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**UNIVERSITY OF WARWICK**

**Thesis submitted for the degree of Doctor of Philosophy.**

**Joyce Liddle**

**A REGIONAL REGIME?**

**REGENERATION IN THE NORTH EAST OF ENGLAND**

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## SUMMARY

This dissertation is set in the North East (NE) of England and demonstrates how an experimental form of elite governance, characterised by multi-level, intra and inter-agency negotiation and co-ordination developed within complex and ambiguous socio-political structures and traditional hierarchies to deal with unmet social and economic needs. This emergent form of entrepreneurial governance has resulted from a poorly institutionalised field of regeneration, and allowed elites to seek autonomy by adapting national policies to specifically regional projects. A top-down, managerialist form of governance, it is not entirely democratic or open to public participation, but strategically contingent on global and other constraints. Central to an understanding of regeneration is the way strategies are formulated and implemented.

This regime, with a broader mix of enterprising public servants and politically minded business and other interests, has coalesced over a long period to respond entrepreneurially to the consequences of globalisation and uneven development, and the failure of national and regional policies. A legacy of decline has created a strategic, cohesive and identifiably exclusive regime of actors, who act in the region's interests.

This regime is unlike the static or re-constructive regimes prevalent in other regions, rather it blends the positive aspects of traditional regional decision making with a more innovative approach. Democratic forms of managing regional space have gradually been replaced by a more adaptable and flexible form more suited to modern day and future needs. Power and influence shift dynamically over time, space and initiative, activities are legitimised by absorbing state officials into activities, and being in close proximity to civic society. As part of the history of change, and embedded in the social system, elites interact formally and informally.

It evolved from an aristocratic grouping in the late nineteenth century to a more recognisable corporatist form of governance during the Post Second World War period. This continued until the mid 1980s, when it was reconfigured into a wider system of interests of elites who contribute organisational, personal and civic resources to regeneration. The altered composition of the regime reflects changes in education, social and industrial sectors.

Elites have always been central to decision making, but this NE regime is a unique blend of entrepreneurial and business-like public servants, many retaining the former civil service mind set, collaborating with politically minded business and other representatives. It occupies the policy gap, and various 'post-industrial' initiatives have become the elite response to exhortations for 'cultural change'.

The research draws on a selection of research techniques and theoretical frameworks to argue that complexity and variety of phenomena means that no one theory is capable of explaining the diversity, or where power and influence lie. Existing research emphasises business involvement and pays insufficient attention to cultural, historical, political and external dimensions.

Based on a series of in depth interviews with elites, three very different case studies of specific regeneration initiatives illustrate that despite political differences between elites, limited autonomy, and lack of any fundamental improvement in social and economic performance, elites have been able to sustain a consensual and strategic approach, in response to a changing national and global order.

**I dedicate this research to my husband Graham, whose love, support and encouragement enabled me to embark upon it, but who, sadly, is no longer here to see the finished result.**



## **Declaration**

This is to certify that the articles/publications and conference presentations presented in the bibliography, were based on ideas and empirical data collected over a five and a half year period. Some of them have been jointly written but all are the result of empirical and secondary data collected throughout the research period, some from the major literature review and interview period (between 1994-1997) and others from supplementary interviews and other data collection (between 1997-2000). All this work has been a spin off from the main thesis and I have deliberately chosen to work with individuals from geography, political science, economics and management science. The reason for joint publication is based on my desire to work collaboratively and across disciplinary boundaries. The resultant body of work is evolutionary and illustrates the threads of continuity and learning as ideas were developed.

**Extensive publications and conference papers developed from PhD findings are shown in the main bibliography.**

## **Personal note**

This PhD research has been 25-30 years in the making. As an unashamed and unreconstructed native North Easterner, considered as an effective networker, I have had the good fortune to be able to live and work in this region, and over the years benefited from the connections made with a wide range of individuals (too many to name individually) across the public and political, private and commercial, academic and many other spheres of the North East (NE) economy. This has enabled me to speak and share views and ideas both formally and informally with literally hundreds of individuals across and beyond the region. It has also allowed me access to agencies and people with whom, otherwise, I might not have had the opportunity to connect.

It would be impossible to live and work in a region such as the NE without recognising the very real importance of ‘elites’ in all sectors of the regional economy. This PhD research is an attempt to try to understand the socio-economic, historical and political processes, and the formal and informal interactions that lie beneath elite declarations of consensus and regional cohesion. It also written in memory of my father who spent his working life down a black hole and didn’t live to see one of his offspring take up a position in what he would have considered to be a more ‘respectable’, but nevertheless ‘softer’, profession. In my father’s view, academics had their place, but only in as much as they could use their rational thought processes and arguments to understand the socio-economic and political worlds where history mattered. As an ardent trade unionist, my father inspired me to understand the processes that lead to change.

Professionally my 'first' careers in my 20s and early 30s were as a civil servant, based in Durham City, then, after marriage, as a company Director of a family-owned SME. Following the birth of my two sons I changed career in my mid 30s. My 'second' career was an interim re-education process as a mature undergraduate and post-graduate where I was inspired at the University of Durham in particular by Huw Beynon (now Professor), Professor Richard Brown and Dr David Bryne on the socio-political aspects of regional change and Professor Richard Chapman and Geoff Atkinson on the public administration/management aspects (the degree was a combined BA in Sociology/Politics). My interest and understanding of the boundaries between the political and managerial were enhanced in two ways. Firstly, my undergraduate dissertation subject was the sociology and development of management education, in particular how management was a reflection of the socio/political and historical environments. Secondly, I completed a Masters Degree in Politics by conducting a comparative analysis of the managerial and political decision making processes in local authorities in the County of Durham.

During my undergraduate and post-graduate studies, I was fortunate to teach politics/public administration and management at local colleges and universities and this brought me into contact with a large range of middle managers/company representatives in all sectors of the regional economy. This helped to develop my local contacts. I also carried out commissioned research for private and commercial organisations (notably Teesside Chamber of Commerce where I spent one year on the Labour Force Survey and Training and Recruitment Needs Survey, as well as other government sponsored work, SCPR (Social and Community Planning Research, then part of OPCS); work sponsored by the Departments of Health, Environment, Education, Employment, and Trade and Industry). Over a 10 year period, this involved interview and

survey research with literally hundreds of individuals and groups across the social, political, economic and managerial spheres of the NE.

At the same time I worked as a part-time research interviewer with the University of Durham Economics Department, and undertook research and consultancy on behalf of New College, Durham.

During and after my time at Durham, I was an active member of the PPSG (Public Policy Studies Group), RIPA (Royal Institute of Public Administration), a founder member with Professor Howard Elcock (University of Northumbria) of a grouping of regional academics who met regularly to share ideas, and was PAC (Public Administration Committee) representative of the Joint Universities Council (JUC). Despite my long standing interest in regional affairs, attendance at numerous geography and political conferences, and nine years experience as Treasurer and Executive member of the Campaign for a Northern Assembly (now the Campaign for a NE Assembly), and working group member of the NE Constitutional Convention (CNEE), it is only in the past 12 months that I joined the RSA (Regional Studies Association). My role as an activist has put me into contact with many politicians, trade unionists, academics, business and other sectoral representatives. It has been gratifying to meet and learn from these local, regional and national representatives. In particular I have been fortunate to meet and discuss ideas with politicians (local, national and MEPs) and other representatives from Scottish, Welsh and North Ireland Assemblies, as well as those from the Constitution Unit, University of London, at a very significant time in devolutionary history.

