

URBAN ENTERPRISE ZONES AND THE BRUSSELS ZONE OF ECONOMIC EXPANSION IN THE CITY (ZEEC)

Brussels' policy instruments and strategies for mixed-use development in a European context

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When dispassionately evaluated, the evidence suggests policy can in truth do relatively little to change the basic trajectory of underperforming urban areas, but misguided policies can have very bad unintended outcomes on all cities. In other words, governments have limited power to directly improve urban economies and a great deal of capacity to damage them.
(Cheshire et al. 2014:6)

1. Introduction

Urban enterprise zones (UEZs) are part of a toolbox of spatial policy instruments that are used worldwide to stimulate economic development and growth (Briant et al. 2012, Givord et al. 2012, Green et al. 2001, Ham et al. 2012, IWEPS 2014, and Mayneris 2014). The Brussels Capital Region (BCR) will shortly introduce a UEZ along the canal Brussels-Charleroi, named Zone voor Economische Uitbouw in de Stad, or in English, Zone of Economic Expansion in the City (ZEUS-ZEEC). This zone will be used specifically to attract enterprises in deprived neighborhoods (BHG 2013, 2014a). The stimulation of job creation by attracting enterprises with fiscal benefits is used as a strategy to reduce unemployment. The ZEUS-ZEEC was approved by Ordonnance (BHG 2014a) in January 2014 but is not implemented yet, because the authorized Minister is awaiting an evaluation of several policy instruments for economic expansion, including the ZEUS-ZEEC (BHG 2008, 2015).

Researchers are mostly negative to moderately positive about UEZs because they do not reduce unemployment as they are supposed to do, because land prices rise in that particular zone, etc. (Givord et al. 2012, Green et al. 2001, Mayneris 2014, and Rousseau 2010). The underlying question is whether UEZs reduce or reproduce inequality? An analysis of international cases shows us that the *Zone Franche Urbaine* (ZFU) – the French variant of UEZs– of Roubaix, Lille, is an exception and is seen in its beginning period as very successful by researchers (Colomb 2007, Green et al. 2001).

How can we understand the success of Roubaix? Can we trace policy elements that have contributed to Roubaix' success that are transferable to other contexts? Can the BCR learn from the ZFU Roubaix to enhance the ZEEC' succeeding, so that the UEZ can rather reduce inequality instead of reproducing it?

In the first part of this paper we try to qualify territorial policy instruments in a broader political-economic context. Based on the social- and economic geographical insights about uneven development we place these policy instruments within the historical transition from Fordism to post-Fordism (Brenner 2004, Harvey 1989, and Swyngedouw 1997, 2002). We also look at how this transition is reflected in spatial policy instruments (Graham 2010).

In the second part of the paper we zoom in on the case of the ZFU Roubaix and compare it to the ZEEC. We describe the French and Brussels variants of UEZs, we make an inventory of the effects of these spatial policy instruments, as well as of the arguments used to explain the success of the ZFU Roubaix.

Every listed effect and argument related to the ZFU Roubaix will be compared to the ZEEC in Brussels. We make use of policy documents, reports and literature about the functioning and effects of UEZs.

2. Territorial policy instruments in a broader political-economic perspective

2.1. Rescaling and fragmentation

Until the 1980s, other strategies were used than those we know today by European governments to conquer uneven development on their national soils. The concept of *spatial Keynesianism* describes a body of spatial policy instruments and strategies used on a national scale to influence the geography of capital investments (Brenner 2004, Harvey 1989). These planning strategies can we see as a way to spreading, managing and softening the inequality within the national boundaries.

Brenner (2004) describes a transition of policy making at the national level to policy making at smaller scales (local and regional level) starting in the second half of the 1970s. He depicts this transition as the emergence of *new state spaces* as a result of the use of *urban locational policies* which causes new patterns of geographical uneven development. Policy shifts from a redistributive agenda towards a growth oriented agenda and the enhancement of territorial competitiveness. This fragmentation of policy spaces happened in a context of heavy deindustrialization causing an immense structural unemployment on the one hand, and a weakening of the fiscal revenues of cities by a continuous suburbanization on the other hand (Harvey 1989; Fainstein 1991). We can link these processes of rescaling also to a parallel transition in governmentality, namely of a controlled economy (Fordism, Keynesianism) to a rather *reregulated economy* (post-Fordism) and see a growing importance of the local scale against the backdrop of globalization known as *glocalization* (Brenner 1999, Peck et al. 2002, Swyngedouw 1997). *Urban locational policies* are seen by Brenner (2004) as an attempt to answer to the heavy deindustrialization and the unification of the European market. They are place- and scale-specific regulatory interventions, used to regulate urban development, and include *state spatial projects* and *state special strategies*.

