

# **Region and Place, I: Devolved Regional Government and Regional Economic Success?**

**Ray Hudson  
Department of Geography and Wolfson Research Institute  
University of Durham  
Durham University. DH1 3LE  
England**

## **Introduction**

Like a lot of my work, this article was stimulated by events around me in the north east of England. Specifically, the trigger was the proposal and subsequent campaign for an elected Regional Assembly as part of an emerging devolved system of government in the English Regions and its decisive rejection by a substantial majority of those who voted in a referendum in November 2004. During the 1980s voices began to be raised in the north east for a degree of constitutional reform and regional devolution as a more effective way of tackling the region's continuing poor economic performance (for example, see Byrne, 1990). In part, this reflected the failures of central government regional policies for the region to bring about an up-turn in the region's economic fortunes – indeed, these regional policies were swamped in their effects by waves of deindustrialisation as nationalisation became a mechanism for a profound regional deindustrialisation (Hudson, 1989). These tendencies were reinforced sharply as the Thatcherite Government sought actively to cut the scope of state involvement in economy and society – with heavy impacts on regions such as the north east (for example, see Beynon et al, 1991; 1994). From 1997 Blair's 'New Labour' government embraced much of the Thatcherite neo-liberal economic agenda, and at the same time added a new strand in terms of seeking further to devolve political power from central government to English regions and the Celtic nations (for discussion of these developments, see Morgan, 2001; Tomaney, 2000).

While the devolution movements in Scotland and Wales were informed by complex mixtures of cultural, economic and political motives, much of the impetus for this increased emphasis on devolution in England was more straightforwardly economic: that is, a belief that this would help reduce differences in regional economic performance and productivity and provide an alternative to the failures of past central government regional policies *for* peripheral regions. Consequently, especially among policymakers, the debate has focused in particular on how the powers and functions of elected regional assemblies could be used to promote regional economic development and reduce regional inequalities (Russell Barter, 2002). Nowhere was this more apparent than in north east England (Humphrey and Shaw, 2004). The negative effects of central government policies in and on north east England created space for those who - drawing on a history of cross-class regionalist solutions that go back to the 1930s (Hudson, 2005a) - wished to argue for a

greater degree of devolution of political power to the region. More specifically, they asserted that devolving the power of decision and commensurate resources to the region would create conditions for – if not quite guarantee – regional economic revival. In seeking to understand events unfolding around me in north east England - the reasons why this campaign gathered pace and why the offer of an elected Regional Assembly was rejected – I began to reflect upon the more general tendency to devolved government over much of the capitalist world and to draw upon several developments in human geography and related social sciences in the 1980s and 1990s that were both stimulated by and also encouraged this tendency.

### **Changes in the character of contemporary capitalism: the rise of neo-liberal globalisation, claims about the limits to national state activity and the need for new governmentalities**

By the latter half of the 1970s, the limits to Keynesian welfare statism had become evident, with fears of fiscal crisis (O'Connor, 1973) leading to sharp cut-backs in the scope of state expenditure leading to widening intra-national regional inequalities over much of the capitalist world (for example, see Dunford, 1994). The boundaries of state involvement in economy and society, it was claimed, had to be drawn more narrowly to allow greater scope for market forces as resource allocating mechanisms as the only route to restore economic growth and prosperity. There were claims that previously powerful national states were being disabled as a result of resurgent processes of globalisation, a force beyond the control of national governments. The view that national government policies can only adapt to globalisation trends and seek to ride with the tide and reap such benefits as is possible from so doing gained widespread acceptance in dominant policy circles. This reflected an emergent new dominant – if not quite hegemonic - governmentality (on the Foucauldian concept of governmentality, see Dean, 1999) that re-imagined relations between economy, state and civil society and the re-scaling of political power within and beyond the state as the only possible response to autonomous processes of globalisation that somehow had a life of their own, beyond the reach of political and social intervention. As such, all that could be done was to adapt to them – there was, so the new consensus had it, no possibility of challenging them. Now this is clearly a one-sided and partial view of neo-liberal globalisation. Not least it conveniently ignored the extent to which neo-liberal globalisation was authored and scripted by some powerful national states – notably the USA and UK -, and associated international organisations such as the IMF and World Bank, buttressed by supportive academic commentators and apologists. Nonetheless it was a very influential one.

