

▶ INTRODUCTION

Devolution, Regionalism and Local Economic Development

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The launch of *Local Economy* as a new journal in 1986 confirmed the arrival of a *local* orientation to economic development policy in the UK that had begun to emerge through the 1970s and was strongly reinforced into the 1980s (Eisen-schitz and Gough, 1993). As such the contributions to the journal highlighted a number of developments that were elevating the local scale as a focal point for innovative thought and practice in economic development policy. Here, the various expressions of ‘central government localism’ took their place alongside the alternative economic strategies of the metropolitan county councils, emergent themes of local partnership, inner city regeneration programmes and the growth of local authority economic development functions and departments. At this moment the ‘local’ had become a key site for economic policy making and implementation, for associated institutional innovation, and for political experimentation and opposition.

These developments embodied something of a shift in emphasis from previous patterns of sub-national economic policy formulation and implementation. For much of the post-war period, the regional scale had constituted simultaneously the site for important administrative and political settlements (Keating, 1997) as well as for interventions in economic development, particularly through attempts to *redistribute* economic activity between the UK regions. Yet, as numerous authors have demonstrated, redistributive regional policy was fraught with difficulties and inefficiencies, such as the high costs per job created, the economic fragility associated with the ‘branch plant syndrome’, the overly-broad coverage of regional supports, and the systematic failure to significantly

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alter regional economic trajectories (for a brief review see Atkinson and Moon, 1994, 111–5). In addition, as Parsons (1988, 194) argues:

‘... not only was the ‘effectiveness’ of regional policy increasingly in doubt, but so also was the relevance of the ‘region’ *per se* as a framework for academic analysis or object of government policy’

At this time, as Parsons demonstrates (1988, 194–8), the status of regional science and regional analysis had been effectively undermined by the force of economic restructuring and concomitant academic developments in geography and related disciplines, in turn fuelling a political turn to the ‘inner city problem’ as the dominant nexus of economic decline.

Given this historical context, the current moves toward devolution and regionalization within the UK mark an intriguing rediscovery of the regional scale, which is now seen in a putative ‘new regionalism’ to be both the scale at which economic activity is increasingly being organized, and the appropriate site at which to define and deliver policy responses (Amin, 1999; Lovering, 1999). Thus the new apparatus of devolved government in Scotland, Wales and Northern Ireland, and the Regional Development Agencies in England represent at least in part an attempt to shape and cajole ‘functional regions’ that are better able to stimulate and manage sustainable economic growth. However, these responses are qualitatively different from previous regional-level interventions, focusing on supply-side improvements such as technological innovation, the enhancement of education, knowledge and skills, infrastructure development and the like, designed to enhance the competitiveness of individual regions. As Webb and Collis have recently noted:

‘The fact that the region has now been deemed a meaningful scale for territorial management, however, reflects a shift in focus – though not perhaps a decisive one – from the ‘new localism’ of the 1980s (based upon the assumption that regenerating cities and the ‘pockets of deprivation’ therein held the key to economic growth) to a ‘new regionalism’ based upon the assumption that strategic co-ordination at the regional scale holds the key to economic growth.’ (Webb and Collis, 2000, 860).

It is in this context that the present special issue sets out to explore the articulation of the ‘new regionalism’ with economic governance arrangements existing at other spatial scales, and particularly to draw out some emerging themes and implications for the established structures and mechanisms of local economic development. The contributions are drawn from researchers funded under the UK Economic and Social Research Council’s Devolution and Constitutional Change Programme (www.devolution.ac.uk) together with other leading commentators on devolution and regionalism in the UK, to reflect upon the experience to date and to highlight particular areas of change and tension which are likely to surface in the coming years.

In presenting these papers we are of course aware that it is still 'early doors' for the new governance framework, and many of the changes underway remain embryonic and tentative. Devolution has been a conspicuous early achievement for the Labour government, but there are senses in which it remains a step in the dark, with largely unknown implications in the medium and longer term. Yet, in spite of this, it is already clear that the changes set in train by different levels of political and administrative devolution across the UK are impacting on a wide variety of policy spheres relating to economic development, and that greater diversity is likely to emerge as the new bodies become more established and the territories begin to assert themselves. Certainly the papers presented here provide an initial indication of the breadth of change consequent upon devolution/regionalization, which will alter the context for a vast array of policy spheres and processes in the coming months and years.