Graham (2000) observes a parallel shift in the realm of urban planning, which he describes as a *splintering* of urban planning. Policy spaces, who before were experienced as coherent and comprehensive spaces, become divided in whether or not contiguous fragments since the 1980s. Examples are cultural, heritage and sporting zones, business improvement districts, enterprise zones, technology zones, shopping malls etc.

We situate UEZs, like the ZEEC and the ZFU Roubaix, within this broader political-economic perspective of rescaling and identify them as forms of a splintered urban planning.

2.2. Competition and rivalry

After the 1980s, governments change their strategies to answer to the deindustrialized economy by trying to enhance the supranational competitiveness of their strategic cities and city regions.

Where site- and scale specific interventions were previously oriented on intranational and intraregional redistribution, they are more and more oriented to the strategic positioning of major cities in a broader global and European history (Brenner 2004). To attract investments, local authorities try to put themselves in the spotlight by taking a series of initiatives to revitalize local economies. Where once by

national borders the intercity and interregional competition could be somewhat buffered, this competition just fanned by the unification of the European economic market. This means that cities and regions, more than before, become each other's competitors in attracting investment capital, companies and funds. The fragmentation and competition also takes place on smaller scales, namely –such as Graham (2000) cites above – in terms of zoning within one region or even within one city.

2.3. Metropolitan regions

Starting from the 1990s, we see that local authorities try to organize themselves again on a larger scale in the form of metropolitan regions. These are mainly European regions that are already embedded in or connected with European and global circuits of capital and transport networks (Brenner 2004). The parties assume that removing or mitigating the competition within the region, makes them more competitive on a supraregional scale. The ZFU Roubaix works within a metropolitan spatial planning framework – Colomb (2007) speaks of a *metropolitan consensus* – where one has managed within the Lille region to weaken the internal competition between the municipalities.

Some metropolitan regions manage to weaken competition within the region and to achieve a form of territorial cohesion. Below we'll see that implementing a ZFU within a *metropolitan consensus* operation indeed may partly explain the success of the ZFU Roubaix (Colomb 2007). In some cases, UEZs within metropolitan regions, can thus be seen as a tool to combat social and spatial polarization within a region. Today, the BHG is not operating within a metropolitan spatial planning framework. However, it is important to mention the competition-weakening operation within metropolitan regions. The competition arising from the relocation of jobs and businesses to a UEZ, is accepted to some extent because local governments are cooperating. The *affected* areas within the region can then rely on accompanying measures such as investment in urban renewal, building a network of public transport with extra stops, etc. (Colomb 2007).

Areas outside the metropolitan region are less fortunate. Brenner (2004) describes the formation of metropolitan regions as a particularly aggressive form of rescaling. While they weaken the interregional competition, the metropolitan levels increase instability on interregional scale. This is partly because inequality is going to (re)organize according to principles of connectivity and disconnectivity. Who is not or less well connected and thus has difficult access to services, training, work etc. starts from a weaker position to connect to society.

3. Comparative case study between the ZFU Roubaix and the ZEEC of Brussels

Since many years, both the BCR and the region of Lille are confronted with the challenge to deal with a vast and structural unemployment. The ZFU Roubaix is considered as a pretty successful territorial policy tool to address unemployment (Colomb 2007, Green et al. 2001). The numbers used to legitimate this success are among others an increase of 5.000 jobs between 1997 and 2001 in the ZFU (60% business transfers and 40% new businesses), primarily in the service sector and in construction. Hereof, a little more than 20% or approximately 400 jobs went to local inhabitants¹. In *table 1* we give an

¹ Despite this success, one speaks of *the paradox of Roubaix* (Colomb 2007). This paradox is similar to the paradox of the BCR, namely a parallel presence of a big amount of jobs and a vast unemployment.

overview of the important characteristics of the ZFU Roubaix and the ZEEC. Subsequently, we discuss the effects of UEZs and the arguments that are used to explain the success of the ZFU Roubaix.