This emergent neo-liberal governmentality also re-imagined relations between the national state and sub-national political entities. Political power was - allegedly – to be devolved to regions to enable them actively to compete for capital investment as the route to economic prosperity. As all regions could successfully compete, all could be “winners”, and as a result regional economic inequalities could be evened out. For peripheral and

deindustrialised regions such as north east England the reality was rather different, not least because of the effects of previous phases of uneven development so that the inter-regional competitive playing field was far from level. As a result, the outcome was participation in a race to the bottom based on seeking to undercut competitor regions on cost as concerns with regional plans were replaced with regional strategies, premised on the assumption that there was no choice but to adapt to the external forces of globalisation processes.

### **Re-thinking the region: regions as subjects of policy**

The growing emphasis within this emergent neo-liberal governmentality upon the region as a pro-active subject rather than passive object in receipt of central government financial aid, a political actor as well as a site of political activity, chimed nicely with the growing emphasis on re-thinking the concept of the region that was increasingly in evidence from the later part of the 1980s. The key in this process of re-thinking was what we might term the relational turn (see Allen et al 1998; Amin, 2004). Regions are seen as constituted from spatialized social relations, stretched out over space and materialised in various form, and representational narratives about them. Regions can be seen as products of complex condensations of social relationships, of varying density and variety, which combine contingently in specific time/space couplings to produce what are, in the last analysis, unique regions.

This relational approach provides a way of thinking that discloses a region which is by no means necessarily a whole, with the characteristics of coherence which that term implies; nor is it necessarily a bounded and closed entity. However, it is also the case that there is a wealth of evidence of people seeking to construct regions as if they were closed, bounded and coherent, with shared and unified regional interests. A relational approach emphasises that regions are defined for specific purposes, socially constructed, both discursively and materially, in relation to specific criteria (Hudson, 2001, 255-85). This raises the critical questions of who acquires the power to represent a region in this way and speak on its behalf as it performs as a political subject in policy debates (Hudson, 2005b).

### **Re-organising the state**

In recent years, the expansion of regional governance and government and growing devolution to regions has been reflected in and, to a degree, encouraged by a burgeoning academic literature (for example, Agnew, 2000; Keating, 1998). One of the more influential interpretations of this devolutionary tendency is that of Jessop (for example, 1997; 2003; see also Brenner et al, 2003), which sees regional devolution as part of the new multi-scalar architecture of governance. This involves internationalisation of policy regimes, the de-nationalisation ('hollowing out') of the political system with devolution of power within the state to cities and regions and a selective shift of power and influence out of the state and into organisations in civil society

via a process of de-statisation. These shifts are linked to the emergence of new network concepts and networked forms of regional governance, policy formation and delivery (for example, Benz A and Fürst D, 2002; Sternberg et al, 2000), crossing the state/civil society boundary. These new forms of governing are typically referred to as partnerships, with temporary Task Forces as an important innovation in this mode of policy delivery (Pike, 2002). Often, however, such networked approaches to regional policy and developments ignore that point that such networks are constructed within the context of existing networks of social relations characterised by sharp power asymmetries (Hadjimichalis and Hudson, 2003). Furthermore, the growing emphasis on governance is recognition of the increasing importance - or perhaps more accurately is increasing recognition of the importance - of the institutions of civil society as well as those of the state in securing the conditions under which the economy is possible.

In one respect, however, devolution to regions (and indeed other sub-national spatial scales) is well-established, as the central state has shifted the administration of its policies to sub-national scales for reasons of both administrative efficiency and legitimacy in many countries. What is claimed to be new and qualitatively different about more recent regional devolution is that it encompasses the power to decide, plus resources to implement decisions, at regional level. Others, however, dispute this, and argue that what has been devolved to the regional level is responsibility without authority, power and resources. In effect, the national state shifts responsibility to the regional level – and if economic revival does not follow, it can lay the blame at the door of regional actors and organisations. Clearly which interpretation is correct is of some significance, theoretically and practically, not least in terms of the capacity to transform regional economies and radically alter regional economic development trajectories.