After my undergraduate and post-graduate studies at Durham, I took up my 'third' career as a management trainer and educator, firstly setting up training courses for women returners into management at a training organisation in an unemployment

blackspot in the East of Durham, then as MBA Director at the University of Sunderland Business School, with responsibility for teaching strategy and public sector management. Whilst at Sunderland I commenced PhD research and during the past five and a half years have also worked as the NE interviewer with researchers at Warwick on diverse areas such as Europeanisation of Local Government (1995, with Dr Steve Martin), Social Exclusion in Meadowell (1996/7, with Dr Mike Geddes), and local government internal Cabinet changes (1999, again with Mike Geddes). I have also been very lucky to be invited as an active participant to the Warwick University Local Government Centre Annual Research Consortium at a time of public sector reform and devolutionary change. Over the past 5 years, I chaired workshops in which CEOs and political leaders from 38 UK Local Authorities discussed the changing political and administrative landscape, and was able to learn from the speeches of all RDA Chairs and CEOs, academics from diverse disciplines, senior national Cabinet Ministers and other politicians involved in regional change.

At Sunderland, I shared an academic room with two very inspiring colleagues involved in regional and national politics. One was the Leader of an Opposition Party and Cabinet member in a NE Metropolitan City Council and the other, the national organiser for the Association of Small Town Councils. Over a nine year period, many hours were spent discussing national, regional and local politics and management, plotting idiosyncratic political campaigns and using the regional and local press to express our combined independent views.

In September 1999, I joined the University of Durham Business School as a lecturer in strategy, with a particular research interest in the links between private and public sector strategy and partnerships for regeneration. As well as being a Task Group member of the NE Cultural Strategy Team and the University of Durham Business

School's representative on the NE Objective Two European Partnership and on the Joint Universities Council's Public Administration Committee (Secretary to the Research Committee), I have been fortunate to work closely with Professor Andrew Gray on public sector issues, and with Professor Tony Cockerill and Dr Alan Southern on regional issues. Furthermore, recent focus group involvement with Professors Greg Lloyd, Peter Roberts and Paul Benneworth, allowed me to discuss the administrative, managerial and technical aspects of the operation of RDA, and in a particular the role of One North East (ONE), July 2000.

The dynamic approach I have adopted in my career and political development as I have moved between private, commercial, academic, public and political spheres will, I trust and hope, be enhanced and furthered at Durham where I anticipate continuing my life-long interest in political and managerial issues and the blurring boundaries between organisations and sectors in the NE region. It is my intention to stay in the region and regularly commentate on regional change.

## ACKNOWLEDGEMENTS

I am especially grateful to academics from the wide and disparate academic fields of public administration, public policy, geography and management, who inspired me (in some cases unknowingly) to undertake this research. In particular, I would like to express my gratitude to Professor Richard Chapman who is a continuing inspiration.

Other colleagues at Sunderland Business School and the University of Durham Business School have given support when necessary, and to them I also give thanks. In particular, Professor Andrew Gray provided the opportunity for me to test out ideas in seminars and lectures in the comforting environment of the PPSG (Public Policy Study Group) at the University of Durham. The Universities of Sunderland and Durham were supportive financially in assisting with travel costs for interviews and supervisory meetings.

A large number of regional individuals agreed to be interviewed during the course of the research and I thank them for their co-operation, without which the completion of the thesis would have been impossible. In addition, my involvement in regional campaigning gave a contemporary insight into the thinking of many interesting and committed individuals.

Thanks to Steve Martin and Mike Geddes for their supervisory support.

Dr Rebecca Stratling, whose IT skills are second to none, has been a great support and it would have been impossible to produce this without her.

Richard and Gareth, my two sons, have helped to keep me going by undertaking most domestic tasks, provided cuddles when things went wrong, and grown up despite their absent mother. I can't thank them enough for their continuing love and support.

**A selection of some of the many individuals who (either deliberately or unwittingly) gave comments on thesis/helpful suggestions/development of the ideas:**



Professor John Mawson, Professor Tony Cockerill, Dr Alan Southern, Professor Andrew Gray, Professor Ash Amin, Professor Richard Chapman, Dr Joe Painter, Dr David Sadler, Professor Ray Hudson, Professor Colin Talbot, Rhoddri Morgan (Welsh Assembly), Eileen Bell (Northern Ireland Assembly), Warwick academics, Dr Dylan Griffiths (Constitution Unit, University of London), Dr John Tomaney, Peter Sagar (CNEA), Glenn Simpson (CNEA and Tyne Valley DC), Dr David Byrne, Dr Keith Shaw and Dr Fred Robinson, Professor Ian Stone, Professor David Storey, Professor Fred Holliday, former VC of the University of Durham, who allowed me access to his personal archives. The many academics with whom I have been able to discuss ideas over the years.

**General support and encouragement:**

K Cassidy, Dr Rebecca Stratling, Dr Bob Watt, Dr Peter Hamilton.

**NB**

I have resisted the temptation to totally rewrite materials despite the political and administrative changes that have arisen since April 1999 (though chapter three discusses the creation of One North East (ONE) and the changing devolutionary situation and the case study chapters have been updated), and the fact that some of main identifiable elites have changed professional positions and moved between regional organisations, since originally being interviewed (between 1996-7). This is deliberate because neither the creation of ONE, nor the changing devolutionary situation or movement of personnel alters the fundamental or core hypothesis. A second tranche of primary and secondary data collection took place between 1998-2000 with the objective of updating the material.

## Key formal interviews

Respondents (in no particular order of importance) in tranches between February 1996 and December 1997

Don Bowman	English Partnerships, Gateshead.
Mr T Robertson	TWDC Executive
Liz Deane	TWDC Community Development Executive
Richard Arkell	City of Sunderland Partnership
Jean Laurie	North Tyneside Council External Affairs Committee
Alistair Balls	Former CEO, TWDC; now CEO of International Centre for Life
Andrew Dixon	CEO, Northern Arts
Carol Carr	TWDC
Peter Hewitt	Former CEO, Northern Arts; now an Independent Consultant, East Gateshead Regeneration
Sandra Moffatt	NDC Corporate Communications
Susan Johnson	Former CEO, Northern Business Forum
Dr John Bridge	Former CEO, NDC; now Chairman Designate, ONE
Sir Ian Wrigglesworth	NBF founder, Northern CBI and UK Land Estates Limited
Bob Howard	Northern TUC
Sir Jeremy Beecham	LGA and former leader of Newcastle City Council
David Kelly	General Manager, North of England Newspapers
George Gill	Leader Gateshead MBC, NEA, NDC and Committee of Regions UK representative
Karl Watkin	Former Chair of Crabtree UK, founder of NBF, UK Land Estates UK and self made entrepreneur
Don Robson	Former Leader Durham County Council, NEA and NDC member
Joe Mills	Former leader of TUC; now Chair of Sunderland Area Health Authority
John Lennox	Leader of Sunderland City Council Liberal Democrats Group and University Academic
Olivia Grant	Former CEO of Tyneside TEC
Dr Ann Wright	Former VC and CEO of the University of Sunderland and CEO of the University of Industry

Pamela Denham	Former Regional Controller GONE
Ken Frankish	Director of Economic Development, Durham County Council
Sir Fred Halliday	Former VC, University of Durham; now Chairman of Northumbria Water (Lyonnaise)
Sir Ralph Iley	Chairman of Cookson International, Northern CBI and prominent Conservative Party member
Kevin Richardson	Policy Director, North East Chamber of Commerce

