and open space taken up by the Olympic developments, a procedure required under the 1981 Acquisition of Land Act.

However, at the end of 2005, the New Lammas Lands Defence Committee were told by Hackney Council Cabinet Member for Regeneration, Guy Nicholson, that planners were defaulting on this obligation. Since then, a clause has been inserted in the London Olympic Games and Paralympic Games Bill to remove this imperative. Anne Woollett, Chair of the Hackney Marsh User Group, states:

The Games cannot make any claims to being 'green' or 'sustainable' while they steal Common Land, public open space and sports pitches for an Olympic car park. The London Development Agency (LDA) have now declared [...] that they are not going to provide exchange land for East Marsh. It appears that the LDA have simply lobbied to legislate away their own statutory obligations.

Many are suspicious that when the car park is no longer needed it will be built on.

Hidden away on the Olympic site is Manor Gardens Allotments. Founded by philanthropic aristocrat Major Arthur Villiers before WW1, the allotments have been feeding over 150 local East End families ever since. The LDA wants the site levelled and transformed into the central concrete walkway down the spine of the Olympic Park. Apparently, saving this unique and rare place by going around or over the allotments for a few weeks was not an option for security reasons.

After almost two years of meetings with the LDA, the Manor Gardening Society have had enough of broken promises and delays and on 27 April 2007 they issued Judicial Review proceedings against them. Phil Michaels, head of legal at Friends of the Earth's Rights and Justice Centre, who represent the allotment holders said:

This is an important case about broken promises and local communities. The LDA made clear and consistent promises to the community that their allotments would be relocated so that they could stay together. They have now decided to break that promise. If the authorities are not willing to honour their promises then the Court has to step in.[9]

The IOC refers to respect for the environment as the ‘third pillar of Olympianism’. The Sydney Bid Committee failed to note that Homebush Bay, the Olympic site, was heavily contaminated with dangerously high levels of dioxin, asbestos, heavy metals, and phthalates. The New South Wales government commissioned four scientific analyses and remediation plans for the site between 1990 and 1992 but took no action to avoid jeopardising the bid. When exposed, Olympic organisers accused environmentalists of being ‘unpatriotic and ‘un-Australian’.[10]

## **REGENERATION: THE REALITIES**

David Higgins, Chief Executive of the Olympic Delivery Authority (ODA), states:

Our challenge is to successfully manage both the requirements of the Games and the long term regeneration of East London. Achieving both of these will bring fantastic opportunities for the whole of the UK.

In the past 20 years, there has been wave after wave of ‘regeneration’ in East London, each scheme spending huge amounts of public money. While claiming to be solving the same basic problems associated with poverty and ‘social exclusion’, the schemes seem never to have achieved their stated aims. Primarily, because their real aim has been to promote gentrification. During the Thatcher era, it was to be via the ‘trickle down effect’; now, gentrification is justified as being about ‘mixed-tenure’ and ‘social diversity’. But whichever prism you chose to view it through, the fact is that regeneration is simply the process of privatisation of housing and public space.

Lord Coe has explicitly stated his aim to ‘put London in the same bracket as the Barcelona games’. An ominous comparison. David Mackay, one of the leading architects of the Barcelona Olympics, whose firm MBM Arquitectes built the beach and the Olympic village, has said:

For Barcelona, [the Olympics] were a pretext, an excuse to improve the city.

Mackay calls the London Olympic plan a ‘missed opportunity’, a ‘thing that has arrived from out of this world and been plonked down in the Lea Valley’, an

architectural theme city [...] concentrated on iconic buildings rather than the recovery of the Valley.

London will build a new Olympic stadium, a velopark – a set of cycling arenas (in fact London mayor Ken Livingstone confirmed in February 2005 that the proposed £22 million velodrome and velo-park would be built with or without a successful Olympic bid) – and new athletics, aquatics and hockey centres. Mackay is critical of all these. The master plan, he told the Evening Standard, shows;

over-construction. ... It’s all concentrated according to the best desires of the International Olympic Committee, who want everything for their three week pageant. They’ve gone too far. It’s not for Londoners.

Genuine regeneration benefits local residents; when ‘regeneration’ means displacement it is little more than a land grab. In Barcelona, the construction of the Poblenou Olympic Village displaced a working class neighbourhood. In Atlanta, the Olympics provided the opportunity to convert Techwood/Clark Howell public housing, the oldest in the US, into mixed use development and to displace low-income residents (mainly African American) from the downtown area. In total, about 450 public housing units were lost. The estates were situated on prime real estate, near the Georgia Institute of Technology and opposite the corporate HQ of Coca-Cola.[11]

In Beijing, it is thought that around 1.4 million people have been forcibly moved, some illegally. The number of traditional hutong neighbourhoods, made up of courtyard houses, has been reduced from 6.5 thousand to 500 as a result of clearances for the 2008 games.

## **LEGACY**

Evidence suggests that new sports facilities have an extremely small (and perhaps even negative) effect on overall economic activity and employment in a given area.[12] Stadia rarely earn anything approaching a reasonable return on investment and sports facilities attract neither tourists nor new industry. One legacy of the London Olympics might be high maintenance facilities and a huge debt. After all, Montreal took 30 years to pay off the debt it incurred building their Olympic site.

According to the British Olympic Association, the London Games 'will drive many of our youngsters to take part in sport and pursue dreams of becoming an Olympian.' Jacques Rogge, president of the IOC, is planning a Youth Olympics for 14-18 year olds in 2010.

But behind Rogge's dream is another myth-busting admission: the Olympics is not about sport but about watching television. Since the average age of the television audience for the track and field events is over 40, it is difficult not to see the Youth Olympics primarily as an attempt to attract a more youthful sector. For all but the relatively miniscule number of people in the stadium, the Olympics is a televised event. In Australia, a very outdoor society, it was television viewing figures rather than sports activities that increased after the Sydney Olympics.

## **OLYMPIC IDEALS AND URBAN PLANNING**

The planning applications for the Olympic Park were submitted by the ODA to the ODA Planning Decisions Team (PDT) on 5 February 2007. The 15-volume, 10,000 page document included plans for 2.5 km<sup>2</sup> of new sporting venues, highways, bridges, river works, utilities, parks, and open spaces. Plans for the park show it will be very densely built.

The application was subject to a statutory 28 days consultation period, later extended to six weeks, to allow members of the public to give their comments. There were many objections lodged, a major one being about the inadequate time for public consultation and woeful access to the application documents. The time period given to digest, consider, and prepare responses to one of Europe's biggest ever planning applications was completely unrealistic, and further exasperated by the lack of access to documents, either online, in public libraries, or even at the ODA offices themselves. The complete set of planning documents available from the ODA in hard copy costs £500. DVDs were provided free-of-charge to representatives and those in the ODA/LDA, but were not available to local community groups.

It is difficult to see how the ODA has complied with The European Environmental Impact Assessment Directive which applies to these applications.[13] The directive provides that,

the public concerned shall be given early and effective opportunities to participate in the environmental decision-making procedures referred to;[14]

and that,

reasonable time-frames for the different phases shall be provided, allowing sufficient time for informing the public and for the public concerned to prepare and participate effectively in environmental decision-making subject to this article.'[15]

Complaints about the absence of meaningful consultation, a lack or withholding of information, and manipulation of facts, are commonly directed at regeneration projects. As one resident says:

I was looking at an exhibition about the Olympic site and thought... Hang on! That's where I live!

### **THE WINNERS**

Laing O'Rourke, in partnership with Mace Ltd. (project management) and environmental evaluation company CH2M Hill (together called the CLM consortium), won the contract to manage construction of the 80,000-seat Olympic Stadium and the Athletes' Village. Happily, the CLM consortium has worked on five previous Olympic Games: Torino 2006, Athens 2004, Salt Lake City 2002, Sydney 2000, and Atlanta 1996.[16] The awarding of the management contract to CLM caused some controversy within both the industry and Parliament on the grounds that construction tycoon Ray O'Rourke had given a substantial donation to 'Tony Blair's 2012 bid team' and substantial help in kind.[17] The real winners are the IOC themselves, however. In the Athens games, they made a billion dollars in TV rights alone. The IOC enjoys tax-free status despite not being a charity, a religion, or a non-profit organisation. And to be on the safe side, its members enjoy diplomatic immunity.

### **THE LOSERS**

The losers are often the most vulnerable members of society. In Atlanta, the Metro Atlanta Task Force for the Homeless documented the arrest of 9,000 homeless people in a policy of 'arrests and relocation' during the year before the Olympics. In Athens, 140 Roma from the Marousi community were forcibly evicted. The Clays Lane estate in East London, Europe's second largest purpose built housing cooperative, was set up in the early 1980s to address the lack of housing for young single people in the area. It was initially funded by organisations including Newham Council and the University of East London. The site is large enough to house approximately 450 people. Now, the residents have been displaced under a Compulsory Purchase Order (CPO) issued by the London Development Agency (LDA) to make way for the development of the Olympic Village.

Also among the losers will be those deprived of funding by the Olympic budget. The Lottery (which, given the miniscule chance of winning, is basically a tax on the daft) will lose £112.5 million to help pay for the Olympics. This amount would otherwise have gone to 'good causes'. The Arts Council of Great Britain recently slashed the 'Grants for the Arts' scheme funding by a third, from £83 million to £54 million, the first Olympic raid on the Arts Lottery fund. This money would have gone to around 5,000 arts projects.

In March 2004, a cross-party committee of MP's called the earmarking of money for the Olympics 'a straightforward raid' on Lottery funds for projects outside of London. The committee argued that the redirection of funds breached the government's promise not to use Lottery cash to support schemes that should be funded through general taxation. It will be communities in East London and other deprived areas of the country who will suddenly find it harder to secure funding.