### **Regional success stories: myths, illusions and raised expectations**

There are certainly frequent claims in the literature over the last decade or so that many of the regions that have experienced strong economic growth, economic resurgence and transformation in a globalising world are those endowed with well-developed networks of regional institutions (for example, Harding et al, 1999; Storper, 1995; 1997). Proponents of devolved regional government draw attention to a number of by now well-known, and rather stylised, “regional economic success stories” – such as the Third Italy, Silicon Valley, or Baden-Württemberg – claiming that these are successful regional economies because they have devolved forms of regional governance and appropriate “institutional thickness” (Amin and Thrift, 1994). Such regions are regularly cited as examples that demonstrate the close link between devolved government, regional institutions and regional economic success. In so far as this reflected a re-recognition of the social basis of the economy, it was to be welcomed. In so far as it suggested that this re-socialisation could and should take place at the regional scale, it was more problematic, not least because of the legacy of the map of uneven development as a result of previous phases of capitalist development. By suggesting that the experiences of the “success

stories” were generalisable and transferable, so that all regions could be “winners” and the map of development thereby could be made more even and equitable. This led to raised expectations in other parts of the world - for example, in post-Franco Spain, ‘La España de las Autonomías’ (Fernández Rodríguez, 1985), the United Kingdom and more generally the European Union, with the emergence of “The Europe of the Regions” - that regional devolution would lead to more even economic development.

Such claims, however, rest on a “surprising” paucity of supportive empirical evidence as to the links between devolution, regional economic success and regional inequality (Rodríguez–Pose and Gill, 2004, 2117). Typically such evidence as there is of the link between devolved regional government and regional economic success is evidence of association rather than causation (cf. Boyer, 2005; Coriat and Dosi, 1998). More generally, as Pike and Tomaney (2004, 2093) put it, the precise nature of the linkages between regional governance and social development – and even more so, the character and direction of any causal links between them – “remains subject to conjecture”. For Giordano and Roller (2004, 2165), reflecting on the evidence from a range of studies, the “common assumption ... that greater regional autonomy has led to positive impacts upon economic well-being” is a “somewhat bold claim”. Not least, this is because of the persistence of regional inequalities and uneven development despite regional devolution. As they go on to point out (ibid, 2179, emphasis added) in relation to Spain, “creating regional government has done very little to narrow deeply entrenched and long-standing disparities between the relatively wealthier and poorer Spanish regions. Although it is fair to say that greater autonomy has helped to improve the economic fortunes of some of the poorer regions, at the same time it is the wealthier regions that have benefited relatively more from having greater autonomy”. In short, while some poorer regions have improved their economic fortunes, the major beneficiaries have been the already more prosperous regions – so that the map of inequalities has both widened and become more complicated.

More generally, having reviewed the available evidence regarding the relations between regional disparities and political decentralisation processes in Brazil, China, India, Mexico, Spain and the USA, Rodríguez–Pose and Gill (2004, 2115) conclude that “claims of a supposed economic dividend in terms of territorial equity should be greeted with caution, if not with outright skepticism”. Indeed they go further and in a similar manner to Giordano and Roller in the specific case of Spain suggest that the persistence of regional inequalities is because of – rather than despite – such devolution. Recognising that “the causal direction of [the] relationship remains unconfirmed” (an important caveat), “in each of the countries examined the explanation of rising inequality across regions could be logically traced to the political and policy-making events that have surrounded evolving centre-state relations since 1980. But in every case – with the possible exception of Brazil - there is sufficient evidence to suspect a relationship between devolutionary initiatives and rising inequalities”. While not the only cause, institutional decentralisation has a “large bearing” on the persistence of regional inequality (Rodríguez–Pose and Gill, 2004, 2100). At best, then – as

the ambiguity over the Brazilian case and the small number of Spanish regions that have benefited economically from devolution, as alluded to by Giordano and Roller suggests - if political devolution is to have positive effects on regional economic performance and the map of regional inequality, then these effects are contingent and understanding these contingencies takes on pressing theoretical and practical importance.