### **Key Informal interviews**

Informal interviews carried out between February 1996 and December 1997

Rheinard Schutz	Executive, Freudenberg, West Germany
P J Tizzard	Managing Director, Siemens PLC
Karen Bilson	Siemens Project Office
Piers Wilson	NDC.
Nathan Pellow	Economic Development Officer, North Tyneside
Rosemary Eatherden	Communications Manager, Siemens UK, Bracknell
Ross Forbes	External Affairs Director, Siemens UK
Helen Goode	DTI, Newcastle
Derek Horsfield	T.W.E.D.C.O.
Mr John McCormick	Leader Wansbeck District Council and NEA member
Dr Fred Robinson	University of Durham
Dr David Byrne	University of Durham and former Chair of the Campaign for a Northern Assembly
Dr Dylan Griffiths	Politics lecturer, University of Newcastle
Mr John Dixon Dawson	National Chairman of the Association for Larger Town Councils and University Academic
Professor Howard Elcock	Emeritus Professor, University of Northumbria
Dr Chris Lanigan	District Auditor's Office, Gateshead
Trevor Sheehan	Business Development Manager, Vickers Defence
Irene Lucas	Deputy CEO, Sunderland City Council
Martin Swales	Leisure Services Officer. North Tyneside BC
David Johnson	Ever Ready Batteries, Newcastle

Kate Howie	Corporate Affairs, North Tyneside BC
Paul Donnelly	Manager, Job Centre, Sunderland
Sue Nordgen	Northern Arts
Bryn Sidaway	Sunderland CC
Les Graham	Executive Board Member, MKL, Sunderland
Paul Collard	Newcastle Gateshead Initiative

Individuals who were not interviewed (due to non availability) and whose views would have benefited the research. Secondary data was obtained on these individuals.

Sir Paul Nicholson	Vaux Breweries
Sir Tom Cowie	Cowie Motors
Peter Sloyan	Northumbria Tourist Board
Dr John Tomaney	University of Newcastle
Sir John Hall	Millionaire Property developer
Sir George Russell	Chair of NDC
Llew Avis	Siemens Personnel Director
Reay Atkinson	University of Northumbria

**Supplementary interviews (between mid 1998-mid 2000) with a range of:**

Economic Development Directors and Councillors from most NE local authorities, various Board members of One North East (ONE), various members of Tyne and Wear Sub-Regional Partnerships, County Durham, Northumberland and Teesside Sub-Regional Partnership and Sunderland ARC (Area Regeneration Compact).

**Main Secondary Data Sources include:**

University archives, particularly the personal archives of Professor Fred Holliday, a fervent regionalist, Universities of Sunderland, Durham (NE Area Studies and other economics/geography data), Newcastle (especially CURDs), Northumbria, and Teesside data, local authority Economic Development Strategies and other official and

marketing information, documentation from both UDCs, all regional TECs, GONE, NDC, NEA, CNEA, NECC, Regional Chamber of Commerce, NE Chamber of Commerce, Northern Business Forum, CBI, TUC, Northern Arts, Sports Council, Northumbria Tourist Authority, VODA (Voluntary Organisations Development Agency), NE Regional Ecumenical Churches Council, Tyne Tees and BBC NE, Northumbria Water/Lyonnaise, ONE, Regional Chamber, St Peters' Development Office, North Tyneside and other local authorities, newspaper archives regional, local and national, all English RDA strategies, County Durham and Tyneside Sub-Regional Partnership Concordats, Northumberland Sub-regional Partnership, Sunderland ARC (Area Regeneration Compact), Teesside Joint Strategy Unit, Cambridge Econometrics, attendance at the many Regional Forums/Conferences and Public Lectures during the past 9 years, in particular those relating to devolution, RDAs and the role of Universities in economic Development, DTI Regional Competitiveness Indicators, Northern Regional Strategy Team, Economic Development Strategy Documents of all NE Local Authorities.

Secondary data from Campaign for a North East Assembly, NE Constitutional Convention, NE Regional Assembly, Culture North East, Campaign for English Regions.

## **Introduction**

This dissertation argues that a regeneration regime, an experimental form of governance, characterised by multi-levels of intra and inter-organisational negotiation and co-ordination have developed within a complex and ambiguous external environment in attempts to deal with unmet economic, social and cultural needs. This emergent form of regime, with innovative and entrepreneurial actors in public, private and other sectors has emerged from a poorly institutionalised inter-organisational field of regeneration and the loosely coupled networks at national, regional, sub-regional and local levels have allowed regime actors to identify particular initiatives/projects for regeneration.

The research shows that the regime is a top-down, managerialist form of governance, which is not entirely democratic or open to public participation, but strategically contingent on global and other constraints. The overall objective is to ameliorate the legacy of decline, within a much broader concept of governance, and where political negotiation and co-ordination take place within wider socio-political structures and traditional hierarchies. It is central to an understanding of how regeneration policies are formulated, implemented and evaluated because the elites involved are embedded in the social system and part of the history of change.

The legitimisation of mechanisms and processes involved in strategic formulation and implementation are always open to debate, but are rarely challenged by excluded groups. Penetrating and accessing policy making in the region in order to influence choice and direction is difficult, mainly because the regime maintains itself by informality and secrecy, and wider social influences do not impact on its activities.

Existing forms of analysis are limited so a synthesised methodology, which combines elements of political science frameworks, Urban Regime Theories, partnerships, networks and power analyses, strategic management and stakeholder models is proposed. Existing urban theories are weak on; the role of history, informality, linkages between individuals and institutions, existing power relationships and traditional institutional

forms of decision making, socio-cultural and external aspects, use narrow categorisations of business and state institutions, and assume that state institutions incorporate business and other interests into decision forums. The blurring of boundaries within and between business, individual actors and institutions, state, civic and other interests have added to confusion. They fail to account for micro decision-making, especially the question of who has power, how it is distributed and how conflict/consensus is managed.

Strategy /stakeholder and power models throw more light on these but still cannot deal with hidden levels of power, assumptions on incorporation of business class into state agendas, structures of public, private and quango state, or the service class. No valid analysis of auxiliary agencies such as universities, sporting, artistic, trade unions or combinations of public and private agencies exists. Business is fragmented, SMEs and inward investors are given insufficient prominence and current literature makes assumptions on leadership and entrepreneurialism. A thread that continues throughout this dissertation is that entrepreneurialism can be detected in all sectors, and is not the sole preserve of the business sector. The importance of lobbying and external links, the broader involvement of other agencies, blurring of state and business agendas, and blurring of boundaries makes it problematic to say that one is more important than the other.

The omissions do not signal the demise of existing theories, rather it is argued that additional components from strategy management and power models creates a more compelling interpretation, and help to fill the gaps. The proposed model synthesises geography and political science and management theoretical frameworks, and it is argued that a researcher should present subjective interpretations rather than detached or objective explanations of research, because existing explanations of urban and regional regeneration do not provide fundamental truths about governance and the change process.

Funding is critical in urban and regional regeneration but other elements are important such as project realisation, building up trust and mutuality, recognition of social as

well as profit driven motives, networks beyond the regimes, and connection between regimes. Empirical data is used to show how dynamic relationships cut across time, space, initiative and sectors.

