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Chapter 9

Neoliberal Urbanization in Europe: Large-Scale Urban Development Projects and the New Urban Policy

**Erik Swyngedouw, Frank Moulaert
and Aranxa Rodriguez**

This paper summarizes the theoretical insights drawn from a study of thirteen large-scale urban development projects (UDPs) in twelve European Union countries. The project focused on the way in which globalization and liberalization articulate with the emergence of new forms of governance, on the formation of a new scalar gestalt of governing and on the relationship between large-scale urban development and political, social and economic power relations in the city. Among the most important conclusions, we found that:

- Large-scale UDPs have increasingly been used as a vehicle to establish exceptionality measures in planning and policy procedures. This is part of a neoliberal “New Urban Policy” approach and its selective “middle- and upper-class” democracy. It is associated with new forms of “governing” urban interventions, characterized by less democratic and more elite-driven priorities.
- Local democratic participation mechanisms are not respected or are applied in a very “formalist” way, resulting in a new choreography of elite power. However, grassroots movements occasionally manage to turn the course of events in favor of local participation and of modest social returns for deprived social groups.
- The UDPs are poorly integrated at best into the wider urban process and planning system. As a consequence, their impact on a city as a whole and on the areas where the projects are located remains ambiguous.
- Most UDPs accentuate socioeconomic polarization through the working of real-estate markets (price rises and displacement of social or low-income housing), changes in the priorities of public budgets that are increasingly redirected from social objectives to investments in the built environment and the restructuring of the labor market.
- The UDPs reflect and embody a series of processes that are associated with changing spatial scales of governance; these changes, in turn, reflect a shifting geometry of power in the governing of urbanization.

Large-Scale Urban Development Projects as Urban Policy

Over the past fifteen years or so, local authorities—alone or in concert with the private sector—have strongly relied on the planning and implementation of large-scale urban development projects (UDPs),

such as museums, waterfronts, exhibition halls and parks, business centers, and international landmark events, as part of an effort to re-enforce the competitive position of their metropolitan economies in a context of rapidly changing local, national, and global competitive conditions. In many cases, these projects were supported by a majority of the local constituency, or at least by a silent majority. In other cases, they were initiated by means of "exceptionality" measures, such as the freezing of conventional planning tools, bypassing statutory regulations and institutional bodies, the creation of project agencies with special or exceptional powers of intervention and decision-making, and/or a change in national or regional regulations. On occasion, national governments became the main developers, setting aside both local authorities and constituencies.

This paper will examine the dynamics that have accompanied the implementation of large-scale UDDs in thirteen European cities within the European Union (EU). The analysis is based on research undertaken as part of a Targeted Socioeconomic Research Action (Framework IV program of the EU), "Urban Restructuring and Social Polarization in the City" (URSPIC). URSPIC examined whether large-scale UDDs, as emblematic examples of neoliberal forms of urban governance, contribute to accentuating processes of social exclusion and polarization, or whether they foster social integration and promote integrated urban development.¹ The project intended to contribute to the analysis of the relationship between urban restructuring and social exclusion/integration in the context of the emergence of the new regimes of urban governance that parallel the Europe-wide—albeit geographically uneven and, on occasion, politically contested—consolidation of a neoliberal and market-driven ideology and politics. The selected UDDs embody and express processes that reflect global pressures and incorporate changing systems of local, regional, and/or national regulation and governance. These projects, while being decidedly local, capture global trends, express new forms of national and local policies, and incorporate them in a particular localized setting. The selected UDDs are listed in Table 1 according to their city's ranking in the world urban hierarchy and their stage of development at the start of the research project in 1997.

Reordering the Urban: Large-Scale UDDs and the "Glocalization" of the City

Cities are, of course, brooding places of imagination, creativity, innovation, and the ever new and different. However, cities also hide in their underbelly perverse and pervasive processes of social exclusion and marginalization and are rife with all manner of struggle, conflict, and often outright despair in the midst of the greatest

Table 1: The Thirteen Case-Study Projects of the URSPIC Project

Type of City	Stage of the Project—1997		
	Design	Construction	Commercialization
World cities		ROTTERDAM (RANDSTAD HOLLAND) KOP VAN ZUID LONDON THE SOUTH BANK	
Euro-city	BERLIN ADLERSHOF		BRUSSELS ESPACE LEOPOLD/EU DISTRICT
Big town	COPENHAGEN ORESTADEN DUBLIN DOCKLANDS -INTERN. FINANCIAL SERVICES CENTRE ATHENS OLYMPIC VILLAGE	LISBON EXPO 1998 VIENNA DONAU CITY	
Secondary town		BILBAO ABANDOIBARRA BIRMINGHAM CENTRAL BUSINESS DISTRICT (CBD)	NAPLES CENTRO DIREZIONALE LILLE EURALILLE