Table 1 – Overview of the important characteristics of the ZFU Roubaix and the ZEEC Brussels.

	Zone Franche Urbaine Roubaix, France	Zone of Economic Development of the City, Brussels
Objective	Job creation for residents of the zone. Attracting economic activity as leverage of city renewal.	Job creation for residents of the zone. Attracting economic activity as leverage of city renewal.
Actors	The central government allots zones based on criteria of ‘deprivation’ and a system of auction.	The Brussels regional government allots zones based of criteria of ‘deprivation’. Authority of the regional administration Brussels Economy & Employment ² (BEE).
Zoning allocation criteria	5 criteria: <ul style="list-style-type: none"> > 10.000 residents. Unemployment of 25% lower than the national average. The share of youngsters <25 years is higher than 36%. The share of youngsters >15 years without qualifications is higher than the national average of 29%. A local tax potential lower than 3.800FF per resident. 	3 criteria, of which the average has to be lower than the average of the BCR: <ul style="list-style-type: none"> Unemployment. The share of unemployed people with the profile of worker. Income per tax return.
Location	1 of the 44 ‘Quartiers en difficultés’ spread over France, and part of the metropolitan region of Euralille. Roubaix is the only ZFU that is located in the city center.	1 Zone of ‘deprivation’, located on both banks of the canal Brussels-Charleroi, from Vorst to just past the site of Tour & Taxi (<i>see figure 1 & 2 below</i>).
Size	525ha. ³	Estimation between 550ha and 650ha. ⁴
Which companies are eligible to be chosen?	Small companies of max. 5 employees.	Micro, small, medium and large companies with a place of business in the zone. A minimum of 3 employees. No account is taken of the amount of jobs per m ² .

² The Brussels regional administration in Dutch: Brussel Economie & Werkgelegenheid.

³ The average surface of a French ZFU is 189ha. Only 4 ZFUs are bigger than 300ha, among which the ZFU Roubaix (Green ea. 2001:58). This shows that also the Brussels ZEEC has a big size in comparison with the average French ZFU.

⁴ For now, we haven’t found any numbers of the exact size of the ZEEC, so we made an estimation to be able to compare the size of the ZEEC with the ZFU Roubaix. The canal area of the BCR covers 9,2% of the territory and has a surface of 161,4km² (ATO-ADT 2013). The ZEEC is a little bit smaller than half of the canal area. Therefore, we estimate the ZEEC covers 4% of the surface of the BCR.

	No account is taken of the amount of jobs per m ² .	
Company benefits	Most important benefits: Exemption of municipality tax for 5 years. Exemption of surface tax for 5 years. Partial exemption of employee tax (social security, work accident insurance) for 5 years.	Benefits: Partial takeover by the government of the annual salary and social contribution of staff who live in the zone: 30% in year 1, 15% in year 2. Partial exemption of surface tax: unlimited in time as long as the criteria and constraints are respected.
Conditions for companies to get involved?	20% local recruitment.	30% local recruitment of residents living at least 6 months at the moment of recruitment.

Sources: BHG (2014a, b, d), Briant et al. (2012), Colomb (2007), Green et al. (2001) IWEPS (2014), Mayneris (2014), République Française (2015a, b) – own assembly.

3.1. How do urban enterprise zones work?

Below, we give an overview of the effects of urban enterprise zones. The size of this paper keeps us from giving a complete overview. The high costs per job created⁵, processes of gentrification (Rousseau 2010), and short-term effects (Green et al. 2001, Mayneris 2014) will not be addressed for now.