### **NATIONAL MEGA PROJECTS**

The postwar Olympic games are less sporting events than mega development projects. For every host city, the Olympics is an instrument for major urban restructuring on a scale that would otherwise be beyond the planners' wildest hopes and dreams. The glow from the Olympic torch shines so bright it bleaches out the flickering flames of protest.

The governments of all host nations exploit the Games for self-aggrandisement. From Berlin 1936 to Beijing 2008, regimes have used the opening ceremonies to parade the Games as the fruit and embodiment of their ideology. The 1973 games in Munich, for example, saw politics return to German sport as Cold War tensions came to a head.[18] The American-led boycott of Moscow 1980 was another recognition of the ideological instrumentalisation of the Games, as was the retaliatory boycott of Los Angeles 1984 by the Soviet Union and 13 Communist allies. In the run up to the 2008 Olympics in Beijing, China wants to take the Olympic Torch through Taiwan and Tibet.

One can only fantasise about the cultural kitschification that will feature in the London opening ceremony. In the Expo 2000 UK pavilion, Battersea Power Station, an icon for degeneration, was featured heavily – so don't expect irony.

Of course, Britain's major cultural legacy is its colonial past, currently unravelling most visibly in Iraq. Colonialism and regeneration have much in common. After all, one of the classic tricks of British colonialism was to present the land being taken over as 'empty'. Colonialism also likes to rename. Or, as it is called today, 're-brand'. The idea is to re-appropriate culturally what has been taken physically. The branders can either sweep away all that existed before by calling it 'My-Land'. Or enlist the past, one as distant, romantic, and mythical as possible, to present as natural what in fact is an irreversible lurch in the opposite direction. To cite the deputy Chairman of the Interbrand Group, Tom Blackett:

The development that will take place in preparation for the 2012 Olympics will change profoundly the character of the old East End; much of the squalor and dereliction will be swept away, and even areas developed by the Lee Valley Regional Park Authority will be transformed. [...] The vast site [...] will acquire an entirely new image, and with that it needs a new name. But it has to be a name that will last, a name that will capture the glory of the 2012 Olympics and help signify the rebirth of the area. 'Lamma Lands' would honour the spirit of the past; it is a name that is synonymous with recreation and the public good, and carries with it a long tradition of sport in East London.

Why not call it the 'East End of History'?

## **THE FUTURE**

As people who deliberately kick the hornets' nest over love to say: 'We are where we are.' Sure, the London Olympics will go ahead, maybe not on time or on budget, but they will at least manage to destroy all that is currently there by turning it into Europe's biggest building site. But the Olympic circus must stop. London must be the last nomadic Olympics. After 2012, the Games should stay in one place: perhaps Athens, Los Angeles or Atlanta (who cares?). The complex, not the IOC, should have ambassadorial status and be insulated from the host country. The athletes should represent themselves, not a country. We should see the world's diversity through faces, not flags.

Competitive sport at this level is too specialist for it to be participatory for a wider public and it is a myth that the centralisation of specialist facilities does anything to help wider participation in sport. It would be better for the athletes if good, fixed facilities were established instead of the wasteful and destructive cycle of makeshift and make do. The money saved could be better invested in spreading around the world accessible local sporting facilities at a community level. That would be a true Olympic legacy.

But more importantly, it is clearly unacceptable for a self-elected, unaccountable body like the International Olympics Committee to decide the fate of our cities. It is not about sport but a process whereby business interests lobby and encourage democratically elected local governments to commit limitless public money and dedicate urban priorities to hosting the Games. The IOC, through the issuing of exclusive rights and franchises, and by ruthless brand protection, in turn invigorates and

gives free reign to those business interests. The momentum created by the need to ‘put on a good show’ irrevocably distorts and rearranges our cities according to private concerns. In the national interest, extraordinary powers are exercised to overcome democratic structures, opposition, and planning constraints. For the East End, it is not looking good. The area will slowly get turned into a matrix of gated housing and shopping complexes, clustered in a tamed, risk-averse landscaping linked by high security jogging friendly ‘green’ pathways.

As they say in Cockney rhyming slang: then we’re ‘McDonald Ducked’.

#### Further Information

The best source of info and updates on the London Olympics is Games Monitor,  
<http://gamesmonitor.org.uk>

#### Footnotes

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Mark Saunders is a documentary film maker living in London. His films and photography are available at <http://www.spectacle.co.uk>

## **Tangled Up In Metronet**

ByUnterschreiber

The current tube strike in London demands guarantees that the insolvent Private Public Partnership (PPP) Metronet will not seek to cover its losses at the expense of labour. Unterschreiber unravels the matrix of blame

So many things Mute has been talking about over the last few months are writ large in the Metronet insolvency and strike that however provisional and awkward it is worth commenting on in 'real time'.

Once again, what Rob Ray is talking about in the article 'The 3 P's - PFI, Private Equity, and Pensions' [<http://www.metamute.org/en/The-3-Ps>] is played out on the tabloid front pages. Some guy from the London Chamber of Commerce says: 'no-one gets copper-bottomed guarantees any more', but 'administration'/bankruptcy 'protection' is precisely the last-ditch means of ensuring that claims of capital (in descending hierarchy of sub-categories, with financial debt at the top) are 'guaranteed' at the expense of those of labour.

Given that the Metronet bankruptcy has universally been blamed on the consortium itself (rather than 'antiquated industrial relations' or something, as in cases like BAA), the basic premise that government, mayoralty, business lobbies etc start from is revealed clearly by their response to the strike: ALL contestation of the aforementioned hierarchy of claims, i.e. of the naturalness of the principle that labour should pay capital's debts, is officially 'antisocial', 'selfish', 'dinosaur-anachronism', etc.

In spite of the 'outrage' announced on behalf of 'the public', people who depend on working for a living may, if they get a moment's leeway to think about it, find it hard to forget:

(1.) that the stakes are a few days inconvenience on their 'side' versus the threat of permanent ruin for the redundant and pensionless. The Evening Standard found someone to bleat, "how dare they, when they get a good wage!"; some wage earners will hopefully notice that this is exactly the point: i.e. the difference between a future with a good wage and a life of 'retrained' destitution is more drastic than that between a pleasant and an unpleasant week's commuting.

(2.) therefore some worker-commuters will hopefully notice that their own self-interest goes a lot further than transport convenience. If the 'labour pays for capital's bankruptcy' principle prevails, it will be their lives that will be ruined next. And prevail it certainly will unless confronted by the intransigent, 'inconvenient' force that transport workers have been among the few to use in Britain in recent years.

Perhaps this common interest between workers striking 'defensively' now and those liable to end up in the same position soon could be emphasised, and the conflict made to seem less 'defensive', if the demand were widely circulated (i.e. by strikers and working tube users) that the burden of disruption must not be borne by tube-using workers but by their employers: i.e. bosses should be prevented from demanding that workers 'find' a way to arrive and leave at the usual time and penalizing those who don't. Given labour's relatively weak powers of informal counter-coercion here and now, this could presumably only be done by mass semi-absenteeism, by tube-dependent and other workers alike. (If this doesn't happen, it only goes to show once more that 'copper bottom' guarantees do exist on one side.)

It's interesting in a frightening way that administrator Ernst & Young, Livingstone and Brown and most media (endorsed by Unite and the white-collar-professional union) expect to be able to pass off as generous rather than insulting the promise that jobs and pensions will be untouched DURING receivership, but not afterwards when the new franchise-owner's actions will be regarded as unrelated to what went before.

This seems to confirm that one of the shrewdest POLITICAL elements of PPP/PFI is the fragmentation of managerial power and responsibility, so that each layer of capital appears only administer to conditions which are objectively given elsewhere. Thus, for example, Livingstone can 'oppose' PPP in public debate then go on to administer it, and makes promises to workers as far as his

powers go, then vilifies those who resist when attacked by the next level of the same system. By the same logic, Metronet (rather than the policy it was set up to take advantage of) supposedly 'creates' the financial 'black hole', then withdraws in 'disgrace'. Its shareholders (or rather their insurers and reinsurers) pay what their limited liability requires them to, then after receivership ends the ex-consortium officially has nothing more to do with the ongoing financial situation. The damage done becomes the 'objective' conditions taken on by the new contractor, which passes the burden on, according to the usual rules, to labour, subcontractors, subcontractors' labour and consumers, with the latter set up to blame the 'selfishness' of (other people's) labour.

The way PPP/PFI dislocates economic causality, making things-as-they-are appear inevitable at every point, was also evident in the regime imposed on tube cleaners (many of whom are illegalized migrants) by Metronet subcontractors, who of course point out that their 'hands are tied', as are those of Metronet by London Underground, LU by TFL, TFL by the Mayor, the Son by the Father by the Holy Spirit etc etc.

## **Dalston Revisited - Report on the protest at Gillett 'square' today**

ByBen

This is a brief report about the anti-gentrification (sorry, 'cultural regeneration') protest in Dalston today. I left out some of the most telling and blackly comic bits (eg the street poet's unfortunate declarations, such as: 'today, we're re-writing history'), but maybe other people will give their accounts...

The protest in Gillett Square went well with lots of people - notably the stewards for the launch of the Square and members of the various NGOs involved in inaugurating the cultural offensive against Dalston! - coming up to protestors with friendly words and assurances that, 'at other levels', although this particular project was compromised, they were doing lots of good work.

I won't name names but a nice lady from a major urban landscaping group involved in the Gillett square project insisted that one consider the good work such groups are doing all over the area at the aforementioned 'other levels' - presumably sub-nuclear stuff involving unpaid youth labour and street furniture. When asked what it means that the ratio of big visible massive catalysts of gentrification to supposedly benign micro-interventions is vastly skewed in favour of the catalysis of gentrification and the transfer of wealth from poor to rich, she demured.