Source: <http://www.ifresi.univ-lille1.fr> (select Programmes de Recherche and then select URSPIC).

affluence, abundance, and pleasure. These dynamics that define the urban experience have, if anything, taken on a heightened intensity over the past two decades or so. There is no need to recount here the tumultuous reordering of urban social, cultural, and economic life that has rampaged through the city. Many urban communities have been left in the doldrums of persistent decline and permanent upheaval and are still faced with the endless leisure time that comes with lasting unemployment. Others have risen to the challenge that restructuring sparks off and have plunged into the cracks and fissures that have opened up a vast arena of new possibilities of action and intervention, as governments and economies desperately seek out new niches for revitalizing the urban fabric.

These urban transformations, exhaustively documented in many academic research and governmental documents, have invariably been situated in the context of a transforming spatial political, sociocultural, and economic system. While economic processes were rapidly globalizing and cities were trying to carve out their niche within the emerging new divisions of labor, of production, and of consumption, political transformations—pursued by local, regional, and national governments of all ideological stripes and colors—were initiated in an attempt to align local dynamics with the imagined, assumed, or real requirements of a deregulated international economic system, whose political elites were vigorously pursuing a neoliberal dogma. Heralded by some as the harbinger of a new era of potential prosperity and vilified by others as the source of enduring restructuring and accentuated social polarization and marginalization, the urban arena became a key space in which political-economic and social changes were enacted. The new urban policy, developing in parallel with the new neoliberal economic policy, squarely revolved around re-centering the city. Old forms and functions, traditional political and organizational configurations, had to give way to a new urbanity, a visionary urbanity that would stand the tests imposed by a global and presumably liberal world order. Repositioning the city on the map of the competitive landscape meant reimagining and recreating urban space, not just in the eyes of the master planners and city fathers and mothers, but primarily for the outsider, the investor, developer, businesswoman or -man, or the money-packed tourist.

The urban turned into ruin in the devastating restructuring of the 1970s and 1980s. Rebuilding the city—as in the aftermath of a war—became the leitmotif of urban policy. Large-scale and emblematic projects were the medicine the advocates of the new urban policy prescribed. Accommodation of the EU's encroaching office expansion in Brussels, the Guggenheim museum in Bilbao, the new financial district in the Dublin docklands, the science-university complex Adlershof in Berlin, Copenhagen's Ørestaden project, and the 1998

World Expo in Lisbon, among many other examples that are dotted over the map of urban Europe, testify to the unshakable belief of the city elites in the healing effects that the production of new urban complexes promises for the city's vitality.

While we agree that large-scale UDPs have indeed become one of the most visible and ubiquitous urban revitalization strategies pursued by city elites in search of economic growth and competitiveness, we also insist that it is exactly this sort of new urban policy that actively produces, enacts, embodies, and shapes the new political and economic regimes that are operative at local, regional, national, and global scales. These projects are the material expression of a developmental logic that views megaprojects and place-marketing as means for generating future growth and for waging a competitive struggle to attract investment capital. Urban projects of this kind are, therefore, not the mere result, response, or consequence of political and economic change choreographed elsewhere. On the contrary, we argue that such UDPs are the very catalysts of urban and political change, fuelling processes that are felt not only locally, but regionally, nationally, and internationally as well. It is such concrete interventions that express and shape transformations in spatial political and economic configurations. They illustrate the actual concrete process through which postmodern forms, post-Fordist economic dynamics, and neoliberal systems of governance are crafted and through which a new articulation of regulatory and governmental scales is produced. UDPs are productive of and embody processes that operate in and over a variety of scales, from the local to the regional, the national, the European, and the global scale. From our vantage point, the urban project becomes the lens that permits the casting of light on (1) how the scalar interplay is etched into particular urban schemes; (2) how these projects, in turn, express the way forces operating at a variety of geographical scales intersect in the construction of new socioeconomic environments; and (3) how social polarization and exclusion/integration, as well as processes of empowerment/disempowerment, are shaped by and work through these forms of sociospatial restructuring.