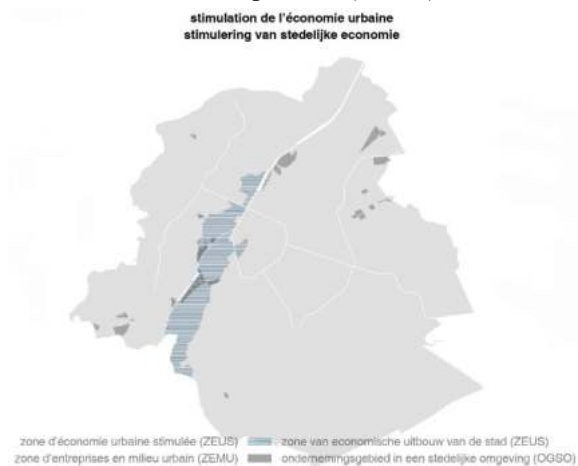
Rising land prices who price away businesses: Green et al. (2001) notifies the increase of price of buildings and available parcels within the ZFU Roubaix. He warns that this markup can have a negative effect on the attraction of new enterprises. Not only new enterprises might no longer be attracted by rising land prices, but also the existing companies can be priced away through mixed-use development (Wolf-Powers 2005), with a risk of relocation or even disappearance of jobs. Real estate agents probably will start speculating to maximize the benefits of their properties (Smith 1987, Swyngedouw 2002). Companies in for example the construction sector – one of the growing sectors in the ZFU Roubaix – pay lower rent and land fees than offices or lofts. Rousseau (2010) counts at the end of 2009 400 lofts in Roubaix and describes the rise of forthcoming loft development since a change of the political majority who's policy switched from countering inequality to maximizing benefits by closing the rent gap;

We can describe this as competition on a micro level, namely on the scale of a parcel. With the splintering of space by private property we see mechanisms of competition arise who are placed in time, namely between the actual and the future use of the parcel. The pricing away of functions who are less profitable is described in literature as *speculation*, *closing the rent gap* and *property-led development* (Smith 1987, Swyngedouw et al. 2003, Wolf-Powers 2005). We wonder whether this mechanism happens systematically in UEZs or even, whether it is inherent in their functioning. If so, we have to ask ourselves to what extent it is desirable? If one wants to preserve the companies within the zone then the government should take accompanying and support measures to keep the land prices for economic activities under control (Wolf-Powers 2005).

⁵ Green et al (2001) counts more or less 27.000 US Dollar per job created.

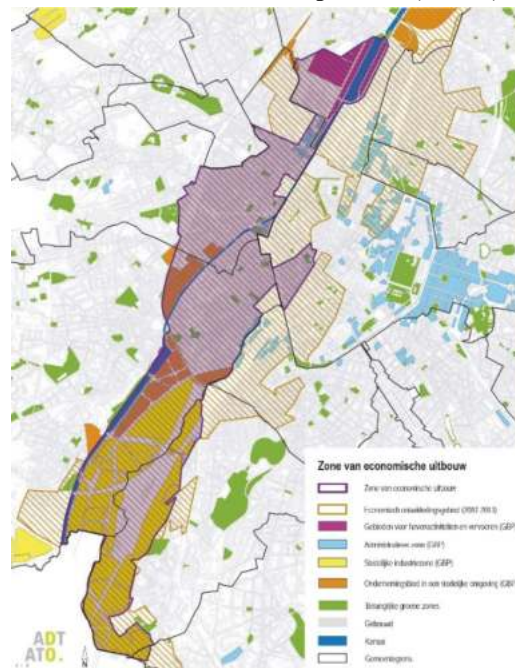
Mechanisms of speculation are already taking place at some parts of the future ZEEC along the canal Brussels-Charleroi, especially in those parts where the BCR changed zoning plans from monofunctional development to mixed-use development by adding a residential function to the existing industrial function. These areas are called *Ondernemingsgebied voor Stedelijke Ontwikkeling* (OGSO) or *Enterprise Area for City Development* (EACD). Private developers and investors, like for example Atenor in the EACD Biestebroek area in Anderlecht, are buying land and clearly prefer residential and other profitable development over industrial development. That means that the amount of affordable land for industrial development is already shrinking and that land prices in some parts of the future ZEEC become too expensive for industrial activities. Here we see that the policy of the EACDs is conflicting with the policy of the ZEEC: the upzoning to mixed-use development actually increases speculation and prevents the ZEEC to achieve its objective of attracting enterprises that create jobs for low-skilled people because of the disappearance of affordable land.