A research project cannot occur in a vacuum. There needs to be a frame of reference to investigate the veracity of claims made. The three very different case studies are examined within a political/economic and historical framework and give a rich and in depth interpretation of regional regeneration, with a concomitant alignment to sub-regional regeneration processes.

As the social context and space for collective action has become enlarged within the field of regeneration, there has been an increase in the potential for ambiguity on accountability, legitimacy and autonomy. The uncertainty of the environment coupled with the lack of mandatory guidance has created a situation in which individuals and agencies adjust to each other in more flexible and innovative ways to maintain, enhance and enlarge their power bases.

There is a review of explanatory strengths and limitations of existing theoretical perspectives, in an attempt to show how the NE regime has attained a strategic position and how it continuously struggles for legitimacy and autonomy.

Access and control of relevant policy networks, communities and elites are critical to the formulation and elaboration of the regeneration agenda, as is the capacity to draw on organisational resources and information to implement chosen policies. Manipulation of symbols and images and strategic rhetoric and discourse has become the chosen method of fostering an ideology of growth and transformation.

This research demonstrates that elites from a wide sectoral basis have always drawn in civil servants to legitimise regime activities, purpose and rationale. The problem, of course is how much public support and legitimacy and autonomy the regime has, because its activities are ill defined, projects and initiatives emerge in imprecise and largely unknown ways. They are rarely clearly specified in advance so that excluded groups subject them to local debate or challenge. There is continued uncertainty on



how solutions to regeneration problems will be evaluated, and the overall regional mission to which all contributing agencies and individual elites adhere is ambiguous, not clearly articulated but yet rhetorically agreed upon. Legitimacy and autonomy cannot be taken for granted, continual appeals to the regional story of growth, and any potential conflicts over means and ends are defended within the political and institutional arena.

Clearly the elites from various sectors, including civil servants have a pivotal role in defining which projects and initiatives will aid regeneration, as they decide how change will be instigated and realised. Measurement of effectiveness is difficult to achieve, not least because the means of measuring success on 'soft', socially and culturally desirable projects are difficult to substantiate on any hard, objective, economic basis. Regeneration activities are never quite explicit or open, but governed by implicit and embedded social interactions and relationships. Elites operate by their own rules and conduct; there are many hidden agendas, and unwritten or unspoken social conventions, practices and behaviours. The accrued benefits of regeneration are not open to measurement by conventional means, because the direct, let alone indirect effects, or how and where to attribute value, is always going to be difficult.

The research shows that a recognition that once state organisations began to lose power and influence over the local and regional domains, and could no longer engineer feasible solutions to social and economic problems, a much more complex field of intra and inter-organisational negotiation and co-ordination emerged, strategically contingent on the varied constraints. This has created a role for entrepreneurs who are able to mobilise and co-ordinate advocacy coalitions that penetrate and shape policy networks and communities through which projects are formulated and realised.

By striking the right balance between structural constraints and collective agency and strategic contingency, and harmonising economic and socio-cultural activities, within a dynamic institutional environment, inter-organisational politics and power relationships have emerged as the critical factor in managing an shaping policy formulation and implementation.

Pluralist analyses, such as stakeholder models are regarded as dispersed and accessible to subordinate groups, but it is clear from this research that power in the NE is still hierarchically structured, though not necessarily organisationally concentrated. Power is concentrated in the hands of elites who claim to act in the interests of the wider community. However, organisational agency continues to be of strategic importance in the legitimising process, and professional and managerial power relationships between elites help to structure and legitimise power networks by projects and initiatives articulated and mandated by state officials. These are then exposed to the political arenas and multi-sectoral elites inter-link and dominate the values and interests through the process of identifying policies/projects and the formulation and implementation stages.

Local elites imitate and conform to a combined managerial/professional and regional discourses to attain legitimacy, but the downside is in using a managerial discourse and ideology, local politicians then become colonised by professional and managerial rules of the game. This dilutes political roles and value systems, but continued appeals to the regional rhetoric of growth ensure that the ideology is sustained.

**In pursuit of the goals the thesis will be structured as follows:**

Chapter One: is an historical analysis of the effects of regional policies on the NE of England and the responses of a regional regime of elites. It develops the conceptual framework for the subsequent chapters, and by examining the concept of ‘power elites’; it shows how the need for regeneration within national policies and globalisation of economies and public services has created conditions in which a particular type of elite governance has evolved in the North East. Some prominent definitional and theoretical traditions on the local, urban and regional regeneration help to refine the concept of a NE ‘region’, and allow an examination of an unique form of entrepreneurial governance, with politically minded business people and entrepreneurial public servants and politicians. It is argued that in the NE elites have always been involved in decision making, but global challenges have challenged the power and capacity of

all nations states, multi –levels of governance now have multiple pressures and European funding regimes have forced regional elites to forge partnerships and regimes in ever more fragmented decision spaces. As each region in the UK has responded uniquely to the external forces, cadres of public and private sector entrepreneurs have been created, but in the NE, it is argued that a regime of entrepreneurial actors has always operated through formal and informal linkages.

Earlier research on urban and regional change was limited in showing formalised and institutional linkages, and research on entrepreneurship was focused on the role of the individual. The case is made that institutions are no longer appropriate to confront new challenges, so it is important to explain the dynamics between new combinations of institutional capacities and individual entrepreneurship. In the NE long-standing strategic connections and linkages between multi-sectoral elites have increased knowledge and information flow, and created a regime that has continually adapted to external changes. For over a hundred years a unique blend of multi-sectoral elites have acted entrepreneurially in individual, organisational and civic roles on behalf of the region, by adopting their own self imposed codes of conduct and mores. The regime is a form of governance that combines entrepreneurial, managerial political and public servants with politically minded business and other sectoral interests, but crucially civil servants are the pivotal link between all levels of governance.

Top down styles of decision making within hierarchical frameworks have planning, objective setting and implementation at core but such approaches omit the very important, subtle power relationships between agents, so by reviewing literature on power and the more traditional analyses of elites it is shown that behavioural, reputational, institutional and outcomes approaches used to identify power relationships had limitations, though later writers do accept that hidden levels of power are difficult to determine. It is accepted that in most societies a small elite monopolise and enjoy the advantages of power; and they circulate and form cliques and associations, as societal changes create new conditions. However, in traditional analyses position and prestige were recognised as being based on wealth, intelligence, special talents, status, occupation, or social or political position but it is argued that elites in the NE also achieve

their positions on the basis of functionality and instrumentality. Historically they have used individual, organisational and civic positions as a way of contributing to regional objectives by calling on resources, personnel and information to implement innovative, multi sectoral projects that can achieve unmet needs. They also use their position, reputation, and friendships to lobby on behalf of, and market the region. This elite regime has evolved from a period in the nineteenth century where economic factors were the basis for involvement, to one in which other factors have broadened representation. The regime is cohesive, interdependent and sustained by mutuality and friendship, and these multi-professional and multi-representative actors suspend class, political, professional, social and other affiliations to make pragmatic responses to external changes. The important gaps in institutional coverage have allowed elites to transfer knowledge between generations, and between professional and political worlds, and have significantly drawn in local central and local state officials and other sectoral interests.

Globalisation of both public and commercial worlds, is used as a backdrop to illustrate the fragmentation of governance structures, and shows that activities formally carried out by state agencies are now shared in attempts to regenerate impoverished areas, as elites struggle to integrate policies, priorities and resources. Local economies are linked into the global economy, and providing definitions on the urban and the region are difficult because of the welter of co-existing epistemological, theoretical and methodological approaches. Researchers have sought to bridge the macro structuralist and the micro levels of analysis by developing meso -level approaches, or by attempting to bring together agency, structure and institutions but all have weaknesses.