Clearly you need a powerful faculty for self-deception to think that the particular can forever be asked to blot out the general - such is the faith of the well meaning 'community regenerators' who were a sizeable part of the crowd at this event. Wonks and stooges abounded, and behind the multicultural windowdressing and schooldchildren in carnival get up, it was clear that the show was far from capturing the hearts of local people. The turn out was pretty feeble, even allowing for the curious timing (mid afternoon on a friday - no danger of most working class Hackney people turning out - friendly or otherwise). Everyone who asked me about why we were protesting seemed sympathetic and apparently well aware of what is really going on in the area - as mentioned, this included those stewarding the event! (Watch out Pipe and Livingston, one day your agency-hired praetorian guard may turn against you). No one disagreed that Livingstone and Jules Pipe (Hackney's much abhorred mayor) had a colossal nerve turning up to crow in the midst of the mega-privatisation and gentrification campaign they lead.

Predictably, Livingston and Pipe were less diffident than the (as ever, preemptively defensive and self-critical) NGO altruists. Smarm-impregnated, the two politicians tried with practised brazenness to overlook the very loud wall of angry and shouting protestors waving large banners against 'regenicide' and 'social cleansing' etc as they delivered their orations. However, Ken was forced to show his true colours. A little way into his self-congratulatory speech (which included the threat to repeat this project all over London - 'Not if we break your legs', retorted one astute heckler) he mentioned that it was a shame that some people were 'ungrateful' for the LDA and NGO's largesse. Ungrateful!? It was like a trip back into the 1880s - once again the undeserving had sadly disappointed their masters. The 'Let them eat culture' banners took on an even more pointed air.

All in all, it was great to see so many people turn out to protest and so many people taking - and reading! - flyers and sharing experiences. It would be great if every such regen spectacle could encounter the same, and indeed growing, resistance. It would be even greater if the bankrupt populists fronting the proceedings gave some sign of registering how profoundly unpopular their policies are. And it is also quite interesting to see how scared of even such mild public opposition to the regen-gentrification process are the powers that be - from the police interviewing protestors in advance about their intentions up to the wonks heading up the 'community regen' process who barraged the protestors with pleas that they call off the protest in the proceeding days.

Below is the text of the flyer that was handed out during the 'festivities'; feel free to recirculate - as a list of Hackney's suffering at the hands of the council, LDA and central govt. it will probably stay all too current.

Ben

### **Hackney Council's anti-social behaviour is pushing out the poor: council flats sold off and community facilities shut down to make way for more yuppie flats and bars.**

Livingstone and Pipe are showing breathtaking arrogance in coming here and telling us to be grateful for a new square on a site that was already public space (the Colin Roach Centre, a vital local resource, stood on Gillett Street). Hackney people know very well that the council and LDA are presiding over a wholesale onslaught on the area:

- Rocketing rents and rates threaten residents and local businesses with eviction: this will only get worse with the Olympics and the tube.
- Epidemic homelessness in a borough full of bricked-up flats. The council leaves housing to rot in an attempt to blackmail tenants to accept stock transfer; no chance of council housing for the next generation. New Labour's 'rent convergence' policy means high market rents for social or so-called 'affordable' housing.
- Corrupt council sell-off of Broadway Market and Dalston Lane to offshore developers. Under the new owners Dalston Lane shops suffer 'mysterious' fires in preparation for the LDA Olympic transport interchange, while the Four Aces/Dalston Theatre faces demolition after eviction of a community social centre. (Along with the All Nations Club the Four Aces is another black cultural venue destroyed to make way for the new Hackney).
- State schools are shut down while organisations like Swiss Bank UBS build City Academies; swimming pools and leisure centres stay shut or re-open at inflated prices; doctor's surgeries, playing fields, nurseries sold off and local services cut.
- Regeneration agencies promise new buildings and 'arts' for the community but 'culture-led regeneration' leads to rising local property prices, pushing out local people to make way for yuppies. This has already happened in Stoke Newington, Hoxton, Broadway Market and Hackney Central – WATCH OUT DALSTON!

Livingstone and Pipe expect us to put up with this quietly or even play along with them. But many examples of local resistance show that we won't: the ongoing campaign in Broadway Market; the occupation of the Four Aces/Dalston Theatre; repeated votes against council housing stock transfer (until the council imposed the ALMO unilaterally – with 'consultation' of course). **We need our homes and livelihoods not council-sponsored 'creativity'.**

**We'll have something to celebrate when we've forced Jules Pipe to give back what was taken away and stop the class cleansing of Hackney.**

## **Slumploitation â The Favela on Film and TV**

ByMelanie Gilligan

Brazil has long sold its sunny side to holiday makers, but since the blockbuster film *City of God* a flood of movies and TV shows have capitalised on the narrative potential of the country's plentiful favelas, adolescent drug soldiers and ultraviolence.

Melanie Gilligan explores the cinema of slums and asks is representation the answer to 'social exclusion' or one of the mechanisms of its reproduction?

The Brazilian documentary *Bus 174* by José Padilha opens as we swoop over Rio de Janeiro's favela covered hills. Dramatic aerial shots of Brazil's vast slum cities are a common gambit in the country's burgeoning output of films depicting its *favelas*, crime and poverty. These top-down vistas economically communicate an incalculably vast scale of privation. *Bus 174* chronicles the hijacking of a public bus in Rio in 2000 by one ill-fated resident of the slums. Broadcast live on TV, the hijacking achieved record viewing figures and ended when the police murdered its protagonist. This incident constituted the intersection of two major forces of daily life for Brazil's working and wageless classes: television and state violence.

Bus 174

Image: Bus 174, directed by José Padilha, 2002

The hijacker, Sandro, was a former street kid, and had survived the infamous Candelaria massacre in 1993 when police fired on 70 children sleeping rough in front of a church, killing eight. Throughout the hijacking, Sandro shouted at the police and media, reproaching them for the Candelaria massacre and the violent oppression in the *favelas*. The film presents the hijacking as Sandro's desperate plea for recognition from 'Brazilian society', a desire supposedly felt by the whole of the so-called invisible class living in the *favelas* and streets of Brazil.

The alleged renaissance of Brazilian cinema seems dedicated to answering Bus 174's plea that the country's disenfranchised be represented. Brazil's *favelas* have enjoyed 'increased visibility' with films like *City of God* and have played a lead role in the 'sudden stardom' of Third World slums in First World cinemas.[1] With its nearly unrivalled economic inequality and 51.[7] million *favela* inhabitants, the nation has ample material to feed a growing market for depictions of its poverty, crime and economic polarisation.[2]

While a decade ago Brazil's government rented New York museums and private galleries for exhibitions of Brazilian art in an effort to improve its international image, today Brazil's corporate media mine the entertainment value of its 'social problems' to produce popular film and television commodities for the domestic and global market.[3] Film and TV unabashedly portray the brutal

results of the country's extreme disparities in wealth, sometimes indicting this situation through the mouths of their characters. However, they 'raise awareness' only to support the underlying economic conditions. At the same time Brazilian President Luiz Inácio 'Lula' da Silva's culture minister, Gilberto Gil, promises to foster the creative industries, calling them the new motor for Brazil's 'developing' economy, and places the movie business atop his list of creative messiahs.

The internationally distributed Brazilian films we see today are products of increasingly commercial imperatives. All government-funded programmes supporting the Brazilian film industry were cut in 1991. Subsequently, the 'Audiovisual law' was created in 1993 to subsidise private investment in the film industry by granting Brazil's immensely wealthy corporations the right to invest up to 70 percent of their yearly income tax in film. The intention was to foster private investment in the film industry so that, when this initiative was phased out in 2003, corporations would continue financing films. The credits of internationally exported Brazilian film such as *Lower City* or *City of God* list some of Brazil's biggest multinationals, for example Petrobras, many banks, and of course the monolithic Globo, who run 60 percent of national media. Unsurprisingly, the pressure to deliver high returns on investments ushered in an era of increasingly mainstream Americanised film-making in Brazil.

City of God

Image: *City of God*, directed by Fernando Meirelles and Kátia Lund, 2002

*City of God*, directed by Fernando Meirelles and co-directed by Kátia Lund (2002), epitomises the manner in which Brazil's urban poverty is currently being projected. The film employs a style of fast cutting, abbreviated exposition, tinted colour palettes and perpetually moving handheld photography; techniques which have undeniably become a reified visual 'pre-set' for representing Latin American experience below subsistence level. *City of God* restages epochal class conflicts as a series of personal narratives, beginning in the 1960s when the military dictatorship 'cleaned up the city' for the rich by means of slum evictions and real estate development.[4] Adapting the technique of first person voice-over commentary deployed in Scorsese's crime epics *Casino* and *Goodfellas*, the film's narrator, Rocket, is a young (and like most *favela* residents, black) slum dweller relocated to the *City of God*, obscures the political significance of his eviction by giving the cause as flooding and 'acts of arson in the slums'. Passing over this primordial act of state violence, the film jumps forward to the spectacular gang warfare between the narco-traficantes who gained control of Rio's *favelas* in the '70s.