A further point arising from the relative novelty of the devolved/regionalized context concerns the current focus on institutional and political 'architectures'. A common complaint that we have heard in the course of our own research on business political responses to devolution/regionalization has been the lack of attention to 'outputs' and 'results' under the new arrangements and a corresponding overemphasis on institutional and political 'process' and procedures. Yet, this is surely not entirely surprising in the very early years of devolution, when new institutions and processes are at a formative stage. Also, of course, devolution is a response to more than one issue, and operates with diverse logics simultaneously. While the leading political voices have often been at pains to stress the economic rationale for devolution/regionalization, insisting on its centrality to regional and (in turn) UK competitiveness, it would seem in the event that other social, cultural and political issues such as section 28 and the Scottish Qualifications Agency fiasco in Scotland, the lack of primary legislative powers and debates over the Welsh language in Wales (see Trench 2001) have tended to occupy the forefront of the political agenda. In turn these have tended to reinforce the emphasis on the structures and operation of the new institutions. However, it would seem likely that economic issues will rise up the agenda into the longer term as the new devolved arrangements impact on patterns of economic development, and as the economic performance of the regions becomes more important to the perceived success or failure of the devolution/regionalization project. Indeed, there are already signs that economic issues such as manufacturing job loss are beginning to question the role and effectiveness of the new arrangements.

Two particular and related themes emerge strongly from the papers to which we would like to draw attention. First, the changed context has implications for the notion of 'joined-up government' which has been so influential in New Labour discourse. Putting aside the thought that devolution/regionalization *per se* might be seen on the face of it as the opposite of joining-up, it is clear that

significant challenges remain in seeking to achieve more integrated, more comprehensive and more effective governance and policy forms in the UK territories. Institutional inertia at central and local levels, the ongoing centralism of the UK economy, society and governance, and a plethora of turf wars will impact on attempts to join-up and co-ordinate at the regional scale. In addition, as John Tomaney argues below, numerous regional strategies are made by *individual* organizations pursuing their own specific aims and objectives in regions, albeit while attempting to co-ordinate with other strategic frameworks. Yet, this is necessarily different from a clear statement of agreed regional *priorities*, which would be central to any real notion of joined-up policy. We are left pondering how various strategies *in* the region can be translated into strategies *for* the region.

This leads to a second point regarding the electoral foundations for regional governance, which would seem to be implied by the need for such strategic prioritization, and which is the subject of intense current debate for the English regions. Although we have space here only for the briefest comments, Garside (2000, 144–8) argues the link between ‘democracy’, as a limited political decision-making method, and economic development is not predetermined or automatic. In this sense it becomes possible to claim that the ‘need to democratize decision making processes ... [is] separate from the need to increase economic competitiveness’ (ibid, 146). However, a more broadly conceived notion of democracy which looks out beyond the formal apparatus of elections or the bald processes of political decision-making to a wider set of democratic social relationships can be seen as crucial to economic development, both in terms of sustaining capitalist society in general, and in terms of facilitating the processes of learning, innovation, networking and associationism that are seen as vital to contemporary patterns of economic growth (see Garside, 2000 for further discussion).

Finally, with regard to the future development of literature and research in this sphere there would seem to be a need both to reflect on the nature of the new governance forms emerging around local economic development, and, perhaps more importantly, to examine the implications of the new arrangements for the delivery of concrete outputs. In terms of governance, for example, we might examine the detailed mechanics of the new arrangements to question whether they represent a ‘hollowing out’ of the local level in favour of a strengthened regional apparatus for ‘mainstream’ economic development activity, together with an emergent community/ neighbourhood level acting as the focus for welfare-oriented integrated social/economic/environmental programmes. Alternatively, borrowing from current debates in European political economy, local economic development might be seen as an example of ‘multi-level governance’ characterized by:

'co-decision-making across several nested tiers of government, ill-defined and shifting spheres of competence (creating consequential potential for conflicts about competences), and an ongoing search for principles of decisional distribution that might be applied to this emerging polity' (Marks, 1993, 407, quoted in Smith, 1997, 711)

In the end, however, further understanding of the impact of the new arrangements on the delivery of infrastructural improvements, education and training, investment, technological development and the like should be the central task. While the trajectory of the UK territories will be crucially influenced by global economic change and the broad context of macro-economic policy, and in spite of the *de-facto* limits to regional autonomy in the UK, the impact of the new regional arrangements on the quality of such services will, in turn, have a real influence on the economic performance of the regions, and on the 'well-being' of the people in them.

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