Chapter Two: explains the methodology, the rationale for a qualitative approach and a discussion on the chosen methods. It explains that existing methods of enquiry have many flaws, and few studies of public leadership are longitudinal analyses of who was involved in decision-making, how priorities were determined, and the formulation of strategies. Regional change cannot be isolated from national and global forces, and to understand it we must show the social and human dimensions and multiple meanings

and interpretations individuals place on events. It is also vital to have a historical perspective and the use of three diverse cases within regeneration showed how the same actors became involved in local, sub regional and regional projects at different points in the region's history.

By adopting a reputational, positional and issues based analysis on diverse regeneration cases it was possible to obtain a rich picture of elite social interactions and causal links as elites communicated in decision spaces, both formally and informally. At the macro research level literature reviewing helped to define a framework and interviews were used for conceptual elucidation and to highlight questions then tested out in detailed case studies. Relating the empirical data to a theoretical construction allowed inferences to be drawn and isolation of key concept at the micro research level shaped the analytical framework. General and subordinate data was useful in setting criteria for selection of the cases.

Stakeholders were chosen from a range of agencies across the region, to collect interview data on perceptions, meanings and attitudes, and this was triangulated with questionnaires, case study material, non-verbal observations and documentary data. The aim was to make sense of a mass of data, make the links between the conceptual and empirical worlds, as well as developing an iterative process of induction and deduction. By using theory to drive the research, and by having a representative sample of interviewees rigour was maintained throughout. It was recognised at the outset that no single research method is 100% accurate and the problems associated with qualitative methods were all overcome by maintaining a professional approach and drawing on long experience as a commercial and academic researcher

Chapter Three: is a historical analysis of the evolution of the regime, in different phases, as it responds to global and national changes. It explains that regionalist demands are growing because of the frustration elites feel with current governance arrangements. It shows how this regime of elites attempts to adapt national policies to regional needs by identification of projects, but that autonomy is severely constrained. Autonomy is relative, not absolute. Many of the activities are dependent on external

support, which leaves elites to carry out a range of activities. Networking and lobbying has allowed elites to draw in national and local state officials to legitimise activities. In the quest to transform the image of the region, innovative projects that can improve the quality of life and physical conditions of the local population have been identified.

Each phase of regional policy has created the conditions in which a unique type of elite regime, based on enduring relationships and a sense of regional identity and common purpose has evolved and synthesised, despite changes to composition and personnel. From the class based regime of aristocrats and commercial interests in the nineteenth century, through its various stages to present day multi-representative, post democratic forms, this regime has attempted to fill the gaps where state intervention failed.

It shows that the regime has evolved in response to the failure of top down regional policy and planning to address long-standing inequalities and speculates on whether current political and administrative systems are any more satisfactory or effective in dealing with decline and deprivation. The regime operates in the decision vacuum where administrative and political arrangements are incapable of plugging gaps in coverage. Broader sectoral representation of individual, civic and organisational interests of the region are now involved in a multitude of ways. Some are democratically elected, some are appointed, some self-appointed and still others remain outside and beyond institutional boundaries. It is a very broad and complex system of elite interests that has emerged to fill regional decision space.

The legitimacy and accountability of present arrangements are questioned, as they fail to represent excluded groups. The processes through which strategies are developed and debated are not transparent, generally secretive and informal. New administrative arrangements around a complex set of interactions between new and reformed institutions of GOs, RDAs, and NERA, means that a regional agenda is loosely defined, and institutional capacity to deal with economic, social and environmental pressures is unproven, and incapable of providing a framework to solve the problems.

Chapter Four: argues throughout that available literature on local, urban and regional governance has offered partial and particularistic insights but failed to capture the complexity, fluidity, flexibility, advocacy or external forces on regeneration. Broader literature from political and managerial fields and selective comparative regional data are used to explain empirical findings, and the chapter explores definitions of strategy and stakeholders to synthesise models for a more comprehensive understanding of the cultural, political and historical dimensions, and the macro and micro elements omitted from earlier accounts of regeneration. In particular there is an examination of regime activities, power inter-relations, and effectiveness. It confirms the existence of a regime of elites who act on behalf of civic society, though it is accepted that it is an exclusionary and fails to include disadvantaged groups.

Synthesising managerial and political theories, allows those vital micro and macro elements omitted by regime theories to be incorporated, but many hidden elements of power and influence remain, because observable and non-observable aspects of power and influence are notoriously difficult to discern and secrecy and informality lubricates elite decision-making. The chapter argues that wider social influences are claimed to be open to debate, but in reality elites are rarely challenged by excluded groups, because of the difficulties in penetrating regeneration forums.

There is a discussion on what is meant by success on 'soft', socially and culturally desirable projects because of the difficulties in substantiating hard, objective, economic data. Drawing the boundaries around a unit of analysis and looking for causal linkages is not a simple operation and no one can say whether accrued benefits would have arisen without elite intervention, because of the ambiguity and contestability on what, when and how to measure. It may take years, or generations for any real impact to be seen, or to determine whether these entrepreneurial interventions had any real effect. An important policy question remains, 'how much worse would the region be in regeneration terms, without the existence of this regime, or the activities that have been carried out?'

Despite still lagging behind other regions, it is argued that there has been a physical transformation of areas of the region and examples of high profile projects, but no one can be certain whether there were other attributable factors. Undoubtedly elites have been instrumental in developing strategic forums, and task forces to cope with FDI withdrawals or other issues, but it is impossible to say if they were stimulated by earlier regime activities or not. Some of their activities have achieved success, and a circulation of elites around the region has added to the knowledge and information flow.

There is little to prove that cultural change and raising aspirations have resulted from elite activities, but in the political sphere, there is more apparent success. Lobbying was a contributing factor in the establishment of RDAs, RDA budget increases, proposed reviews of the Barnett Formula and a Regional Assembly. The region is much higher up the political agenda than it was, but none of these successes can be directly attributable to elite activities, but undoubtedly helped to put them on the agenda.

Despite elite exhortations of a confident and self-assured region, no longer dependent and looking towards a successful future, the rhetoric has not quite matched the reality, as the region is still heavily reliant on public subsidies.

Chapter Five: is a case study of Siemens that demonstrates how elites strategically collaborated to attract the company to the region, and how managing stakeholder alliances became a vital component, once the closure decision was announced. The case reveals that central and local state actors interacted with regional elites to develop some coherence as the NE was pitted against other competitor regions. It brings into question just how much autonomy and legitimacy elites had, how they were drawn together to negotiate and bargain, and confirms that autonomy was constrained and contingent on funding decisions made by central government and the corporate might of Siemens.

This short-lived, high profile case does demonstrate evidence of institutional innovation and elite entrepreneurship in multi-sector agencies, as they were permitted to redefine and validate their activities. However, it also revealed the risks associated



with using inward investment as a core regional strategy for regeneration. A clear knock on, and indirect benefit arising from this case was the way in which elites began to re-appraise the role of indigenous industries, and look for ways to support existing and new businesses. Nonetheless the legacy of the Siemens' case includes a sound infrastructure, newly established networks, improved R&D in universities, and enhanced clustering and supply chains.

No matter how effective elites were in developing regional capacities including PR, marketing and lobbying skills to embed such an important FDI as Siemens, the national and international flow of capital was outside of the control of regional elites, and despite continued exhortations for regions to shape their own regeneration policies the rapidity and increased mobility of international capital left them neutered in this instance.