Fig. 1 – Location of the Brussels Zone of Economic Expansion (ZEEC)



Source: GPDO 2014 – map 6 Economic Development

Fig. 2 – Zoom on the Zone of Economic Expansion (ZEEC)



Source: GPDO 2014:91

Effects of displacement: Research of Mayneris (2014) shows that when we see a growth of the establishment of companies and an increase of the amount of local jobs, effects of displacement are involved. Effects of displacement or business transfers can be qualified as mechanisms of competition on a local scale whereby the periphery of the zone is forced to compete with the zone itself. During the first 3 years of the ZFU Roubaix, between 1997 and 1999, already 40% of the companies in the zone were transfers and came from another area within the metropolitan region of Lille (Green et al. 2001). Colomb (2007) mentions that only 2 years later, in 2001, already 60% of the companies in the zone were transfers.

Where Mayneris (2014) describes business transfers as a negative effect, Colomb (2007) writes how in the ZFU Roubaix those transfers were part of a deliberate strategy to attract decentralized enterprises to

the city center of Roubaix. This is confirmed by Green et al. (2001). Colomb therefore concludes that an urban enterprise zone is a suitable policy tool to strengthen polycentric cores and to counteract the suburbanization of enterprises.

In the Brussels ZEEC it is likely that a significant proportion of companies will come from the surrounding areas of the zone. These already existing but relocated companies will probably not create new jobs, but will merely be attracted by the fiscal and other benefits. Our hypothesis is that competition will take place between the company locations in and around the zone. Important for the BCR is to consider whether it is desirable to instigate such a mechanism of competition in the surrounding area of the ZEEC.

Few or no benefits for local residents: Green et al. (2001) notifies a significant increase of companies in the ZFU Roubaix. Data between 1997 and 1999 show an increase of 544 companies. Unfortunately, there are no numbers available about the permanency of the created jobs. Mayneris (2014) disputes the permanency of jobs. He concludes for all French ZFUs that residents of the enterprise zone might come out of unemployment a little bit faster than non-residents of the zone, but only to a small degree and only for a short time. Further research is needed to determine the permanency of the jobs and the settlement of enterprises, because also Green et al. (2001) can't find any positive long-term effects for the whole of all the French ZFUs.

Following these conclusions, this might imply for the Brussels ZEUS that the jobs created for local residents could not be permanent, but will only be there for the duration of the fiscal and other benefits.

Nevertheless, it's difficult to trace demographic data that can bring possible long-term success to the surface, because local residents climbing on the social ladder tend to move out of the neighborhood (Mayneris 2014). We haven't found any research until now⁶ that took data from out of the urban enterprise zone into consideration. Especially in neighborhoods that function as an *arrival city*, there is a strong correlation between social and residential mobility (Oosterlynck et al. 2012, Saunders 2011). In *arrival city neighborhoods* the data about unemployment, income etc. often stay the same or even become worse. This makes people often think that no effort is worth its cause, because it seems that nothing is changing. Saunders' (2011) identifies this way of looking as a static way of looking at those places. His research shows that if we continue to look at those neighborhoods only as static spaces of miserable living conditions, we miss a big deal of what is really going on. He introduces a dynamic perspective demonstrating a continuous passage of people coming and going. Migrants moving in, climbing on the social ladder, and moving out of the neighborhood. In some cases we could say that the people moving out are taking their success with them.

Linking social to residential mobility has big implications for measuring the success of this policy tool in neighborhoods that function as an arrival city, which is the case for large parts of the Brussels ZEEC. We estimate that few or no changes will be detected in the social-economic living circumstances of its local residents, as long as the residential mobility is not taken into account. Further research could clarify if and to what extent UEZs function as social mobility machines in arrival city neighborhoods.

⁶ We continue to look for it.

Mainly small and mobile companies: Mainly small and mobile companies are attracted by the fiscal benefits of UEZs (Givord et al. 2012, Green et al. 2001, IWEPS 2014, Mayneris 2014). This is also the case with the ZFU Roubaix (Green et al. 2001). The question is whether these small companies – in France there is a limit of 5 employees – are able to solve any structural unemployment of an area?