This paper attempts to provide a panoramic view of changes in urban development strategies and policies in some of Europe's greatest cities. While being sensitive to the formative importance of local and national configurations, the case studies also suggest a series of similarities that point to a more general process of urban socioeconomic restructuring and of reorganization of the system of governance. The localization of the global and the globalization of the local become crafted in place-specific forms, yet they show perplexing—and often disturbing—common threads. In many ways, therefore, urban environments as constructed places are the condensed expression and

incarnation of the transformation of sociospatial processes that operate on a variety of articulated geographical scales.

Urban Redevelopment Strategies in the European City: Autocratic Governance, Monumental Spaces, and Mythical Imaginations

A New Urban Policy (NUP)? The Search for Growth and Competitive Restructuring

Despite the differences between the case-study projects and the distinct political-economic and regulatory regimes of which they are part, they share a new approach in urban policy that strongly expresses, at the scale of the urban, the main ingredients of a New Economic Policy (NEP). New Economic Policy is the policy platform of conservative liberalism. Contrary to what its ideology sustains, conservative liberalism has always maintained a very special and intimate relationship with state intervention (see Keil this volume). It seeks to reorient state intervention away from monopoly market regulation and towards marshaling state resources into the social, physical, and geographical infra- and superstructures that support, finance, subsidize, or otherwise promote new forms of capital accumulation by providing the relatively fixed territorial structures that permit the accelerated circulation of capital and the relatively unhindered operation of market forces. At the same time, the state withdraws to a greater or lesser extent from socially inclusive blanket distribution-based policies and from Keynesian demand-led interventions and replaces them with spatially targeted social policies and indirect promotion of entrepreneurship, particularly via selective deregulation, stripping away red tape, and investment "partnerships" (see Peck and Tickell this volume). The relationship between NEP, New Urban Policy (NUP), and UDRs is summarized in Figure 1 and will be explored further in the subsequent sections of this paper.

One of the key components of the new mode of socioeconomic regulation in cities has been a gradual shift away from distributive policies, welfare considerations, and direct service provision towards more market-oriented and market-dependent approaches aimed at pursuing economic promotion and competitive restructuring. In most cities, urban revitalization is presented as an opportunity to change economic hierarchies and functions within the urban region, creating new jobs and strengthening the city's position in the urban division of labor. In this way, the search for growth turns urban renewal into a mediated objective, a necessary precondition for economic regeneration. Although this general trend takes quite distinct forms in different cities (see Table 2 for a description of six of these projects), project-based urban interventions generally involve critical changes in priorities