Furthermore the chapter shows the political capital to be gained from the investment, but the many technical and strategic issues to be considered, inevitably resulted in a top down strategy where regional elites were marginalized and forced into a secondary role at the attraction stage. They did, however, fulfil significant roles, not least high level lobbying prior to the decision and the capacity to draw on resources, personnel and information. Despite this, the volatility and transience of global capital meant that no matter what Herculean regional efforts were made (metaphorically) the plug was still pulled.

Chapter Six: is a case study of Visual Arts, a bottom –up artistic and cultural event that had regional significance. It demonstrates how the lessons learned by elites from earlier FDI successes were transferred to a cultural and artistic setting. It revealed how the project was used to manipulate symbols and strategic rhetoric to foster an ideology of change and raise the profile of the region. The aim was to maximise social benefits and minimise the disadvantages of earlier fragmented approaches, and it did have limited success in involving some excluded groups, however management of the process remained in the hands of elites.

Visual Arts was a project firmly rooted in the local social system, but classically demonstrated how national and local state officials were drawn in to legitimise activities, draw resources and harmonise social and economic need by adapting and shaping a national initiative to play to regional strengths.

There are countless positive impacts of cultural regeneration, but there are also disadvantages. It can unlock creativity, imagination and innovation but there are concerns that it does not make up the shortfall in manufacturing activities. Not everyone believed that the time, personnel and other resources and costs devoted to cultural activities would bring the promised benefits. When questioned, elites believed that Visual Arts would raise the profile, stimulate the economy, create dynamism and bring local talent together. The theory was that cultural role models would help communities to become involved in arts, and have the knock on effect of producing world-class projects as magnets to property development and investment. The Baltic Arts development has already attracted a large, popular property development scheme.

Overall Visual Arts was hailed by elites as a great success, as a region with few art galleries became the focus for international interest, and public perceptions and expectations of the role of art improved. Individuals who had never had any connections with the artistic world initiated projects, and major companies were persuaded to sponsor the event, and it became the biggest ever sponsorship out side of London. The success created the confidence to bid to be the European Capital of Culture in 2008, but it was a catalyst for other projects, such as The Tall Ships Race, The Angel of the North, the £23 million Baltic Centre.

It was independently hailed a PR and financial success, as well as achieving economic, artistic and social/cultural regional objectives, but the ultimate objective as a vehicle to make the NE a leading region in Europe for Arts has yet to be realised. However, politically and commercially the national and international profile of the region was improved as a result of the initiative. Furthermore, politically it had a bearing on the White Paper on RDAs.

There is hard evidence to show that the event was a successful one, but giving concrete evidence on how successful the elite intervention was, proved to be more elusive. There have been some useful networks developed for the future, and it is argued that without elite intervention these might not have happened. A strategic architecture and useful networks were created, and these are considered as useful mechanisms for cross-sectoral transfer of ideas, and the skills needed to obtain sponsorship were passed on to later projects, along with many other valuable lessons.

Chapter Seven: is a case study of St. Peter's Development. This gives further evidence of the transfer of learning from regional initiatives to sub-regional level. It provides data on St Peter's Development in Sunderland, a phased development project, in which elites further refined their activities, and by networking and information sharing were able to learn use collective wisdom to pool resources and affect change. A strong institutional framework and strong simultaneous connections of multi-agency representatives across FDI, artistic and cultural projects at sub-regional and regional levels of governance were harmonised to formulate and implement this property development.

Many of the initiatives under the St Peter's umbrella would have been impossible without negotiation between the various levels of governance and without the coordinative efforts of key individuals and agencies. It was another example of the way in which elites identified projects to enhance the profile, and used lobbying skills to pressurised Ministers and civil servants to secure resources, in doing so they struggled for legitimacy and autonomy. It is a classic example of the way that elites aligned social and economic needs, but does illustrate how conflicts were managed in the interests of the local, sub-regional and regional objectives. It also confirms that regional and sub-regional elites have a level of relative autonomy, but that the local and national state has ultimate power and influence.

Much of the good practice apparent in the partnerships and networks in the Siemens and VAs cases were absorbed, learned and transferred for a sustained effort. Forums for community and local involvement were already in existence during VAs but in St.

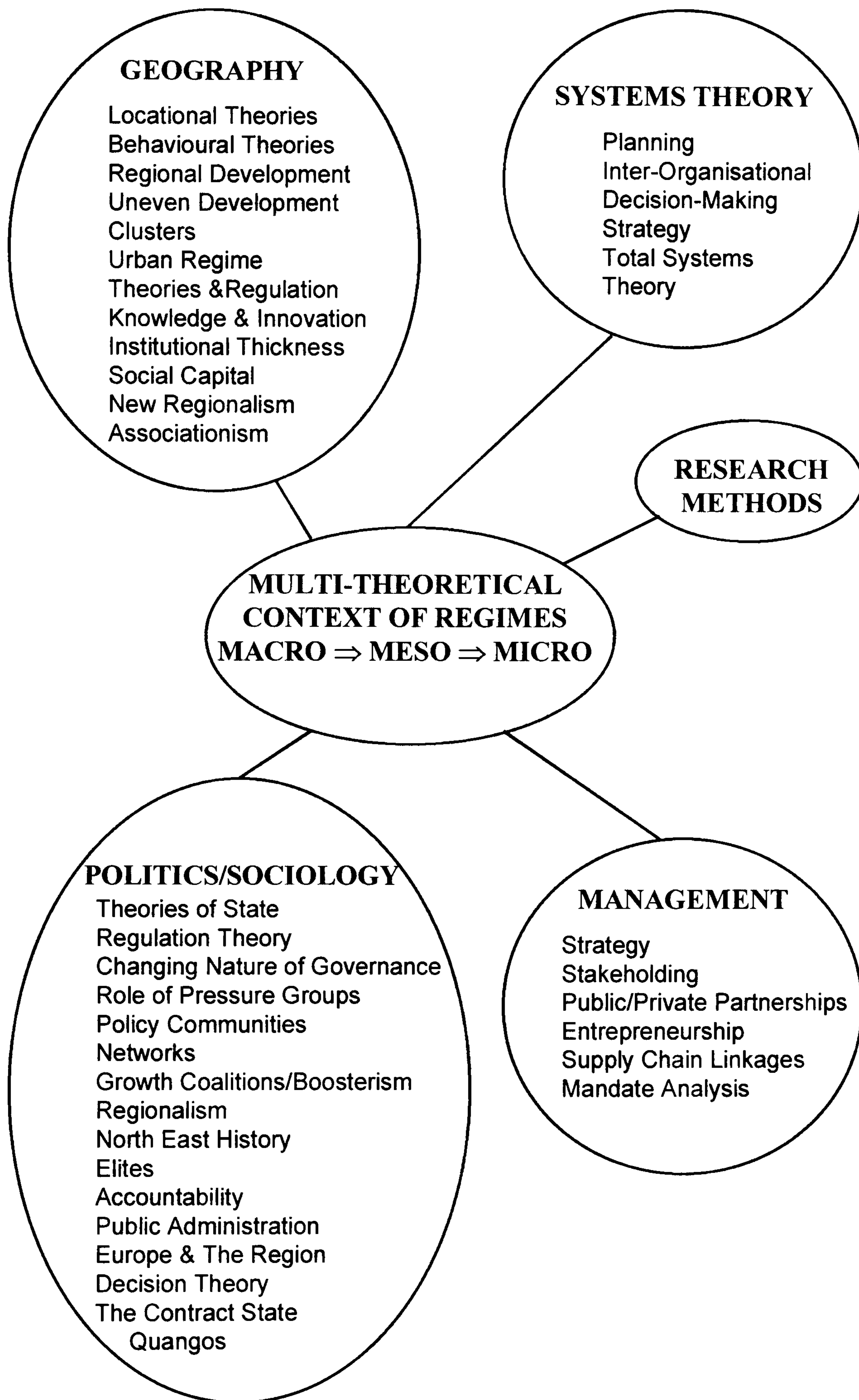
Peter's they became the useful stimuli to the formation of others. Specific events, such as these can be the trigger for alliances and improve social and cultural as well as economic performance.