In the Brussels ZEEC there is no such limit and all enterprises with a minimum of 3 employees can make use of the benefits. Nonetheless, if we examine the degree of participation of enterprises of the existing policy⁷ of economic expansion in the BCR, we see that micro enterprises⁸ are represented the most. Their degree of participation balances between 57% and 74% depending on the type of subsidies to be granted, for the year 2013 (BHG 2014c). This might indicate that also with the ZEEC, which is seen as a measure of economic expansion, especially micro enterprises will make use of the support measure. We wonder if and to what extent micro enterprises are really able to create enough volume of new jobs to help conquering the vast and structural unemployment of residents within the ZEEC? Beside it, there is a considerable risk that a significant part of the companies will move out of the ZEEC from the moment the support measures end.

3.2. Circumstances that enhance the succeeding of a UEZ

Some researchers pinpoint the ZFU Roubaix as a successful exception (Green et al. 2001, Colomb 2007). Therefore, we will pay extra attention to the circumstances that are used by the researchers as arguments to explain this success. We also try to put these circumstances within a broader political-economic perspective.

Metropolitan consensus or collaboration on a bigger scale, a strong leader: Under the impulse of Pierre Mauroy⁹ the four municipalities of the Euralille region – Lille, Roubaix, Tourcoing and Villeneuve d'Asq – came to a *metropolitan consensus*. This consensus, the making of which was a process of 25 years (!), made it possible to implement the ZFU Roubaix (Colomb 2007). The municipalities started working together on a bigger scale. Together, they made a strategic plan about what spatial interventions were needed in what zone of the region with the objective of transforming the deindustrialized economy. According to Colomb (2007), this collaboration through consensus on a metropolitan scale plays a crucial role in the improvement of the social-economic circumstances of the residents of Roubaix. Brenner (2004) describes how the social-economic circumstances of an area can improve by weakening the mechanisms of competition between local governments. In that sense, the collaboration of a metropolitan region is indeed a way to counteract inequality in certain areas.

In the BCR there is no such collaboration on a metropolitan scale and we do only detect some informal collaboration on an interregional scale. This means that inevitable mechanisms of competition will play on different levels the day the ZEEC is implemented. On a local level there will be competition within the municipalities themselves (the ZEEC never overlaps totally with one municipality). There will also

⁷ The support measures of economic expansion exist in many ways: subsidies for research by research bureaus, subsidies for travel to international trade fairs, investment subsidies etc.

⁸ A micro enterprise in the BCR is a company with less than 10 employees.

⁹ Some elements of the biography of Pierre Mauroy (1928-2013) which shows his knowledge of and his access to the highest political networks and administrative functioning on different government levels in France: Prime Minister of France from 1981 until 1984, Mayor of Lille from 1973 to 2001, President of Lille Métropole Communauté Urbaine (LMCU) from 1989 until 2008 (Wikipedia 2015).

be competition between the Brussels municipalities on a regional level, and an interregional competition will arise with the municipalities on the border with Flanders.

Degree of physical isolation: Briant et al. (2012) writes that the success of French ZFUs depend on the degree of their physical isolation. He defines the degree of isolation as the connection of the zone to principal lines of public transport, the centrality of the zone (proximity to services for example, and the presence of urban ruptures who make it impossible for commuters to go to work. This is confirmed by Green et al. (2001) and Mayneris (2014), who add an extra dimension, namely the availability of land. If the needed competences for the job profiles are not present with the local residents, managers need to be secured that they will be able to attract commuters with the needed profile.

The ZFU Roubaix is the only French UEZ of the first round (1996) that covers a city center. Green et al. (2001) sees this central position of the zone as an explanation of its success. In the city center of Roubaix we can find all kinds of public services and it was already well connected to public transport in the 1990s.

In the ZEEC we find areas that are well connected and areas that are not well connected to public transport. There is no public transport along the canal. Neighborhoods like Kuregem and Birmingham are very accessible. Main thoroughfares, like for example Saintelette, might function as barriers. As we have seen in the chapter about *Rising land prices who prize away companies* speculation on land is already going on in some parts of the ZEEC, especially in the EACD mixed-use development zones. Further research is needed to make an inventory of available and affordable land and buildings for companies. Further research is also needed about how the different parts of the ZEEC will function according to their degree of accessibility/isolation and the proximity of the city center.