While *City of God* renders most of the substantive history in quick strokes, more detail about the political formation of Rio's gangs is given in the documentary that accompanies the DVD version of the film. Widespread arrests of political dissidents during the military dictatorship of the Medici administration 1969-74, landed insurgents in a maximum-security prison with so-called 'common criminals'. [5] According to popular legend, educated middle class political prisoners radicalised the working class inmates who then began a movement to self-organise against the systemic violence and deprivation imposed by the state, giving birth to Rio's powerful drug gang Comando Vermelho (Red Command).[6]

William da Silva Lima, one of Comando Vermelho's founders, said the group 'was not an organisation but, above all, a kind of behavior, a way of surviving in times of adversity.'<sup>7</sup> Comando Vermelho, initially known as o coletivo, spread an ethos of collective organisation. This laid the basis for the contemporary gangs, which today form 'parallel polities' in the *favelas* and prisons, supplying people with essential resources withheld by the state. Soup kitchens, daycare centres, and money for medicines, as well as brutally enforced security, form part of this alternative welfare and justice system adopted by populations disdained and abused by the official state. By some accounts, the drug gangs are businesses, providing services in return for the support of the *favela* communities, 'accomplices of the bourgeois state' that couch their endeavours in politicised rhetoric while

obstructing the possibility of organised working class political action.[8] It may be that gang strikes on the middle class areas of Rio have replaced, and contained, what previously manifested as direct working class antagonism – for instance the riots of the late 1980s in which residents of the slum Rocinha attacked a nearby wealthy district.[9] Furthermore, the Brazilian state is known to cooperate with the drug gangs which operate like mini-states within the borders of the larger nation. The police, for example, sell weapons to the gangs and engage in transactions involving contraband, though of course they're ostensibly fighting trafficking. This symbiotic relationship goes far beyond individual police corruption and says a great deal about the dependence of the state and ruling classes on the continuation of the drug trade.

*City of God's* popularity in Brazil led to a TV drama spin-off called *City of Men*, attempting the same handheld documentary 'gritty realism' in a modern-day Rio *favela*. The first TV drama set in the *favelas*, it was shot in slums like Rocinha, Rio's largest, and watched by 35 million people in Brazil, spawning several other *favela* soaps. The protagonists amaze audiences with their resourcefulness and entrepreneurial zeal, getting themselves out of the tight spots and near death experiences that living in a community regulated by arbitrary police and gang violence creates. In other words, it celebrates the slum as a dangerous but creative place where people improvise solutions.

Critical moments do occur intermittently in *City of Men*. A protagonist leaves the *favela*, telling us he is crossing the frontier between two countries and the police are the border guards. Later he says, 'the playboys [i.e. middle class] watch the slums on TV and think it's better to live where they are. They only come here to buy drugs or make documentaries and films. They need drugs to live there with all the cameras and bars.' Yet one is struck by the way the programme mitigates the force of its own content. After focusing on the lives of *favela* kids for a few episodes, a middle class character is introduced as point of identification and reemployed in increasingly unlikely scenarios. Ostensibly focused on the lives of *favela* dwellers, the show incessantly revisits their relationship to the middle class. A day at the beach is loaded with race and class tensions, while another episode compares the lives of a young 'playboy' and the working class protagonist, finding the former gets a bit depressed, the latter starves, but the moral is that they both share the same existential angst.

In the guise of offering 'positive representation' to 'socially excluded' residents of the *favelas*, exposing the economic and racial segregation they experience, the show transparently attempts to manage class tensions and assuage middle class guilt. (One candidly propagandistic episode narrates the legend of Lula's working-class childhood, offering a 'working class' hero as point of identification for those viewers not feeling sufficiently 'represented' already). If any viewer doubts the importance of being portrayed on the channels of nation's most powerful TV monopoly, Globo, the recurrent shots of densely clustered satellite dishes atop *favela* shacks drive the point home.

*City of God* contains similar nods to the power and complicity of the Brazilian media. Gang members compete to get their photos in the newspapers, TV and news journalism intensify the conflict they chronicle. During the 1960s and '70s Brazil's military dictatorship fostered a powerful television dominated 'culture industry' as a means to cohere national identity, promoting consumerism and controlling the political sphere. Globo governed official public discourse in Brazil until the end of the dictatorship in 1984, and has been influencing political outcomes, electoral and otherwise, ever since. *City of Men* supplements its documentary aesthetic with mock TV news interviews, while a media circus is Bus 174's starting point for discussing life on the streets and in prison. The fascination with mediation in these films reflects more than just the spectacularisation of daily life. It indexes the self-consciousness of an industry that has long exploited the frisson of *favela* culture and violence. However, placing the interdependence of Brazil's official 'cultural' and 'informal' or illegitimate economies in plain sight could seem to cynically reinforce and normalise its inevitability.[10]

The monolithic media of Brazil presents a means for liberal audiences to reconcile themselves with the brutality of state repression against the working class. Despite the intention of exposing state violence which informs films like *Bus 174* and Hector Babenco's *Carandiru* (2000), these films' critical challenge to the brutality of the present order is blunted into a kind of empathic supplement to it. *Carandiru* tells the story of the infamous 1992 massacre in a Sao Paulo prison. Police, called to quell a riot, killed 111 unarmed prisoners. Numerous inmates were murdered execution-style, some several hours after the riot was suppressed. This extermination returned to haunt the gated 'communities' of Sao Paulo this May. The Primeiro Comando da Capital (PCC) gang, formed in response to the massacre and sworn to avenge it, declared war on the state, starting 75 separate prison riots and attacking the stations, cars and homes of the police.[11]

#### Carandiru

Image: *Carandiru*, directed by Hector Babenco, 2003

Like the Comando Vermelho, the PCC constitute a parallel state controlling 90 percent of the prison system in the state of Sao Paulo and even funding their own electoral candidates. Each member swears to a manifesto-like list of statutes which pledge unceasing struggle against the injustices and oppression inside prisons, solidarity with all members, and to be the 'Terror of the Powerful oppressors' who run the prisons. The gang has 'reduced the level of violence (in prisons) ... won better visiting rights ... [and] defense lawyers for their members'. Although Comando Vermelho have been responsible for prison bloodbaths of their own, the PCC has now allied with them to strengthen their influence on the nation's prison system.<sup>12</sup> Rio gangs have conducted many similar attacks, but the scale of the PCC's actions this year and their unequivocal demands for prison reform suggest a more developed political agenda. When the PCC shut down the country's richest city, killing 40 police officers and threatening the heavily guarded safety of the ruling elite, the police responded as they had at *Carandiru*: by sending death squads through the *favelas* and assassinating random slum-dwellers. Suspiciously, the police revised the total civilian body count down from 109 to 79, of whom 34 are acknowledged to have been killed by death squads.[13]

*Bus 174* also presents images of the prisons and the appalling conditions endured by the likes of Sandro, who was interned many times in the years prior to the hijacking. One of his cells was 40° C and so overcrowded that half the inmates had to stand so the other half could sit. In the documentary, prisoners in cramped cells denounce the state for its negligence, corruption and injustice. Once again the assumption is that Brazil's street kids and *favela* inhabitants want desperately to be represented and recognised in Brazilian society. This view is explicitly stated by Luis Eduardo Soares, Rio's former subsecretary of public security, in an interview that is interspersed throughout the film. Audaciously, Soares asserts that this need for acknowledgement is the biggest problem facing street kids today (not hunger or getting shot or brained with rocks while asleep). This position resonates with the strategy of *City of Men* and indeed, on a macro level, with Brazil's attempted conversion to a culture economy. In other words, represent the working class in the media and hopefully demands for economic parity will decrease.

The director claims that the film reopened debate about the hijacking, this time creating discussion about the reasons for Sandro's action, instead of vilifying him as a drugged-up hoodlum. However, without addressing the basic material needs of the population and curbing the murderous domination of the police-gang state repressive apparatus such debate is likely to remain sterile.

Brazilian culture minister Gilberto Gil points to the 1 trillion 300 billion US dollars in revenue generated by global 'creative industries' this year and proposes that increased production of cultural exports is the key to prosperity for Brazil.[14] Culture in the *favelas* has long been profitable. For instance, samba, once a central part of *favela* life, was turned into a mainstream commodity and

official national culture. Today, samba's social function in the *favelas* is mostly fulfilled by 'Baile Funk', itself an increasingly popular cultural export. A recent investor-oriented Financial Times article spoke of the atmosphere in Rocinha as 'like stepping into the tempting chaos of a rock concert' indicating that Rio's *favelas* are gaining a reputation for edgy culture that could attract many more such capitalisations. Gil encourages Brazilians to become cultural producers. We hear the same message in *Favela Rising*, a documentary by American filmmakers Matt Mochary and Jeff Zimbalist, which zealously deploys the now formulaic MTV-povera aesthetic of *City of God* (etc). Once again, a collective story about community music group Afro Reggae becomes the tale of one man, Anderson Sá, and his fight to improve life in the *favelas*. Interviews with Sá carry a clear message – he preaches the salvation of cultural work as the way to pull oneself out of the slums. Artists have long been able to transgress class barriers, but it is unlikely that all the kids Sá would like to save from the trenches of the drug wars can become middle class creative workers. The economic situation in Brazil would not allow for it. Incidentally, the message of *City of God* is quite similar – Rocket 'gets out' precisely because he is lucky enough to land a job as a photographer on the basis that he can get close to the gang action in the *favelas*. Thus the hypothetical lucky ones become cultural workers that subsist by documenting the lot or selling the culture of the unlucky.

Despite the creative economy line being fed by the Lula administration and the production of new rags-to-cultural-work-riches films (such as recent release *2 Filhos de Francisco*, the biggest hit at Brazilian box offices in 20 years), those living in *favelas* will continue to be portrayed in cultural commodities but are unlikely to benefit from their production. Furthermore, the box office and broadcast hits bringing *favela* life to middle class Brazilian and western audiences are taking place in a context of growing economic disparity and a 'drastic diminution of the intersections between the lives of the rich and the poor'. [15] Sao Paulo's 300 hundred gated communities, serviced by the world's highest volume of civilian helicopter traffic, and the Rio government's plan to build a 7 foot wall around several *favelas*, push the working class further out of sight. [16] As material segregations proliferate in the cities of Brazil, it seems unlikely that the new market for consumer-friendly representations of the *favelas* will lead to anything more than profits off the backs of those who are, so to speak, providing the content.