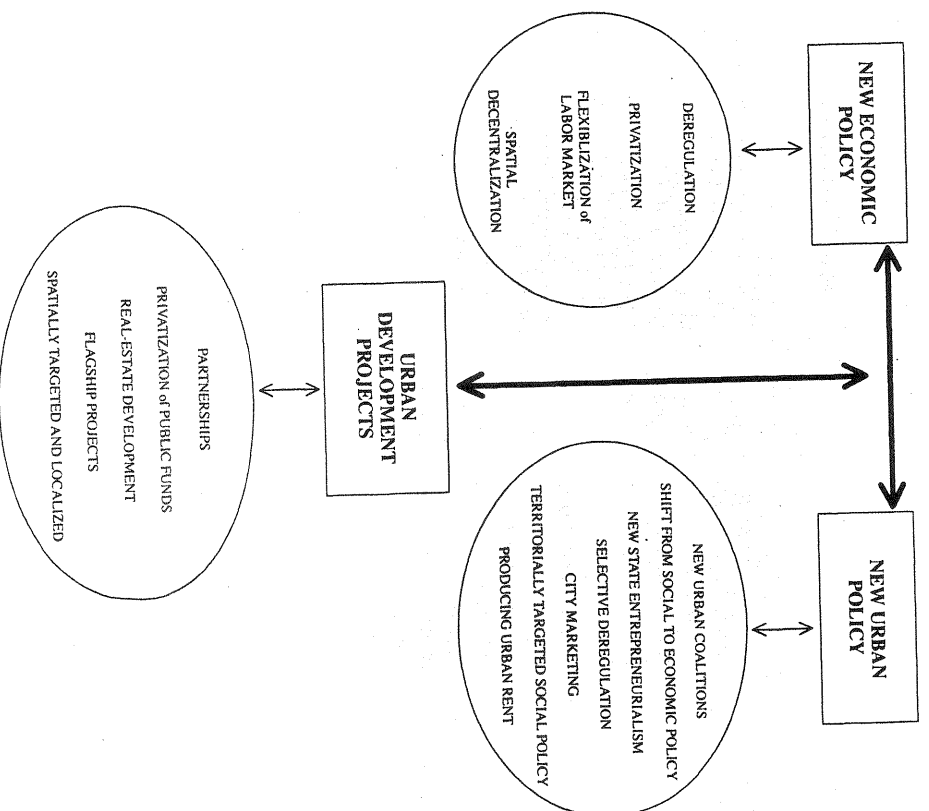


Figure 1: Relationship between NEP, NUP, and UDRs

and the ascent of a more assertive, dynamic, and entrepreneurial style of urban governance. Planners and local authorities adopt a more proactive and entrepreneurial approach aimed at identifying market opportunities and assisting private investors to take advantage of them. Table 2 also summarizes the developmental view promoted by the city's economic and political elites and the associated boosterist discourses that legitimize the projects and the associated institutional and regulatory framework.

State-led or State-based: The Myth of the Absent State

In contrast to discourses of market-led and entrepreneurial activity (risk taking, market-led investments), the UDRs are decidedly and almost without exception state-led and often state-financed. In a context of a liberalizing European metagovernance by the European

Table 2: The Role of UDPs in the City's Growth Strategy: Main Functions and Development Logic for Six Projects

Project	Size and Location New Functions	Main Development Logic
Berlin Adlershof	The development area is located in an outlying district (<i>Treptow</i>) in the Southeast of Berlin, 12 km from the center. It is connected to the suburban rail network. The area encompasses approximately 420 ha, with a site for science (R&D activities), a business area, a Media City, a university campus, a park, sites for trade and industry, and several residential areas.	Urban renewal logic. Its main objectives are the restructuring of old industrial areas, the promotion of a future vision for an improved labor market based around high-technology and advanced services, and supporting the formation of small innovative businesses in the field of technology, to create new urban mix of science, economy, media services, living, and leisure.
Bilbao Abandoibarra	Abandoibarra is a waterfront site of 345,000 m ² located in the heart of the city of Bilbao. Situated strategically on the edge of the 19th-century expansion of the city, one of the highest-income neighborhoods. The site is presented as the new cultural and business center for Bilbao. Two major sites, the Guggenheim Museum and the Euskalduna Conference and Concert Hall, are the key landmarks of a project that also includes the construction of 80,000 m ² for office space, a 27,000-m ² shopping center, a luxury hotel, university facilities, and 800 housing units, as well as an additional 122,000 m ² of green areas.	Urban renewal logic. The project aims to create a new directional center to lead economic regeneration in a declining industrial region/city; promote a postindustrial and international city, create a new economic structure, foster diversification of the urban sectoral mix, and support job creation in new and presumably dynamic and growth-oriented sectors such as culture and leisure.
Brussels Leopold Quarter (Quartier Leopold)	The Leopold quarter is a site of approximately 1 square km north-east of the city center. It was the first extension of Brussels (1837) beyond its medieval walls.	<i>From the developers' point of view:</i> capital accumulation facilitated by the rapid Europeanization and internationalization of Brussels.

Table 2: Continued

Project	Size and Location New Functions	Main Development Logic
Dublin Dublin Docklands Development Project (with International Financial Services Centre [IFSC] as flagship)	Original area covered 11 ha of downtown docklands on the north side of the river, which runs through the city center. This was subsequently widened to 29 ha and was recently extended to cover all 500 ha of the port area on both sides of the river.	<i>From the perspective of local government:</i> to assure the continuing presence and facilitate the further expansion of the European Union and related international institutions. Main objectives are: to provide office space to the EU and to whatever clients are attracted by Brussels' status as European capital; to reaffirm Brussels' role as Europe's capital and to cash in on the economic impact this has; and to raise the political and cultural position of the city in the European urban hierarchy.
Naples Centro Direzionale (CD)	110 ha immediately east of the city center. The area is adjacent to the main railway station and well connected via major roads to the city harbor, airport, and motorway network. Only half of the area has actually been developed. Mixed uses: mainly offices for public institutions (courts, regional parliament and related functions, Public Register, fire-brigade headquarters, church,	Discourse of modernization to create a postindustrial city. Because of its mixed use, the CD is supposed to contribute to the economic regeneration of the city and to improve its urban quality. As host location of public and private service activities, the CD is also supposed to decrease congestion in the historical city center.