Comprehensive approach combining different policy tools: The ZFU Roubaix is part of a comprehensive approach of the city center of Roubaix, combining urban renewal and spatial interventions with a whole package of measures to improve the social-economic circumstances of the local inhabitants (Colomb 2007). Colomb describes how economic development and investments are linked to training, integration and insertion programs for unemployed people. This policy of insertion obliges projects funded by public money to recruit jobs for local residents. This rule is explicitly stipulated in the open tendering procedures of construction projects financed by public investments. Training programs focus on skills of reception and communication, because these competences were not present with the local residents after a long career of factory work. Also Green et al. (2001) and Mayneris (2014) point to the importance of combining spatial interventions with training programs to align the supply and demand of competences.

The researchers mentioned above, all point to the enormous importance of a comprehensive approach where training, integration and insertion programs are combined with spatial policy measures. This implies for Brussels that the succeeding of the ZEUS can be enhanced, if the fiscal and other benefits for companies are combined with training, integration and insertion programs.

Awareness of cultural/discriminating barriers: The municipality of Roubaix was aware of the fact that CEOs are not always fond of recruiting local residents. CEOs were not only concerned about the lack of competences in the area, but also had a cultural reserve (Colomb 2007). A special team of the municipality negotiated with companies to recruit local residents in exchange for public investment

(Colomb 2007). Next to this special team, the municipality has put other means into operation to stimulate the recruitment of local residents such as available land, management agreements, surveillance, cleaning services etc.

Following the actual debate in Belgium about the recruitment of immigrants or people from neighborhoods ‘to avoid’, such as 1080 Sint-Jans-Molenbeek, we see that also in the Brussels ZEEC cultural and discriminating barriers will play a role in the attraction of new companies. A lot of persuasion, consisting of extra support measures next to the benefits of the ZEEC, is needed to convince companies to recruit locally. On the one hand, we can ask ourselves whether the BCR is willing and able to go so far as to – what Colomb (2007) calls – a win-win arrangement for companies and the government? On the other hand, we can also question whether extra costs must be added next to the already high costs per job created in an UEZ?

Located in a European Zone of Development: Research about the functioning of UEZs in Wallonia (IWEPS 2014) can’t find any significant results of improvement of the unemployment rates between 2006 and 2011. UEZs who are located in a Zone of Development, give slightly better results than UEZs not located in a development zone. The IWEPS report (2014) tries to make a difference between new companies who made use of the benefits of UEZs and companies who made use of the support measures of the development zone. The use of support of the development zone was significantly higher and the report states a positive effect of this policy, where it doesn’t find any positive impact of the measures of the UEZs. Following these results, the report questions whether the benefits of UEZs are large enough to be really interesting for companies. This is a question about the costs that governments are willing to pay to attract companies to their territories. We also wonder if a territorial approach is well suited here. How do the budgets invested per job created relate to the budgets invested in policies of empowerment (for example training programs)? Fact is, that the ZEEC will overlap with the Development Zone 2014-2019¹⁰ which will be implemented in the BCR via the European Commission and the Federal Government. This means that, almost certainly, we can expect some positive results on a short term because the subsidies of the Development Zone will reinforce the functioning of the ZEEC.

4. Conclusion

Using the theoretical framework of Brenner (1999, 2004) about *new state spaces*, and the concept of *splintered urban planning* of Graham (2000), we start from the hypothesis that UEZs are part of a *post-Fordist-Keynesian* policy tool box that apprehends space as a collection of fragmented pieces of land whereby each piece of land has its specific problems, challenges and needs, and where we see a policy shift from a redistributive agenda towards a more growth-oriented agenda. We recognize this movement not only in the planning instrumentation in Brussels but also in other regions of Europe, including the *Zone Franche Urbaine* (ZFU) of Roubaix, Lille. Together with other comparable conditions between the two regions like a history of labor migration, labor market changes, deindustrialization etc. the introduction of a logic of growth in the planning instruments, makes the ZFU Roubaix an interesting case for a comparative analysis with Brussels. Next to the recognition of growth-oriented agendas of deprived areas as well in Brussels as in Lille, we would like to understand the possible socio-spatial consequences of this policy shift and thus see whether UEZs rather reduce or reproduce inequality. The *Zone of Economic Expansion of the City* (ZEEC) of Brussels is a special case, because it is not operative

¹⁰ The European Structural Fund EFRO-FEDER.

yet. In that way, this research tries to grasp the functioning of UEZs who are used by governments of deindustrialized cities and regions desperately looking for solutions to deal with structural unemployment. Thereby, we use the Brussels ZEEC as a test case.