[1] Rana Dasgupta, 'The Sudden Stardom of the Third-World City', <http://www.nettime.org/Lists-Archives/nettime-l-0603/msg00031.html>

[2] The richest 10% of Brazil owns between 48% to over 50% of the nation's wealth while the poorest 10% own 1%.

[3] Barry Schwabsky, 'Art from Brazil in New York', *Artforum*, Summer, 1995, <http://linkme2.net/9j>

[4] 'Evoking the threat of a tiny urban foco of Marxist guerillas, the military razed 80 favelas and evicted almost 140,000 poor people from the hills overlooking Rio. With financial support from USAID, other favelas were later demolished to clear the way for industrial expansion or to "beautify" the borders of upper income areas. Although the authorities failed in their goal of eliminating all "slums within Rio within a decade", the dictatorships ignited conflicts between bourgeois neighbourhoods and the favelas, and between the police and slum youth, which continue to rage three decades later.' Mike Davis, *Planet of Slums*, Verso, London, p. 108.

[5] In Brazil today '98% of prison inmates lived in poor or modest economic conditions prior to their arrest'. Marie-Eve Sylvestre, 'Crime, Law & Society – Exploring the Relationship Between Crime, Punitive Practices, Poverty and Social Exclusion in Contemporary Societies', Harvard Law School, [http://www.law.harvard.edu/academics/graduate/sjd\\_candidates/marie-evesylvestre/syllabus.doc](http://www.law.harvard.edu/academics/graduate/sjd_candidates/marie-evesylvestre/syllabus.doc)

[6] 'Conditions in the prisons included systematic torture and no basic amenities (mattresses, linens, blankets, soap)', Elizabeth Leeds, 'Cocaine and Parallel Politics in the Brazilian Urban Periphery: Constraints on Local-Level Democratization', *Latin American Research Review*, Vol. 31, 1996, p.54.

Comando Vermelho orchestrated a series of attacks on Rio's middle class neighbourhoods during the same week that *City of God* won the BAFTA for best editing. The gang told the press they were retaliating against 'oppressive and cowardly' policing in the slums and politicians' violence against the poor. Would this also qualify as a plea for recognition? 'Rio gangs cast violent shadow over carnival', *The Guardian*, <http://www.buzzle.com/editorials/2-25-2003-36272.asp>

[7] Elizabeth Leeds, op. cit., p.54.

[8] Hector Benoit, 'Brazil: The social contradictions underlying the violent eruption in Sao Paulo', World Socialist Web Site, May 2006, [http://www.wsws.org/articles/2006/may2006/braz-m18\\_prn.shtml](http://www.wsws.org/articles/2006/may2006/braz-m18_prn.shtml)

[9] Elizabeth Leeds, op. cit., p. 48-49.

[10] The treasure trove of eye-witness reports from the *favela* front lines have recently proven dangerous business. In 2002, celebrity reporter Tim Lopes, renowned for his undercover work, often in disguise, was dismembered with a samurai sword and burned during a *favela* *Brazzil Magazine*, June 2005, <http://www.brazzil.com/content/view/9297/79/> reconnaissance. Tom Phillips, 'Justice for One. In Brazil, Drug War Goes On',

[11] Gibby Zobel, 'Mayhem That left Sao Paolo in Shock', *Al Jazeera*,

<http://english.aljazeera.net/NR/exeres/B0DB410F-55C4-4A73-8EAF-41475DD8CF7B.htm> and Pepe Escobar 'The accumulation of the wretched, a review of *Planet of Slums* by Mike Davis', [http://www.atimes.com/atimes/Front\\_Page/HE20Aa01.html](http://www.atimes.com/atimes/Front_Page/HE20Aa01.html)

[12] Tom Phillips, 'Jail riots kill up to 80 as gangs rebel', *Sunday Herald*, June 2004, <http://www.sundayherald.com/42704>

[13] 'Brazil: Death tally reaches 400 in the wake of attacks in Sao Paulo State', *Coav Newsroom*, <http://www.coav.org.br/publique/cgi/cgilua.exe/sys/start.htm?inoid=1956&tpl=printerview&sid=114A> *Jazeera*, <http://english.aljazeera.net/NR/exeres/F418DB9E-5DEE-4B18-A9FE-F11A9FA76863.htm> and 'Brazil probes police role in gang riots',

[14] Tiffany Linton Page, 'Building a Creative Utopia in Brazil', Center for Latin American Studies, February 2005, <http://www.clas.berkeley.edu:7001/Events/spring2005/02-17-05-gil/index.html> and *Washington Post*,

<http://www.washingtonpost.com/ac2/wp-dyn/A42332-2002May31>

[15] Mike Davis, *Planet of Slums*, Verso, London, p. 119.

[16] Anthony Faiola, 'Brazil's Elites Fly Above Their Fears

Rich Try to Wall Off Urban Violence', *Washington Post*, May 31st 2002, <http://www.washingtonpost.com/ac2/wp-dyn/A42332-2002May31> and Daniel Howden, 'Bitter Divide over Plan to Wall in Rio's Slums', *Independent*, June 23, 2005, [http://www.amren.com/mtnews/archives/2005/06/bitter\\_divide\\_o.php](http://www.amren.com/mtnews/archives/2005/06/bitter_divide_o.php)

Melanie Gilligan <megili AT hotmail.com> is a writer, artist and filmmaker. She also sings in Petit Mal and Antifamily <http://www.difficultfun.org/items/petitmal.html>, <http://www.antifamily.org>

## **Delta of Heinous: Developing Thames Gateway. Introduction: Another Green World**

ByBenedict Seymour

Welcome to the Thames Gateway, an 80,000 hectare development to the east of London on which the Government has proposed the construction of a city the size of Leeds. 100,000 new residents, a wealth of new homes, new megastores, and new call centres on a wide and flood-prone plain.

After a day at *Mute* researching the proposed mega-development, I bump into an old friend on the way home. A keen bird watcher now training as a biologist, he knows Rainham Marshes and other nature reserves in the western part of the Thames Gateway well. We talk about the forthcoming Olympics (launch pad for the larger Thames Gateway project) and he assures me that the Lea Valley at least is not going to be turned into a vast expanse of Bovis housing; the 'water city' proposed for the area will preserve the canals and the marshes. In short, the Olympics is not necessarily a natural disaster in the making. As a bit of webcrawling reveals, the area is already a complex mix of reclaimed and incorrigible land, a product of centuries of human settlement and industry. Today artificially maintained and nurtured resources offer respite from, or in the case of the Lea Valley, a beautiful discord with industrial decay

Panoramic

Images: All images in the Thames Gateway section, apart from those credited, by John Wollaston, taken between Purfleet and East Tilbury, Thames Gateway, July 2006

But what about those who live in the mouth of the Thames Gateway, dwellers in the marsh of deindustrialisation and workfare? How is the ecological sustainability sustaining or renewing them? My friend says it used to be unsafe to wander 'round the marshes, loitering 'chavs' were a menace to the nature-lover. But even this, supposedly, is getting better. Now, he says, potential marauders are mostly engaged in voluntary work schemes, kept busy in that very ecological labour which makes the marshes such a haven for birds and fish and creeping things. Unpaid work as the key to urban renewal? Voles not dole?

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The Thames Gateway's propagandists propose the creation of a balance between man and nature, industry and recreation, dwelling and working. The healing of social antagonisms (if not of economic differences), like the harnessing of entropic natural forces, is accomplished through new, humanised forms of exploitation. Putting the 'chavs' to work is analogous to the plans for a détente with the potentially annihilating forces of the tidal river. Learning to accept and to harness the persistence of the working class after their ostensible obsolescence corresponds to the notion of a compromise with the redundant and rising waters of the Thames (maps of the new development incorporate the flood plain into their plans rather than imagining new barriers and defences, water is seen as a source of economic vitality - if properly managed). The surplus waters, surplus humanity and surplus credit flooding the global market are all accepted and granted their place in the new synergies of this former backwater.

In the projected future of the region we see the profit imperatives of the logistics industry happily married to the need for jobs and shopping; as industry is restructured and older, dirtier industries finally demolished the threat of social unrest is absorbed by the 24-hour flexibility of service sector work.

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As my friend remarks on the taming of the chavs, I wince and think of the plans for putting convicts to work, unpaid, on the construction of the Olympic site. [cf.

<http://www.metamute.org/?q=en/node/7254>]. The government are selling this as a tough alternative to prison time. Community NGOs criticize it as over-lenient and a drain on potential jobs for legitimate local workers. But one can see a compromise is possible that would appease both those who position the Olympics as a great opportunity to create jobs for local people and those who see incarcerated proletarians as a cheap labour supply. The utopian renewal of the Gateway seems to involve an acceptance of the permanence of social inequality and of voluntary (or involuntary) servitude.