Table 2: Continued

Project	Size and Location New Functions	Main Development Logic
Vienna Donau City	The Donau-City (a multifunctional UDP) is located near the Danube, covering a subcenter with a size of about 17.4 ha. The housing projects on the same riverside cover 41,507 m ² . The development axis—Lasallestrasse—runs across the Danube and connects the Donau-City with the inner city and the surrounding microregions on both riversides.	Presented as a "bridge to the future," fostering economic growth and the formation of an international image for Vienna; strong emphasis on symbolic capital formation.
	Commercial and residential development: housing (1500 subsidized flats), offices, shopping, leisure and cultural facilities, school and university buildings, research and development park, apartment hotel.	The Donau-City (including the Viennese site of the United Nations Organization (UNO)) is regarded as a flagship for Vienna, aimed at strengthening its role as an "international meeting place." The development axis is supposed to attract international business and foster and act as pivotal point in East-West (European) trade and investment; it offers housing for upper classes.

Commission, of national deregulation, of shrinking or stable social redistributive policies, of the outright exclusion of some groups at the national or EU level (for example, immigrants), and of an often narrowing fiscal basis for local urban intervention, UDPs are marshaled as panaceas to fight polarization, to reinvigorate the local economy, and, most importantly—an explicit goal of these projects—to improve the tax basis of the city via a sociospatial and economic reorganization of metropolitan space. In some cases—such as Lille, Rotterdam, Brussels, Copenhagen, or Birmingham—a mix of projects is presented. Regardless of the efficacy of such a mix, the main objective of these projects is to obtain a higher social and economic return and to revalue prime urban land. The production of urban rent is central to such urban redevelopment strategies. Closing the rent gap and cashing in on the produced revalorization of the

development land is a clear leitmotiv in most projects. Table 3 summarizes this for three of the case studies, but it is also clearly evident in Copenhagen, Brussels, Dublin, Bilbao, Athens, Vienna, and Birmingham.

Urban redevelopment is considered to be a central strategy in re-equilibrating the problematic fiscal balance sheet of local government. Spatially focused policies aimed at producing increasing rent income, altering the socioeconomic tax basis, and producing profitable economic activities are among the few options available, particularly in a context in which the structure of fiscal revenues is changing rapidly. As the financial-services sector and profit-making via global speculative transactions drain major financial means and investments, such activities simultaneously escape government control and generate very limited local fiscal returns. In such context, the revaluation of urban land remains one of the few means open to local governments to increase tax returns. Of course, closing rent gaps or producing high-rent-yielding spaces requires a production of built environments that permit significant surplus-value creation and/or realization. Yet the politics of rent-production through the production of the built environment has remained elusive in much of the recent literature on urban change.

Despite the rhetoric of market-led and privately covered investments, the state is invariably one of the leading actors in the process: in ten of the thirteen cases discussed in this paper, its role is outspoken. Risks are taken by the state, shared on occasion with the private sector, but given the speculative, real-estate-based nature of the projects, deficits are likely to occur. Traditional and well-documented processes of socialization of cost and risk and privatization of the possible benefits are central characteristics of most UDPs. While, in the past, invoking the social return of the projects legitimized such practices, they are now usually hidden behind a veil of creative accounting or by means of channeling funds via quasigovernmental organizations or mixed private/public companies. As can be gleaned from Table 3, in the cases of Berlin's Adlershof and Lisbon's Expo 1998, the state became increasingly involved in covering deficits, a condition true in many of the other cases. It is only in the redevelopment of London's South Bank that no state guarantee is involved and that the state only contributes through spending on social programs, training, and the provision of basic infrastructure.

A common theme is that most of the projects are decidedly rent-extraction-based. Their success rests fundamentally on (1) the production of potential extra rent and (2) the subsequent realization of the produced land rent. The employment and economic activity generating consequences of the projects, however important they may turn out to be, are all subject to the successful appropriation of the "manufactured" land rent embodied in the new built environment. The

