Local Economic Growth: For the Many or the Few?

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Context

- Heseltine ‘Growth’ Review
  - Coalition Government’s local economic growth agenda: implications for non core/less prosperous areas
  - Past work on regeneration policy under New Labour; ongoing work on current initiatives

- pursuit of national economic growth agenda
  - social and spatial inequality widening
  - London and wider South East: drift from rest of UK economy
  - public sector cuts – major reductions in regeneration related funding
For the many or the few....

- direction of travel reinforcing spatial inequality
  - focus upon high growth areas: “support the strongest first”
  - rhetoric of rebalancing
  - unspoken approach of ‘managed decline’?

- significantly changed context: moment of opportunity?
  - Localism - opportunities available to all places?
Policy dilemma: localism, social justice and the state

- case for ‘Localism’
  - stimulate innovation, creativity, participation
  - need for freedom from centralised control (targets..)

- but need to support equality of outcomes/opportunities
  - postcode lotteries; role of national rules/universal standards

- role and nature of the state?
  - limits of state power (e.g. over regional inequalities)
  - need to reduce inequalities of power/mobilise power of non state actors
  - wider debate: e.g. ‘relational state’ (Mulgan: priority to human relationships)
Learning lessons from New Labour (and before...)

- limited focus upon economic growth at the sub-national level
  - limited success in putting in place the right institutional and governance arrangements;
  - economic growth often ‘in spite’ of these
  - constrained ability at local/city/regional levels
Constrained ability to promote local economic growth

- size of challenges/size of resources
  - limited competencies, instruments and resources at local level
  - limited private sector engagement (e.g. lack of smaller local banks; strong business associations)
Constrained ability to promote local economic growth

- scale for intervention
  - variable and changing economic geographies and relationships between places
  - appropriate spatial scale for different types of intervention (e.g. inward investment; skills and training etc.)
Constrained ability to promote local economic growth

- Co-ordination & integration
  - enterprise, education, training, skills, planning, transport, sectoral strategies
  - local alignment/central government silos

- Time horizons/continuity
  - Short term initiatives changes of policy direction (ABIs/political cycle) > long term strategic investments
UK local economic growth and regeneration model characterised by...

- weakly devolved local powers and weak PS engagement
- search for a scalar fix
- lack of integration
- lack of strategy/short termist

- successful activity has overcome some/all of these

- these challenges remain for all places/ localities
Coalition Policy: addressing challenges in core/growth areas

- greater devolution of power
  - London
  - City Deals
    - initially 8 core cities/LEPs
    - most innovative of new measures

- business lead/private sector engagement – greater scope to ‘lever in’ PS resources
  - development opportunities
  - larger businesses (CSR); growing and diverse businesses;
Addressing challenges in core/growth areas

- greater financial resources
- new financial models favour areas with higher rates of economic activity/development opportunities/house building (e.g. localisation of business rates; CIL; TIF; New Homes Bonus)
- opportunity to reduce dependency on government grants/integrate funding streams
- benefit from other large scale public investments
Addressing challenges in core/growth areas

- *but* challenges of high growth and localism
  - planning conflicts & political pressures
  - high growth versus local residents
Meeting the challenges – less prosperous/marginalised places

- scale of economic challenges
  - weak economic base (e.g. deindustrialisation)
  - poor physical environment
  - higher concentrations of unemployed and socially disadvantaged residents
  - often bypassed by growth processes (e.g. lack of skills)
Meeting the challenges – less prosperous/marginalised places

- devolution and ‘in between spaces’ in new institutional landscape
  - less clear economically functional economies
  - weaker governance arrangements
  - excluded areas
    - LEPs
    - City Deals; e.g. wave two City Deals
Meeting these challenges – less prosperous/marginalised places

- limited business engagement
  - weaker proposition for business involvement
  - fewer large businesses/weaker private sector

- less financial resource
  - greater impact of public sector cuts
  - less ability to use new financial models
  - fewer market-based development opportunities
Meeting these challenges – less prosperous/marginalised places

- *but* advantages can include
  - place based commitment – focus through adversity
  - desire for growth/change
  - assets of local areas & residents
New policy landscape and spatial inequality

- Localism agenda: process of devolving power and strengthening of weak institutions

- Changes in power relations set to benefit growth areas – limited offer for no/low growth areas

- Social justice agenda increasingly detached from economic growth agenda

- No mechanisms for spatial rebalancing
  - No long term industrial strategy
Rationale for intervention.....

- negative consequences of ‘redundant’ areas
  - interventions needed for change within acceptable timescale

- evidence that sustainable long term improvement is possible locally - extent depends on:
  - scale of resources levered in
  - adoption of strategic approach – one that builds upon assets of local area and residents
  - combining a mix of support
  - capacity of development partnership
Need for new economic growth models...

- what type of economic growth? Beyond GDP
  - environmental impacts of growth
  - inequality of growth
  - measuring social value
  - value natural or human-made capital stock
  - well-being/quality of life

- reconsider nature and extent of state role
  - meaningful localism and national norms of social justice/equality
  - qualitative state, relational state?
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