Where growth is stimulated, processes of competition are unavoidable – in the case of UEZs as well on a local (intermunicipality) as on a regional (between municipalities) scale (Green et al. 2001, Colomb 2007, Mayneris 2014). An UEZ is thereby understood as a solution to conquer structural unemployment by making that zone grow through the attraction of enterprises, often to the cost of other zones through transfers of enterprises (Mayneris 2014). Looking at the costs that governments are willing to pay to attract these enterprises, the creation of jobs for low-skilled people can be conceived as a happy byproduct.

In our research to understand how UEZs work, we are not convinced whether they are able to reduce inequality, since they generate also perverse effects that function as hindrances to attain the objective of job creation for low-skilled people like mechanisms of speculation (Rousseau 2010, Wolf-Powers 2005), effects of displacement (Green et al. 2001, Colomb 2007, Mayneris 2014), only short-term effects because of the attraction of small and mobile companies (Givord et al. 2012, Green et al. 2001, IWEPS 2014, Mayneris 2014), and few or no benefits for local residents (Green et al. 2001, Mayneris 2014).

We see that in some cases, like in Roubaix, an UEZ creates local jobs, but under very specific circumstances. An UEZ doesn't work as a policy format, nor as a miraculous solution, that can be implemented by governments in any part of their cities to conquer unemployment. Research from a manifold of perspectives shows that an UEZ cannot function as an isolated policy measure, but it needs to be part of a comprehensive approach. Although this call for combining *soft* measures, like training programs, with a spatial policy measure like an UEZ, we can still question the fact whether we have to use policy measures to adjust habitants to specific needs of enterprises in a zone instead of doing it the way around and adjust the space around habitants to fulfill their needs and longings (Berardi 2011).

We would like to end this paper with a reflection on what happens if we look at the UEZ in Brussels from a more Keynesian perspective? Can we understand it as an attempt to soften the inequality, which was strengthened by former and current urban developments in areas such as the North Station or the European Quarters? Investing in the Brussels Canal Zone, which is situated in the west, could be interpreted then, as a way to restore a certain balance of government investment and policy between the richer south-east and the poorer west part of Brussels. The development of a growth pole along the Canal Zone, of which the implementation of an UEZ can be seen as a symptom, can be interpreted as a strategy to deal with inequality. Following this Keynesian perspective, space is indeed seen as a more coherent whole, but the mechanisms of dealing with inequality are fundamentally different from those of thirty years ago. We think that the territorial approach of the UEZ zoning policy stays manifestly fragmented, in the sense that the Brussels region wants to solve problems of inequality *in situ* and doesn't acknowledge that the origin of problems lay partly elsewhere (1) and that the region is not able to change its administrative/fiscal borders (2). Two examples to clarify this: (1) The increasing socio-spatial inequalities of Brussels with a big concentration of poverty and structural unemployment in the Brussels Canal Zone is not only caused in and through the Canal Zone itself. Although this is not the case, this view is implied by the policy instrument of the UEZ used as a way to resolve an unemployment problem within limited borders. The socio-spatial inequalities are the result of historical processes of labor market restructuring, and office and housing market dynamics at the scale of the Brussels region (Van

Criekingen 2012), combined with a discrepancy between the political delimitation of the Brussels Region (a member state of the federal state of Belgium) and the geographical urban region, and the administrative fragmentation of the Brussels Capital Region (Kesteloot et al. 2002). A more even spreading of affordable housing (social housing as well as rental housing on the private market) throughout the region would for example stop to push poorer people towards the Canal Zone. (2) This discrepancy and administrative fragmentation brings us to the second example which shows us that the Brussels region is bound by fiscal restraints. Although the economic flourishing of the Brussels region has positive agglomeration effects which do not respect the regional borders, these benefits are not reflected in a fiscal solidarity between the region and its periphery. The suburbanized municipalities around Brussels receive the agglomeration benefits through the Belgian fiscal system which makes commuters pay taxes in their home towns and not in their working towns. This leaves the Brussels region – and especially the west part – in continuous financial problems that forces the regional and local governments to continue to look for partial (and thus, splintered) solutions.

5. References

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