#### region map

For capital, the Thames Gateway presents a chance not only to partially resolve the housing crisis in London, as the following articles discuss, but also to reassimilate the ASBOtic excess created by the neoliberal enclosure of London, a meta-stable balance between middle class comfort and safely occupied underclasses. Meanwhile, cutting-edge plans for new ecological food and fuel sources rehearse the not so much disavowed as preempted deluge when the Thames floods or, to invert the hydraulic metaphor, when the housing market and the wider speculative bubble on which all this floats, subsides. So artists such as Nils Norman have leant to the regeneration plans an aura of radicalism and creative re-thinking. His contribution to the Thurrock: A Visionary Brief in the Thames Gateway website [<http://www.visionarythurrock.org.uk/>] stages a (ironic?) futurological vignette for the repurposing of the defunct Bluewater and Lakeside mega-shopping centres as green algae farms. Norman seems to believe that increasingly popular organic markets could be a mass, rather than an elite, lifestyle option. After shopping centres fall out of favour and global warming jacks up the seas, why not transform the Thames Gateway's consumer dynamos into a source of food? Again, the radical alternatives competing with the expensive but bottom-line driven visions of the Wimpeys and Bovises assume the extension of the credit-and-austerity capitalism of the present some 10, or even 25 years into the future. They build the assumption of scarcity into the putative opportunity offered by the development project just as the government builds in unpaid labour. The idea that further economies must be made seems to be pervasive, an underlying Malthusianism colouring the most progressive projects.Â

If a lack of historical imagination is implicit in all this (must we all tighten our belts in the name of ecological sustainability? Is it impossible to imagine a mode of social reproduction at once less wasteful and more profligate?), displacement and gentrification are also treated as givens, the background and context of the project. Indeed, as Penny Koutrolikou suggests, the new Thames Gateway may well amount to no more than a suburban solution to the need of the increasingly elite inner-city-population for a convenient, orderly and separate, low wage service workforce.

Are there other, less sustainable and constructive visions on offer? Angry comments in the online forums provided on the Visionary Thurrock site suggest there is plenty of critical thinking about the Thames Gateway going on at least among those already living in the area. As well as objections to the basic premise that the gateway should succumb to Prescotts' bulldozers and third-rate housing, legitimate enquiries into the subtext of the promise of new jobs that accompanies this, like most other regeneration programmes, are being made. A critic of the future labour relations of Thames Gateway, Dave Amis, has laid out a more likely scenario than Nils Norman's in which Bluewater and Lakeside hang in there, flourishing on continuing (albeit tightening) flows of consumer credit for the

time being, to employ, alongside the burgeoning UK logistics industry for which Thames Gateway (in particular, Thurrock) is a key node, an expanding army of flexible and low paid high-intensity labour. [Thames Gateway.... Welcome to the Future?â, <http://www.iwca.info/cutedge/ce0005a.htm>]. Rather than assuming increasingly badly paid or unpaid labour as the price of a 'mixed and balanced', 'sustainable' community it might be worth indulging in some alternative blue- (or rather, grey-) sky thinking. For example, given the current state of the UK and global economy, it could be worth considering how many of the financial underpinnings of this project will still be in place come 2012, let alone 2025. As Michael Edwards points out, the Thames Gateway as conceived by the Government and developers will be built on fictitious capital, one more layer in a global pyramid scheme with a great vulnerability to changes in the world market. It is primarily a way of extenuating a bubble rather than, promises of rejuvenated industry aside, the foundations for a new era of productivity.

If renewal means shit work and Olympic 'chain gangs', what would a dysfunctioning industrial renaissance look like? Do we really want to present more 'progressive' versions of the Thames Gateway or should we not be talking to those on the receiving end of middle class reveries about resisting this latest regeneration onslaught? If there is a recession and restructuring of the economy it will be predicated on shifting the crisis onto the poor to an even greater degree.

One thing's for sure, as long as unpaid labour is part of the 'visionary' plans for a new city, the Thames Gateway project stinks worse than marsh gas.

Benedict Seymour <ben AT metamute.org> is deputy editor of *Mute*

## Great Expectations: Governing Thames Gateway

By Penny Koutrolikou

The governance structure of the Thames Gateway is complex, fragmented and opaque. So how does this effect the governmental vision of participatory citizenship and sustainable communities? Penny Koutrolikou reports

*The heart of the Government's election manifesto earlier this year was a commitment to build a country 'more equal in its opportunities, more secure in its communities, more confident in its future'. The Gateway provides both a symbol and a test case for that commitment.*

– David Milliband, November 2005 (Minister of Communities and Local Governance 2005-06)

Despite repeated assertions of commitment to 'good urban governance' and 'sustainable communities' from those involved, the overall structure of the Thames Gateway project remains largely unclear. This raises serious questions about the rationale behind it and the way it will be implemented.[1] Like other regeneration projects, the very opacity of the process is, in practice, likely to render the rhetoric of local democracy hollow.

Thames Gateway is one of the largest – if not the largest – development projects in Europe. Apart from its size and development potential, its real importance lies in the great expectations attached to it – principally that it will resolve London's ever-growing need for housing in a way that does not upset the already high property values of inner London. By displacing the problem to the poorer East via urban sprawl, strategists aim to develop new residential areas that could provide a large percentage of the 'affordable' housing currently lacking within the city. Additional arguments about economic development and maintaining competitiveness in the light of emerging global centres such as Shanghai

are presented as further incentives to the city's eastward growth.

#### gateway

Image: GLA London Thames Gateway, Development and Investment Framework,  
[http://www.london.gov.uk/mayor/planning/docs/thames\\_gateway.pdf](http://www.london.gov.uk/mayor/planning/docs/thames_gateway.pdf)

The question that goes unasked in all the talk about sustainability is how the new 'sustainable communities' intended to take advantage of this housing can develop if the new city has no infrastructure and no local facilities to support it. What kind of residential areas will these be if, as seems likely, they are developed as atomised islands in the 'uncharted waters' of Thames Gateway?

### **Structural Adjustments**

In such a large regeneration scheme, or more explicitly, in the construction and management of a city within a city, governance issues are indeed decisive. In the case of Thames Gateway there are several questions to be answered: first, how do the current governance structures communicate with the area's residents and with other organisational structures; second, what are the governance structures that will oversee the delivery of the new projects; and third, how will these structures relate to the future communities of Thames Gateway?

Despite government commitments to 'community involvement', Thames Gateway is still primarily a central government led project. The strategic advisory group, Thames Gateway Strategic Board, consists of high-up government officials and ministers who put forward their different agendas and aims, negotiate about how they can be achieved, and provide the overall 'strategic vision' for the area. So far this approach has almost crippled the project since the private sector has failed to come up with the anticipated investments needed to push Thames Gateway forward. As a result, it seems plausible that future developers and investors will be offered further incentives – or even 'carte blanche' – in return for participating in the development of the region. The 2012 Olympics provide a further means by which to secure support for the development – both public and private. Indeed, geographically and economically, the Olympics represents the gateway to the Gateway.

If the governance structure for the 'delivery' of Thames Gateway is a defining factor for its future, the structures of this governance remain far from clear and so far there is limited public information on how it is supposed to operate. Similarly, the roles and responsibilities of the bodies involved are blurred in the overall complexity. Meaningful involvement in decision making and resource allocation on the part of the putative Thames Gateway community (new or old) will hardly be fostered by all this.

Trying to unravel the riddle that is governance, we encounter a broad range of partnership-based organisations reflecting the complexity and scale of the project. Besides the strategic group, the only body with an overall view is English Partnerships, but they mainly focus on development facilitation and land remediation. Other key players in the governance structure are the three Regional Development Agencies (London, East of England and South East). Then there are the 'delivery organisations' in the Thames Gateway charged with turning the 'vision' into reality: London Thames Gateway Development Corporation, Greenwich Partnership; Bexley Partnership; Thurrock Thames Gateway Development Corporation; Basildon Renaissance Partnership; Renaissance Southend; Kent Thameside Delivery Board; Medway Renaissance Partnership; and Swale Renaissance. These organisations represent both the delivery vehicles for development and, in some cases, local governance initiatives in the form of local partnerships. As a recent academic report puts it:

Although Thames Gateway is promoted by central government as a coherent geographical entity united by a single strategic vision, in reality there are at least three distinct areas: London, Kent and Essex, each with its own management structure and set of public-private partnerships. As one member of the Thames Gateway board told us: 'Basically what you have [in the Thames Gateway] are three separate areas, and things are different in all of them. In Kent you have the County Council and one developer for the whole area, but in Essex the County [Council] is working with three, four different [development] partners.' [2]

Additional organisations that have more of a lobbying and local governance remit include the Thames Gateway London Partnership, Kent Partnership and Essex Partnership whose boards are mainly made up of Local Authority officials and Councillors and other 'important' players such as major local developers.

Politicians and central government continue to reiterate that sustainable development and thriving communities depend on active community involvement. Yet the bottom-up 'community participation' component acting to influence and direct all these top-down structures seems to rely primarily on the London Thames Gateway Forum [<http://www.ltgf.co.uk>], the community and voluntary sector representatives that sit in the Local Authority Strategic Partnerships, and local campaigns. Already it seems that community involvement is going to be achieved primarily through community consultations over proposed developments and negotiations regarding the allocation of the relevant 'planning gain'. In planning jargon this denotes the 'community compensation' that developers give in support of local facilities. Planning gain may include 'affordable' or special needs housing, provision of education facilities or open space, infrastructure for business, sustainable transport to meet the need created by the development, etc.

panoramic from park

However, in these crucial negotiations over the location and extent of resources the developers and the Local Authority are the key players, with local groups primarily taking an advisory (or, at best, campaigning) role.

### **Gated or Ghetto Gateway?**

Adrift in this sea of organisations and partnerships one starts to wonder about their actual functions, responsibilities and powers, their potential overlap and duplication, lack of transparency and, therefore, of accountability. This 'problem' has of course been acknowledged by politicians and academics alike, but in the end the fundamentals of governance mitigate against 'solving' it. As the paper quoted above describes, the coordination of the various organisations remains in the hands of the state:

Although a limited degree of co-ordination for the whole of the Thames Gateway area has been provided by a joint operating committee including the chairmen and chief executives of the three RDAs (Regional Development Agencies) involved (...) and representatives from the three area management boards, real strategic oversight is provided directly from central government.[3]

If the key structures providing oversight for the development are dominated by government officials and interest-led members (such as representatives of property consortiums like Land Securities), to what extent are issues of sustainability, build quality and local provision up for discussion? Private support is too essential to jeopardise.