Some elites did not initially appear to be significant in St Peter's, but in actuality there was close contact and involvement. Different elites took the lead role in this initiative but nevertheless a regional focus was still apparent. The ability to manage regional and sub regional networks, to ensure that information is passed across and up and down the region, and the ability to harness institutional capacity between sectors, formally and informally, is a key to the sustainability and learning across the region. This is the social glue that holds regions together. It was strongly evident in St Peter's Development.

By having a strategic overview of how regional projects such as FDI, VAs and St Peter's Development elites were able to see how they dovetailed from community level upwards. Key regional personnel were in close and continuous communication at regional and sub regional levels, it was therefore possible to have a comprehensive and global picture. Over a period of time between projects regional elites redefined the strategic approach and improved the networking between the respective agencies.

Chapter Eight: in this concluding chapter it is argued that the limitations of existing theory demonstrate that this synthesised research methodology is a more useful interpretation. There are also some final comments, which will be used to signal future research directions.

This illustration gives an indication of the theoretical influence on the final work.



## **Chapter One**

### **Globalisation, elite regimes and local and regional regeneration**

#### **Introduction**

This chapter reviews some literature on elites, globalisation, regeneration and regions to set the context within which an elite regime in NE governance have identified projects on behalf civic society, to enhance cultural, social and economic growth, within wider socio-political structures and traditional hierarchies. It sets the backdrop in which regeneration strategies are formulated and implemented by reference to prominent definitional and theoretical debates surrounding urban and regional regeneration. This allows an initial assessment of elites in NE regeneration.

The gaps created in existing institutional arrangement have created the conditions for elites to co-ordinate regional efforts to adapt national policies and global changes to regional needs, but highlights the continual negotiation and bargaining necessary to legitimise activities. The chapter demonstrates that elites in the NE have always operated formally and informally to decide upon strategies for regeneration, but over the years the composition of the elite regime has altered in line with external changes. Multi-agency representation has been absorbed into existing regime formations as new needs arose, and in line with societal changes. Legitimacy has been based on close proximity to civic society and the pivotal role played by central and local state officials. Elites operate on self-imposed codes of conduct, and use a mixture of political and managerial processes to draw in resources and information to identify appropriate projects to cope with unmet social and economic need. The autonomy of elites is contingent on the constraints imposed by external forces and it is relative rather than absolute.

## **Elites in regeneration: the power debate.**

There is a long-standing debate within political and social science that in an indirect democracy such as the UK system regimes of elites have always been involved in decision-making. In the late twentieth and earlier years of the twenty first century it is generally accepted that multi levels of governance are faced with a multitude of pressures, not least a renewed questioning of the role and operations of the local state and multi-sectoral elites engaged in local political processes. Globalisation has challenged the power and capacity of nation states, European funding arrangements have forced regional partnerships to coalesce, and both have altered private and public sector agendas and activities within ever more fragmented decision-making forums. Moreover the intensification of global and national public sector changes have created the conditions for a new cadre of public sector entrepreneurs<sup>1</sup> expected to work in collaboration with traditional elites in identifying regeneration projects for growth potential.

This broadening of coalitions to include new elite interests and new state forms are quite a recent phenomenon in British politics, but in this, and subsequent chapters it is argued that multi sectoral elites in NE governance have uniquely responded over time to change. Cousins et al (1974:133-144), and Carney and Hudson (1976: 2) addressed political, institutional, commercial and capital backgrounds of regional elites, more recently Robinson and Shaw (2001a: 473-492) emphasised institutional and formal linkages, however neither fully captured significant informal and extra-institutional

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<sup>1</sup> The term 'entrepreneur' is not used in the traditional sense, but as an amalgam of those public sector entrepreneurs who turn crisis into opportunities, champion causes, provide leadership, build networks, establish vision, goals and trust, and lever in resources from external sources (Osborne and Gaebler, 1992).

linkages. Nor did they identify the historical and external forces considered by elites to of importance.

In a UK context recent local and regional governance changes have emphasised the importance of leadership and co-ordinated efforts, but raise questions on the legitimacy, accountability and autonomy of elites operating in complex regeneration milieu. To understand NE regional and local change it is vital to show how elites create the conditions to facilitate information flow on tasks, and the interdependence between individuals and meta (or surrounding) institutions. Dynamics between new combinations of institutional capacities and individual entrepreneurship create adaptive, rather than allocative efficiency, and these in turn are the key to growth. Linkages are essential ingredients for creating strategic connectivity and knowledge building (Roberts and Benneworth, 2001:150) and in chapter three we see how a regime has developed over the past hundred years, as a vital component of local and regional change. Acting in individual, organisational and civic roles elites gain legitimacy from close proximity to civic society.

Writers on entrepreneurship have focused on the role of the individual (Schumpeter, 1934: 3), or how societies were stuck in institutional settings no longer fit to confront new challenges and problems, but multi-sectoral elites in the NE with multiple accountabilities have always operated, formally and informally, within and out with official planning and policy arenas. NE elite governance is a unique blend of individuals acting entrepreneurially, with sectoral interests within a specific institutional setting, and unlike those elites in other regions, adopt their own self imposed codes of conduct and mores. This particular form of governance does not fit exclusively into existing regime categories as it combines a mixture of entrepreneurial, managerial political/public servants with politically minded business/



other sectoral interests. Significantly entrepreneurial civil servants provide the pivotal link between national, regional, sub-regional and local levels of governance.

There is considerable appeal to the view that decision making at any level must consist of a series of planned activities, organised in a given hierarchical framework with objectives formulated and actions implemented. This top-down style of decision-making, promulgated by management theorists is illusory because no matter how well strategies are planned, administration and associated technicalities, implementation and outcomes are dependent on a myriad of subtle power relationships between other governmental and non-governmental agents. As the subsequent chapters show these power relationships are very complex, and have developed within a particular social and historical setting. Many of the inter-linkages in the NE are informal and secretive, but based on strong friendships forged in individual, organisational and civic roles over very long periods of time.

Power has been viewed by political scientists as social or collectively organised whereas sociologists saw it in individualistic terms (Prethuis, 1964: 3). It could also rest in the hands of a small number of political, bureaucratic and business interests, or be diffused between different, competing democratic interests (Clegg, 1989: 6). Theorists have analysed scope, influence, perceptions, images of power, or examined decisions to determine pivotal power, but the inability to establish the relationship between power and causation has been a recurring weakness. Moreover defining elites has proven difficult, due to restrictive criteria (Moysier and Wagstaffe, 1987:7).