Moreover, regional growth models in the iconic and exemplary successful regions are not only claimed to be grounded in regionally-specific institutions and devolved forms of governance but also to be socially inclusive and egalitarian developmental models. However, the available evidence as to the social relations of the economy in these regions often sits uneasily with such claims. In so far as there is evidence of regional economic success, it is often seemingly based upon exploitative and regressive social relations within the workplace in terms of low wages and poor working conditions (for example, see Hadjimichalis, 2005; Ferus-Comelo, 2005). This is in strong contrast to the stylised accounts that represent these as examples of socially inclusive and progressive growth models. Thus, more generally this reinforces the salience of the conclusion that “what devolved governance is for and in whose interest remain fundamental questions” (Pike and Tomaney, 2004, 2091).

In summary, there may well be circumstances in which devolved regional government may (but does not automatically) bring a range of benefits other than regional economic revival – such as greater political accountability and transparency in decision making and political processes (for example, as in post-Franco Spain: see Fernández Rodríguez, 1985). These are to be welcomed. Critically, however, the frequently asserted link between political devolution and economic success, which came to form the main plank of the argument for an elected Regional Assembly in north east England, is often just that: asserted, without a firm evidential basis that convincingly demonstrates that the relationship is causal and that the direction of causation is from political devolution to economic success rather than vice versa. Now of course it could be argued that causation in social life is always more complicated, involving multi-variate relations and recursive feedback loops, complex processes and emergent effects and properties – but that is a different issue ...

## **Conclusions**

The main conclusions relating to putative links between devolved regional government and/or governance and regional economic success can be summarised as follows. First, there are many good reasons to support regional devolution, such as increased accountability and transparency in political decision-making. Even so, the extent to which this would involve devolving power to the region and, if power was devolved, what this would translate to in terms of progressive developmental policies and transparent and accountable decision making, remains unclear. The proliferation of appointed and unelected organisations such as QUANGOS and Task Forces emphasises that there is no necessary connection between devolution and

enhanced accountability and transparency (Pike, 2004). Secondly, and critically, regional devolution is unlikely to lead to regional economic success in the north east of England – and indeed in other peripheralised regions, especially if economic success continues to be defined via the parameters of the formal mainstream capitalist economy (such as profitability and shareholder value). The law of value and processes of combined and uneven development are integral to the expansion of capital (for example, see Harvey, 1982) and as such cannot simply be abolished by regional devolution. At best political devolution may be a necessary condition for regional economic revival in some peripheralised regions but it is certainly not a sufficient one – and it cannot be the basis of a “win win” scenario in which all regions become economically successful and equally prosperous. Furthermore, there are numerous examples of regional economic growth in the absence of political devolution to the region. However, regional economic success does not necessarily equate with socially inclusive and equitable development within a region. Moreover, it may well be that regional devolution may exacerbate the problems of weak and peripheralised regions precisely because it further reinforces the advantages of those core regions that are already economically more successful. The success of some regions in “winning” may be directly related to the failure of others in “losing”. As concern for inter-regional equality is (albeit only implicitly) compromised by policies that emphasise regional autonomy, and the role of government in promoting inter-regional equity gives way to an emphasis upon securing conditions to allow regions to compete in place-markets, devolution to regions “has unleashed forces that seem to be contributing to perpetuate and, in some cases, aggravate existing disparities” (Rodríguez-Pose and Gill, 2004, 2115). The clear implication is that if such peripheralised and marginalised regional economies are to be revived and regenerated, this will require a lot more than simply some limited devolution of political power within the structures of the state and systems of multi-level and multi-scalar governing. It remains an open question as to the extent to which this would be possible, precisely because they have been peripheralised as a consequence of the inner dynamic of capital accumulation and the combined and uneven character that the capitalist form of economic development necessarily and unavoidably assumes.

Thirdly, on the other hand, a failure to appreciate that there is no necessary causal relationship between regional devolution and regional economic success may well seriously weaken the case for regional devolution, which on other grounds may be something to welcome. Therefore there are manifest political dangers in pinning the argument for regional devolution to the mast of ‘regional economic success’. This is only likely to lead – once again - to unrealised expectations and disappointment, discrediting the concept of devolution per se and cutting the ground from beneath the other to be welcomed ways in which the concept of greater political devolution and regional accountability could enhance life in peripheral regions. Fourthly, there is a need for eternal vigilance to guard against the danger of allowing the pursuit of the Holy Grail of regional economic renewal and revival via regional devolution to become the ‘enabling myth’ (Dugger, 2000) through which the central state shifts the blame onto the victim for the continuing economic

problems of regions such as north east England. Finally, there is a need to recognise the limits to devolution of power within the formal political system in order to open up space in which to explore more radical alternatives.