Given the housing targets set for Thames Gateway, the project will most likely be delivered through the development of large plots of land by consortiums of developers. This is likely to result in self-contained residential developments. In negotiations over planning gain Local Authorities tend to recognise the need to balance developers' profits against the need for local infrastructure and service delivery. However, since this process of 'balancing' takes place behind closed doors and under pressure from central government to push these developments forward, it is likely to be seriously biased in the developers' favour.

Rather than checking their excesses, the 'distributed' power structure of the Thames Gateway development seems likely to assist developers in the continuation of the 'state of emergency' announced by the 2012 Olympics. In line with central Government policy, power is displaced from the planning departments of the Local Authorities to the Urban Development Corporations (such as the Thames Gateway UDC) in order to deal with the 'emergency' of achieving development results. All this favours the scenario of a Thames Gateway of fragmented, car dependent enclaves that turn their backs on existing (and less affluent) local centres and communities while consuming their facilities. If the Institute of Public Policy Research's recent report 'Gateway People' (2006) can be relied on, the middle class are not going to be early adopters of the Thames Gateway brand - Essex just isn't sexy enough in 'culture and heritage' terms. Instead, the new developments could end up predominantly a dumping ground for those forced out of London. But the middle class residents who do come will likely concentrate in a series of insular enclaves, producing a fragmented urban collage reminiscent of the complex, opaque and fragmented structure of the Thames Gateway's governance. Not sustainable 'urban villages' but gated Gateway communities amid Gateway ghettos.

Any prospect (or threat) of the democratic and community led 'civic Gateway' hailed by New Labour - replete with participatory design, participatory budgets, citizens' juries, neighbourhood charters and possibly community managed assets - is effectively buried under the dense meshwork of developer-dominated governance.

[1] For example, the EU Ministerial Informal on Sustainable Communities in Europe (Bristol Accord, 2005) and John Prescott's 'sustainable communities' agenda for the UK.

[2] 'The South East Region', by P. John, A. Tickell and S. Musson, in England The State of the Regions, J. Tomany and J. Mawson (eds.), Bristol: The Policy Press, 2002.

[3] Ibid.

Penny Koutrolidou <p.koutrolidou AT bbk.ac.uk> is a lecturer in regeneration and community development at Birkbeck College, and she is currently working on the effects of local development and governance on inter-group relations

## **Blue Skies Over Bluewater**

By Michael Edwards

The Thames Gateway looks set to be the latest in a long line of ‘great’ British planning triumphs including Milton Keynes and London’s Docklands. But is it possible it could be worse than either of these?

Michael Edwards is a professor of planning at the Bartlett in London. Here he analyses the likely outcome of the Thames Gateway project, and offers his own alternative vision for redevelopment

The Thames Gateway project poses daunting choices for those with the power to decide on the future development of South East England. Government and the Mayor of London both agree that most of the region’s growth should be concentrated in the Thames estuary. They share the assumption that London has to expand East, not West, and that the supposed rationality of capitalist growth is the only telos in (or out of) town.

But is this even a good project on its own profit-driven terms? A toxic mix of de-regulation, state subservience to corporate interests, political cowardice and collective amnesia about how to do urbanisation, all the signs are that Thames Gateway will be UK regeneration plc’s biggest debacle so far.

It doesn’t have to be this way. The new city could be a laboratory for innovation in ways of living, ways of building and ecological relationships. The reality may be somewhere in between. In this article I will sketch my worst and best case scenarios. First, a bit of background.

### **Capital Problems**

London is a problem region and its eastern part has special problems. London sucks in wealth created around the world, staffs its hospitals and services with people trained in poorer countries and drains the skilled people from much of the UK.[1] Meanwhile its internal unemployed ‘surplus population’ (of many ethnic groups including poor whites) remain largely overlooked within the city, squeezed between low wages or benefits and high living costs.

One result of this sucking in of resources and of highly educated people is economic growth, hailed as ‘wealth creation’. The growth package comes with expanding employment and population and even faster price increases, especially for housing. The government and the Mayor of London just welcome all this expansion and insist that London somehow has to go on growing. We are told that any restriction of this growth could kill the goose that lays the golden egg: investors would go elsewhere.

racial mapping

Image: Racial Mapping of TG, <http://www.bartlett.ucl.ac.uk/planning/images/fig1white.tif>

Expansion along the radial corridors to north, south and west could be a good solution but there is a taboo on that because of the strength of resistance from the property-owning classes who defend themselves so vigorously in the green belt round London. The county of Buckinghamshire fought off the threat of urbanisation in the 1960s by telling the government that, in return for preserving the leafy Chiltern Hills, they could have a free hand around the stinking brick kilns (and Labour voters) of Bletchley. That’s how we got Milton Keynes. Now we get the Thames Gateway for much the same reasons: the people east of London could do with more jobs and the NIMBY forces simply are less powerful out that way.

London has a long history of problems to the east. This is where the most polluting industries went, outside the environmental and safety controls of the old London County Council – east of the River Lea on the north bank and east of Greenwich on the south bank. It was the backyard of London with power generation, garbage disposal as landfill in the Mucking marshes, car-breaking and the rest. It also had the Ford plant at Dagenham, oil refineries, cement, armaments, paper and cardboard manufacture among its main industries. With the destruction of manufacturing in the UK since the Thatcher period this part of England suffered catastrophic job losses which produced an abandoned working class and a fertile ground for racism.

A bit away from the rivers, the east has long been a dormitory area to which east Londoners have moved when they could afford to do so, and these movements have been disproportionately of white people. London itself may (and should – see Mute Vol2 #2) celebrate its diversity but at the edges of Greater London and especially in the counties beyond its boundaries the social landscape is very white.

Employment growth has been strongest in central and western London. That trend follows the market, reinforced by decisions to expand Heathrow and by Ken Livingstone's determination to foster finance and business services in the centre. London cannot house its growing labour force so it has to suck more commuters in from outside – especially from the dormitory areas of the east which are the least self-contained parts of southern England. From the point of view of employers in the City, West End and Docklands, their future growth depends on even more commuting from Kent and Essex. But the trains which bring them in are jam packed and central London employers (and property owners) are pushing for investment to increase their commuter capacity. Services from Kent will start running on the Channel Tunnel Rail Link tracks in 2007 and there is strong pressure for that to be followed by 'Crossrail', although the wider economic and social justifications for it are weak.

jetty

Ken Livingstone now has some influence over the privatised suburban railway system of the region, but Transport for London (TfL) is struggling to find ways to enlarge the system's capacity to get the new workers in to the centre, even with massive state investment and maintaining a 2006 level of overcrowding on the trains. And it is very wasteful: every packed train coming in to the centre runs back nearly empty for the next load of Kent and Essex commuters. This is less of a problem going out of London in other directions to places such as Milton Keynes, Watford, Reading and Gatwick. There are more jobs out there and thus more reverse commuting. Major population growth in the east thus has disadvantages from an energy point of view.

Another problematic feature of this eastern region is ecological. The modern parish of Mucking, for example, has been described as one of the most derelict on the north shore of the Thames (Astor, 1979): the higher land worked for sand and gravel, and the marshes along the river covered by London rubbish (Middleton, 1994). The Thames Gateway needs a major investment to clean-up polluted land; the huge landfilled marshes at Mucking may be damaged beyond repair and many of the areas proposed for urban development are vulnerable to flooding – either now or as a quite likely result of global warming in the future.

### **Worst case scenario...**

If the Thames Gateway project goes ahead with some of these major challenges unresolved, pessimistic foresight suggests the following:

The cost of making it happen at all – building transport and social infrastructure as well as subsidies for clean-up of land – is an endless drain on state investment. The 2012 Olympic and Paralympic Games helps a bit in this respect because the sheer imperative of being ready on time for the Games permits normal decision-making and consultation to be compressed and ensures that budgets will be found to do roadworks and other bits of infrastructure in the national interest. Even that is not enough, however, and much of the infrastructure lags years behind the need.

#### megaterminal

The growth of the region's population and income in turn boosts growth of property values in the south of England, leaving the west and north of Britain to struggle. Government statements about regional policy – already very feeble – become even less convincing as state expenditure on the Olympics, and then on urban infrastructure and housing, further overheats the South East. As house prices (and rents) are driven up in this way, low- and middle-income people suffer worsening housing conditions, more overcrowding and dependence on housing benefits.

Mass private housebuilding firms are cajoled into building thousands of houses a year but each development serves just a single market segment and income group. The higher ground and fine landscapes get the 'executive' homes; the marshes and degraded areas get denser blocks of apartments, euphemistically called 'starter homes', and 'affordable' housing. The housebuilding industry remains profitable, though this is largely because selling prices are growing year after year: housing in Britain remains poor value for money in European terms and more than half of what you pay for a dwelling is payment for the scarcity of land, not for the dwelling. A steady influx of workers from eastern Europe cushions the construction sector from the need to modernise itself.

Apart from jobs in construction, the economy of the Thames Gateway grows only slowly, so its population remains dependent on long-distance commuting, mainly to Central London. There are more trains running, but they still have cattle truck conditions. Stratford, Ebbsfleet (a.k.a. Bluewater) and Ashford have high speed, and expensive, services to St. Pancras but many areas are only served, at best, by ludicrous extensions of the Docklands Light Railway – in truth just a tram – with dozens of stops between home and work. Anyone who has sat for an hour on the Athens tramway to the southern suburbs (built for the Olympics) will know what I mean.

Some prestige architecture will decorate this messy picture, with flagship projects here and there. There are wonderful designs by Zaha Hadid, AHMM, Bernard Tschumi and Colin Fournier... But these are fragments lost in a sea of mediocrity, dominated by routine architectural firms commissioned by big development companies and the 'Registered Social Landlords' who have already shown that they often do no better.