Table 3: The Financial Risks of the UDP and the Role of the State in Three UDPs

UDP	Original Financial Construction (1997)	Financial Risks for the State
Berlin Adlershof	<p><i>Developers:</i> BAAG (Berlin Adlershof Aufbaugesellschaft mbH) is a developer with a trusteeship and negotiates between the public administration and the private investors. Main functions: public relations, consultation, coordination. A control group of seven state secretaries decides the development and the economic plan, as well as timing and funding. WISTA Management GmbH is the operating company and has been founded for the development and the marketing of the science and commercial technology site. It is a 100% subsidiary of the City of Berlin.</p> <p><i>Financing:</i> The main idea of the planning instrument applied in Adlershof is to use means from the trust fund to develop and open up the area to make it available for building. Property values are frozen for a set number of years, and a portion of profits is recaptured by the city when the land is sold to investors. This legal tool and its self-financing philosophy are highly dependent on an increase of the land-value levels, which makes them vulnerable to changes in the real-estate market. Since land prices have been declining since 1994 in Berlin and consequently in the development area, there is less turnover than expected, and the income from selling the land is too low for this plan to work out. As a consequence, BAAG receives loans in order to prefinance the development measures. Thus, the development of Adlershof depends mainly on public funding. Until now, there have been no financially strong investors. Furthermore, regional and national financial support is combined with money from the European</p>	<p>BAAG estimates that up to the year 2010, private and public investment will amount to 2.81 billion Euro in Adlershof. Of that, 2.19 billion Euro is estimated to come from private sources, while 610 million Euro will be public investments. Until 2000, only 23,1% of these resources were committed or already spent. By the end of 2001, 560 million Euro had been invested in Adlershof, mainly public funding.</p> <p>The debts of BAAG's trust fund reached 122.9 million Euro in December 1999, for which the state is liable. By September 2000, the level of indebtedness had risen to 127.3 million Euro.</p> <p>This growing debt puts a great burden on the public budget. The financial committee of the parliament agreed in June 1998 to invite the Auditor-General's Office to inspect the financial situation of the Adlershof project and of other development areas in the city.</p> <p>Today, in 2002, Berlin's financial situation causes great concern. The greatest number of large urban development projects (Adlershof is only one among several)—constitute a long-term drain on public finances. This is especially the case in the five development areas where the deficits have continuously risen. The commitment to the long-term financial scheme of the big projects is not matched by the</p>

Table 3: Continued

UDP	Original Financial Construction (1997)	Financial Risks for the State
Lisbon Expo 1998	<p>Structural Funds to build up the infrastructure on the science and technology site (WISTA); the non-university research institutions are supported by the state; most companies rely on subsidized rents and on different aid programs; the construction of the campus depends on funds from the federal government and the regional government (Land) of Berlin.</p> <p><i>Developers:</i> Parque EXPO 98 SA (a newly created state company) has extensive development powers and is underwritten by the Portuguese government; the social capital is entirely public; the main shareholders are the state and the municipalities of Lisbon and Loures. Parque Expo is the main shareholder of six other companies constituted to run the real-estate operation (Expo Urbe), Exposition 1998, and some of the facilities remaining after the exposition (the Oceanarium, the multipurpose pavilion, the refuse treatment plant, and the transport terminal, train, and metro).</p> <p><i>Financing:</i> The financial model was designed to implement the exposition at zero cost, not including the external operations supported by EU funds. The main revenues for implementing the Expo and the urban project came from the exposition and the sale of the land. However, the expected returns were not achieved.</p> <p><i>Parque Expo 1997 budget:</i></p> <ul style="list-style-type: none"> • Exposition (ticket sales, publicity, sponsors): 309 million Euro • Sale of land and property: 653 million Euro 	<p>expected tax income or the returns of sales of public land. They absorb financial resources that could be used for much-needed improvements in other areas. The impending fiscal stress was discussed at the beginning of the 1990s, but the policy-makers failed to reduce the projects to a reasonable number and size.</p> <p>Apart from being the main shareholder, the state guaranteed and provided the conditions for releasing the land at no cost to Parque Expo and for allocating EU funding of the project. The amount allocated directly to the Expo under the Urban Renovation Program of the EU's Community Support Framework was about half of the total sum for urban renovation for the whole country for five years—around 240 million Euro. The final balance between costs and revenues is still unknown. It was estimated that accumulated expenses until the year 2009 would make a total of 1850 million Euro, of which 375 million Euro were financial costs (Parque EXPO 98, Budget Report, Lisbon, March 1999). The main changes to the initial budget were the higher building and infrastructure costs and lower-than-expected revenue from the sale of tickets and sponsors (250 million Euro). In addition, Parque Expo will receive revenues (60 million Euro) from the sale of a few of the Expo pavilions to the state for the installation of administrative activities and cultural facilities.</p>