This re-thinking would need to encompass at least five dimensions. First, re-thinking the economy, and recognising that this embraces much more than the formal mainstream market economy. Secondly, re-thinking development so as, for example, to give much more weight to questions of distribution and issues such as health and well-being. Thirdly, re-thinking appropriate forms of politics, to explore more participatory forms of democratic practice, more open and transparent fora for political decision making beyond as well as within the formal structures of party politics. Fourthly, recognising the limits to the regional, and insisting that the national state continues to acknowledge its responsibilities for the social and economic well-being of its citizens, wherever they live. For example, as Rodríguez-Pose and Gill (2004, 2115) conclude, “(regional) devolution per se will ...not deliver greater territorial equity. This objective would require the establishment of substantial interterritorial fiscal equalisation systems at the national or supranational level if the persistence and permanence of economic disparities are not to become one of the hallmarks of future geographies”. More generally, “the national state remains pivotal and often decisive in shaping the character and extent of subnational governance and economic and social development (Pike and Tomaney, 2004, 2093). Acknowledging the force of this point, however, it is equally important to stress that the state apparatus cannot be simply and non-problematically ‘captured’ to address the needs of the mass of the population of north east England or any other peripheralised region. The key issue then becomes the architecture of the system of governing and the power relations between the regional and national within, but also beyond, the structures of the state. Finally, and perhaps most importantly of all, re-thinking the region to escape the limitations of the myth of a unified (and unifying) regional interest and explicitly acknowledge the existence of different – and at times openly competitive, grounded in different class structural positions and other sources of social power – interests held by individuals and social groups living in the same space. Within such an agonistic politics, which interests prevailed and which were prioritised in state policy agendas would be seen as the outcome of overtly political struggle based on a recognition of legitimate (or at least legally sanctioned) difference – often grounded in structurally asymmetrical power relations - rather than a presumption of homogeneity of interest on the basis of a shared regional identity. Recognition of this emphasises that progress towards new moral geographies would need to grapple with more complex spatialities than simply those of inter-regional relations.

## **Acknowledgments**

A number of people very kindly contributed to the preparation of this progress report by supplying material that I have drawn on in writing it: Simon Batterbury; Sara Fuller; Sara Gonzalez; Neill Marshall; Damian Maye; Andy Pike; and André Rodriguez-Pose.



## References

Agnew J, 2000, "From the political economy of regions to regional political economy", Progress in Human Geography, 24, 101-110.

Allen J, Massey D and Cochrane A, 1998, Re-thinking the Region, Routledge, London.

Amin A, 2004, "Regions abound: towards a new politics of place", Geografiska Annaler B, 86, 33-44.

Amin A and Thrift N, 1994, "Living in the global", in Amin A and Thrift N (Eds.), Globalization, Institutions and Regional Development in Europe, Oxford University Press, Oxford, 1-22.

Benz A and Fürst D, 2002, "Policy learning in regional networks", European Urban and Regional Studies, 9, 212-35.

Beynon H, Hudson R and Sadler D, 1991, A Tale of Two Industries: The Contraction of Coal and Steel in North East England, Open University Press, Milton Keynes.

Beynon H, Hudson R and Sadler D, 1994, A Place Called Teesside: A Locality in a Global Economy, Edinburgh University Press, Edinburgh.

Boyer R, 2005, "Institutional Complementarity: Related concepts, origins, methods and research agenda", in Wood G (Ed.) Institutions and Working Life Outcomes, (forthcoming)

Brenner N, Jessop B, Jones M and MacLeod G (Eds.), 2003, State/Space: A Reader, Blackwell, Oxford

Byrne D, 1990, Beyond the Inner City, Open University Press, Milton Keynes.

Coriat B and Dosi G, 1998, "The institutional embeddedness of economic change: an appraisal of the 'evolutionary' and 'regulationist' research programmes", in Nielsen K and Johnson B (Eds.), Institutions and Economic Change: New Perspectives on Markets, Firms and Technology, Elgar, Cheltenham, 3-32.