A lot of money is made even in a low-grade development of Thames Gateway. Pressure of demand for space in London is so strong that everything sells sooner or later and property values grow through the agglomeration of activity and the new infrastructure. But the profits from this are all private because successive governments have not had the nerve to hold any long-term land ownerships or equity shares. Governments insist on getting 'planning gain' contributions out of private developers for social housing, infrastructure and so on. But they do it in year one, just when the developers can least afford to pay and long before the trees have grown and the serious land values built up. In this worst case scenario it is always the state and public bodies that come to the rescue, firefighting on service provision, patching infrastructure. There may be some exemplary water-management and local-energy schemes – these are being promoted hard just now by the Deputy Mayor and likely to figure strongly in the next London Plan. But these schemes need continuing management to work and if all the profits

have been given away – either to initial developers or to individual owner-occupiers – these costs will be hard to cover.

panoramic

The British appear to have forgotten the positive aspects of the 20th century new towns programme. One of the great strengths of that programme was that it was financially sustainable in the medium and long term. Large-scale urban development involves heavy initial costs while the benefits are reflected only very slowly in rents and property values as each city matures. In the new towns of Britain the government agencies which built them retained ownership of a lot of the land and buildings and could thus recoup the investment and pay off the loans. This is just what we are failing to do in the Thames Gateway: as with Mrs Thatcher's Docklands project in the '80s, all the valuable assets end up in private hands and there is no flow of public or collective funds to pay for maintenance or services or repay the debts incurred in the initial infrastructure. [Editor's note: An early Thames Gateway plan was drafted by Michael Heseltine during John Major's government.]

### **And the best case...**

Instead of wallowing in amnesia, Britain's professions and politicians do a bit of remembering what their predecessors were good at, a bit of learning from foreigners and a lot of innovation. This is a more optimistic view from about 2025.

Thames Gateway develops, but more slowly than in government plans of 2006. This is partly because major elements of government and cultural institutions have been spread to other regions, partly because other development corridors are evolving: through Watford, Berkhamstead and Tring to Milton Keynes and Luton; through Surrey and Sussex to Gatwick and through east Hertfordshire to Stansted and Cambridge. London's old 'green belt' plan is being replaced with something more like the 'finger' plans of Copenhagen and Stockholm. Almost all those living in the new areas can leave home and walk one way to a good shopping centre and railway station, the other way to green space and allotments, stables or golf course. The choice between urban and rural situations is over: most people can have both, not just those in Hampstead, Richmond or Stanmore.

Within these new 'fingers' all the land has been taken in to the ownership of Land Development Trusts. They are very diverse but what they have in common is that they retain all the freeholds and grant building leases subject to ground rents which are annually revised in line with market conditions. This means that these collectivities gather about half of the growth in property values while the owner-occupiers or other users of land get the other half. It's a fair exchange because this revenue covers all the costs of infrastructure and services, maintenance of ecological systems and community services. It is a good long-term investment and is financed with bonds which have proved very successful in an increasingly volatile world financial system. These have been investments in real things (infrastructure and service spaces) which actual people use and pay for so they are more robust than the highly speculative investments which the geographer David Harvey called 'fictitious capital' – investments made in the hope of capturing some imagined future profit.[2]

From about the year 2000, many countries – led by the USA – created a new kind of tax-exempt investment company for holding real estate – 'Real Estate Investment Trusts' (REITs) there and with other names elsewhere. These brought a lot of new money into property investment, mainly in shopping centres, offices and so on. But from about 2005, these funds began moving into the large-scale ownership of housing on the assumption that money could be made by speculative selling or by jacking up the rents being paid by tenants. In Germany many hard-pressed municipalities and social housing organisations sold thousands of (occupied, tenanted) dwellings to these investors, causing severe alarm. Following the rent strike against Real Estate Investment Trusts across the whole

of Germany in 2008, international investors have switched from asset-stripping social housing to safer investments like this.

The bond-financed equity-sharing system used in the London region from 2007 is a modified version of the site leasehold system which gave us Bloomsbury in the 18th and 19th centuries and many other high-quality urban areas in Britain. In those early cases it was a private owner who held the freehold and thus got the long-term benefits – indeed it was mostly aristocrats. But the system works as well or better when the long-term owner of the collective rights is a public or collective body with no outside shareholders. It is similar to the Hong Kong system which produced half the income needed by the colonial administration, enabling tax to be kept very low. And it draws on the lessons from Britain's post-war new towns which Margaret Thatcher privatised just when the profits were really rolling in.

Another great innovation in the Thames Gateway has been in the configuration of street systems and shopping/service centres.[3] No longer do we have hierarchies of main and 'distributor' roads, with shops and services in isolated islands away from passing trade. Instead the frontages to main urban roads are all lined with shops, schools, offices and other services, with parallel service roads for cycles, buses, trams and cars. Passers-by can (and do) stop for services and everyone has shops within 10 minutes walk and a B+Q within 10 minutes drive. There is so much of this commercial space that rents for it are rather low and the new development areas have become a breeding ground for new business: only here can shopkeepers combine local customers, online customers and the regional customers who come and hunt them out. There are no double red lines here.

The London Plan has put a lid on further office development in and around the centre of London, just as Paris did to ensure that its suburban employment centres took off at La Défense and at Marne-la-Vallée. These two huge developments were not much use, however, to the impoverished residents of the working-class suburbs of Paris who have been widely excluded from the general economy – but they did show what could be done to make a region more poly-centric.

The British real estate fraternity were furious initially but now find there are plenty of good investments in these prospering London suburban nodes, and they are much less volatile than central London, which was all they knew about until about 2010. Communities living round King's Cross, the Elephant and Castle and London Bridge breathed a sigh of relief and got on with life, the threat of displacement much reduced.

Because employment growth in Central London has slowed, more jobs are being created out in the suburban nodes. There is quite a bit of reverse (outwards) commuting so the trains are used in both directions. The massive investment in Crossrail was not needed and has been re-directed into a better network mesh of routes linking suburbs, using a mix of trains, trams and buses.

But probably the biggest transformation has been in housing. Barratt, Persimmon and their like, whose main skill was managing their land banks and timing their developments, have re-directed most of their work to Dubai and Shanghai. In their place we have a whole new industry based on cheap and plentiful land supply. Users of land pay over the long run through their ground rents (see above) instead of up-front. A consortium of Stuart Lipton, Ikea and John Lewis dominates the production of modular building components so that building enterprises get economies of mass production whether they are big or small. It is the modernist dream come true but with a thoroughly post-modern outcome: every dwelling can be different. Whereas new housing used mainly to be aimed at first-time buyers and new households, current output targets a huge range of market segments – often in the same development. So thousands of elderly Londoners have moved out of their big houses and flats where they could afford neither the maintenance nor the Council Tax and now live in the Thames Gateway. The key attraction for many of them was dwellings with few but spacious rooms, bookable guest

rooms for visiting friends and families nearby, plenty of children and younger people around (but out of earshot) and an easy transition to more supported form of living as they get more decrepit. The housing associations, co-ops and developers which understood this, and the architects who helped them, have become immensely successful.

#### Future

Image: Slogan on a site in Hackney: a workshop demolished to make way for luxury housing. Photo Michael Edwards 2005

Part of the buzz in the Thames Gateway comes from this shift away from totally individualised housing, highly popular with people in all age groups including young workers. The growth of co-housing and of various forms of cooperatives has produced both a revived sociability and a major reduction in the environmental impact of falling household size.[4]

Another distinctive feature of development in the Gateway is the wide range of densities of building, ranging from 20 to over 1000 habitable rooms per hectare. All the developments have to meet a zero carbon emissions standard and all the low density developments have to make big net energy contributions to the local or national grid to compensate for the fact that their residents are bound to drive a lot more. A good example of the results is at Mucking in Essex where the high river terraces (with long views across and down the estuary) were intensely settled by Romans and Anglo Saxons in the first millennium. They were then removed by gravel quarrying in the 1970s and are now re-settled as a busy town, mostly below-ground, but with balconies, terraces and gardens on all the space not covered with photo-voltaic panels.

#### Conclusions

Thames Gateway is neither bound to succeed nor bound to fail. But it will be hard to make into a great success. It is not the kind of development which the property market, left to itself, would undertake. But government is determined to impose it on a reluctant market, aided by its success in securing the Olympics for 2012: the Games helps to keep the speculative housing bubble inflated and provides patriotic legitimisation for state expenditure.

[1] A. Amin, D. Massey and N. Thrift, *Decentering the Nation: A Radical Approach to Regional Inequality*, Catalyst, London, 2003. Doreen Massey, to follow, in *Soundings*, summer 2006.

[2] D. Harvey, *The Limits to Capital*, Oxford, Blackwell, 1982.

[3] On this see M. Edwards, 'City design: what went wrong at Milton Keynes?', *Journal of Urban Design* 6 (1): 73-82, 2001, <http://linkme2.net/9i>

S. Marshall, *Streets and Patterns*, London, 2004, Spon; Space Syntax  
<http://www.bartlett.ucl.ac.uk/research/space/overview.htm>

[4] See J. Williams, 'Innovative solutions for averting a potential resource crisis — the case of one-person households in England and Wales' *Environment, Development and Sustainability* 8(3): 1 – 30, 2006.

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Michael Edwards <m.edwards AT ucl.ac.uk> is a specialist in property markets and planning at the Bartlett School, UCL, in London [www.bartlett.ucl.ac.uk/planning](http://www.bartlett.ucl.ac.uk/planning). He is active in the London Social Forum on London planning issues. Blog at <http://www.michaelledwards.org.uk>