Dugger W M, 2000, "Deception and inequality; the enabling myth concept", in Pullin R (Ed.), Capitalism, Socialism and Radical Political Economy, Edward Elgar, Cheltenham, 66-80.

Dean M, 1999, Governmentality, Sage, London.

Dunford M F, 1994, "Winners and losers: the new map of economic inequality in the European Union", European Urban and Regional Studies, 1, 95-114.

Fernández Rodríguez F, 1985, La España de las Autonomías, Instituto de Estudios de Administración Local, Ministerio de Administración Territorial, Taravilla, Madrid.

Ferus-Comelo A, 2005, Globalisation and Labour Organisation in the Electronics Industry, Unpublished PhD thesis, University of London.

Giordano B and Roller E, 2004, “‘Té para todos’? A comparison of the process of devolution in Spain and the UK”, Environment and Planning A, 36, 2163-2181.

Hadjimichalis C, 2005, “The end of the Third Italy as we knew it”, mimeo, Department of Geography, Harokopion University, Athens, 27 pages.

Hadjimichalis C and Hudson R, 2003, “Networks, Regional Development and Democratic Control”, Paper prepared for the Aegean Seminar, ‘Rethinking Radical Spatial Approaches’, Naxos, 8-14 September.

Harding A, Wilks-Heeg S and Hutchins M, 1999, “Regional Development Agencies and English regionalisation: the question of accountability”, Environment and Planning C, 17, 669-683.

Harvey D, 1982, The Limits to Capital, Blackwell, Oxford.

Hudson R, 1989, Wrecking a Region, Pion, London.

Hudson R, 2001, Producing Places, Guilford Press, New York

Hudson R, 2005a, “Firms as political actors in processes of capital accumulation and regional development”, in Taylor M and Oinas P (Eds.), Conceptualising the Firm: Capabilities, Cultures and Coalitions, Oxford University Press, Oxford (forthcoming).

Hudson R, 2005b, “Regional devolution and regional economic success: Enabling myths and illusions about power”, Geografiska Annaler B (forthcoming).

Humphrey L and Shaw K, 2004, “Regional devolution and democratic renewal: developing a radical approach to stakeholder involvement in English regions”, Environment and Planning A, 36, 2183-22202

Jessop B, 1997, “Capitalism and its Future: Remarks on Regulation, Government and Governance”, Review of International Political Economy, 4, 561-81.

Jessop B, 2003, The Future of the Capitalist State, Polity Press, Cambridge.

Keating M, 1998, The New Regionalism in Western Europe, Edward Elgar, Cheltenham.

Morgan K, 2001, "The new territorial politics: rivalry and justice in post-devolution Britain", Regional Studies, 35, 343-348.

O'Connor J, 1973, The Fiscal Crisis of the State, St. Martins Press, New York.

Pike A, 2002, 'Task Forces and the organisation of economic development: the case of the North East region of England', Environment and Planning C, 20, 717-39.

Pike A, 2004, "Heterodoxy and the governance of economic development", Environment and Planning A, 36, 2141-2161.

Pike A and Tomaney J, 2004, "Guest editorial", Environment and Planning A, 36, 2091-2096.

Rodríguez-Pose A and Gill N ,2004, "Is there a global link between regional disparities and devolution?", Environment and Planning A, 36, 2097-2117.

Russell Barter W, 2002, "Regional government in England: reviewing the evidence base", in Tomaney J and Mawson J (Eds.), The State of the Regions, Policy Press, Bristol, 11-23.

Sternberg R, 2000, "Innovation networks and regional development- evidence from the European Regional Innovation Survey (ERIS)", European Planning Studies, 8, 389-407.

Storper M, 1995, "The resurgence of regional economies, ten years later: the region as a nexus of untraded interdependencies", European Urban and Regional Studies, 2, 191-222.

Storper M, 1997, The Regional World; Territorial Development in a Global Economy, Blackwell, Oxford.

Tomaney J, 2000, "End of the empire state? New Labour and devolution in the United Kingdom", International Journal of Urban and Regional Studies, 24, 675-688.