Reputational approaches allowed sociologists to list individuals, and make judgements on power and influence, whereas political scientists used 'pluralist' decisional analysis, to identify events or non-events (Clegg, 1979: 46). Both failed to encapsulate time, chronology or socio-historical conditions, as suggested by Roig

(1973: 19-54). Pluralists and elite theorists also placed the legitimacy and autonomy of the central state at the core. Thus, whichever theory of power was adopted, elitists would assert their will by being absorbed into the state machinery, or by lobbying government (Dowding, 1996: 79-85). Of even greater importance is the need to determine how certain elite groupings dominate or constrain decision-making forums and how open and contested, secretive or challengeable they are (Dowding, 1996: 87). The term 'elite' had been used in the seventeenth century to describe commodities of particular excellence, and its usage during the nineteenth and early twentieth century was extended to refer to superior social groups (Bottomore, 1964: 7). Pareto and Mosca, the foremost elite theorists rejected Marxian concepts of a ruling and bourgeoisie class. Pareto differentiated between governing and non-governing elites, whereas Mosca used parliamentary, representative democracy to include political and sub-elites such as civil servants, scientists, engineers and intellectuals with power, juxtaposed against the masses. In most societies a small elite of upper or aristocratic classes monopolise and enjoy the advantages of power, by enshrining power in legal mandates. Position was, therefore, based on wealth, intelligence, or special talents (Bottomore, 1964: 15).

Mosca showed how the minority controlled the majority by a sub-elite of middle class bureaucrats and technocrats, differentiated by status and occupation (Bottomore, 1964: 31). He introduced the notion of a 'circulation of elites' to explain how social and technological changes led to new interests replacing established elite interests.

Etzioni-Halevy challenged the theories of Pareto and Mosca as simplistic, conservative, undemocratic and contemptuous of the general public. In his opinion the connections and struggles of elites were an essential precondition for stability and only in representative democracies could elites achieve relative autonomy by having a

pivotal and egalitarian role in absorbing sub-elites into the political processes (Etzioni-Halevy, 1993:33).

Elite groups gained prestige on the basis of economic, cultural and political activities, however contemporary writers now accept that groups have multiple class affiliations and varied motivations for group activities. Crouch (2000: 57) argued that in a post democratic world, national politics were being replaced by private interactions between elected officials and elites, overwhelmingly business interests, and this 'new self referential ellipse' had positive and negative effects. Harking back to the Victorian period he asserted that archetypal capitalists instigated rules on how organisations should work, because of their profound understanding on the differences between public and private sectors (Crouch, 2000: 61). Presthus (1964) saw competing centres of power and influence, in which individuals challenged decisions by forming cliques and associations, as much healthier than elitism where individualism reigned.

Elite mobility had, historically, been based on marriage, property interests, social or political positions, but in the NE functionality and instrumentality are critical factors. Functionality here is taken to be the roles assumed by elites in shaping, adapting and re-engineering national and European policies to suit regional needs. An elite regime, in a NE context is not used in a pejorative sense, but refers instead to a diverse mixture of multi-agency representatives whose positions arise through various means. It is a broader constellation than governing elites identified by earlier writers, as individuals are not involved in regeneration because of superior wealth, talent, intelligence or special talents, more on how they contribute to regional objectives by calling on resources, personnel and information. Mostly participation is by means of friendship links, reputation or functionally, such as lobbying or marketing the region.

Most elite or community studies have failed to provide any real depth or understanding of a historical perspective. Little is known about how have elites and their characteristics changed over time. but elite structures in the NE have evolved from a period in which economic factors were the basis for involvement, to one in which other factors broaden representation. Project identification has created the conditions for innovative, multi-sectoral solutions to unmet need.

Hunter's (1953) reputational approach, was a socio-metric analysis that confirmed the social, cultural and economic inter-locking nature of the power and influence of forty community leaders from business, finance and industry, whereas Dahl's analysis went further to reveal a dispersed and competitive power system of organisational leaders, categorised on (i) political, (ii) economic (business, commerce, industry, finance) and, (iii) specialists, who were marginal until their knowledge was required (Dahl, 1961a: 201-5). The institutional method adopted by Wright Mills (1956), was criticised for not accepting contemporary complex polities, instead he identified only a triumvirate of government, business or military interests. Moreover Presthus combined decisional and reputational methods to determine overt power, but this method too had shortcomings as people mixed up personal preferences with objective judgements (Presthus, 1964).

In contrast Lukes attempt to move beyond behavioural, institutional or outcomes approaches (Lukes, 1974a), was updated by later researchers; adding a fourth dimension of power (Burrell, 1988, Clegg, 1989, Knights and Vurdubakis, 1994, cited Fulop and Linstead, 1999:126).<sup>2</sup>

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<sup>2</sup> To be discussed more fully in chapter four.

In simple terms every community (according to Presthus, 1964: 5) has fairly stable sub-systems and networks of social, economic, ethnic, religious, and friendship ties, with discrete though overlapping constellations of power and overlapping group membership (Presthus, 1964: 6), and this is certainly a feature of the elite regime in the NE. Regeneration issues have allowed individuals in this sub-systems to co-operate, and at different times elites become more or less influential or powerful, in lobbying for regional interests. The elite regime has persisted, in response to external forces, and despite membership changes. Stability has been achieved within a complex milieu of overlapping constellations of power and overlapping membership on diverse forums.

That being said there is no one avenue for elite involvement in the NE, as multi-sectoral elites over the years have achieved prominence by a combination of routes to upward mobility<sup>3</sup>, but the questions for this research arising from elite literature are, how is a circulation of elites put into effect and how are elites replaced in the NE? How are new recruits absorbed into the process, and on what basis is their involvement? Has the basis of leadership of the NE shifted from aristocratic, to a corporate form (local authority, central and local government) then evolved into a much broader church? What kinds of skills/ resources are needed for involvement?

**Fig 1.0.** shows elite formation between the nineteenth century and present day.

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<sup>3</sup> e.g. Ridley's industrial wealth; T Dan Smith's political connections; Mills' TU; Denham, Grant, Bridge, Balls' Whitehall links; Wright's links with Tony Blair and arts groups, Holliday and environment; Wrigglesworth and Hall, business, sport and media.

**Fig 1.0. Elite regime development in the NE between 19<sup>th</sup> Century and present day**

19 <sup>th</sup> Century	Early 20 <sup>th</sup> Century to post 2 <sup>nd</sup> World War	1970s to date
Individualistic (limited LA) Landowner Coal owners Factory owners  <b>BASIS</b> Class position/Civic Limited LA representation	Corporatist Local Authority Trade Unionists Business representatives  <b>BASIS</b> Representation: Organisational	Multi-representation Wider representation Representation of interests (Local, national state reps, business, service class, universities, sports, arts, utilities, media, TUs quangos)  <b>BASIS</b> Representation (wider) : Organisational Individual Civic
Individualistic, Corporatist and Multi-representational groups largely excludes less advantaged groups.		

The NE elite regime is cohesive, interdependent, and sustained by friendships and mutual linkages within a state framework. Members of the regime have multi representative and multi professional roles but pool resources to achieve commonly agreed goals. Individuals suspend class, political, professional, social and other affiliations to respond to the challenges faced by globalisation and national state policies. Unlike elite groups identified by earlier writers, NE elites make pragmatic responses to externally imposed policies. Autonomy is contingent and relative, rather than absolute.

Those technocrats, business, intellectuals, white collar workers, identified by Mosca are prevalent in the NE but the continued inclusion of central and local state officials provides a vital ingredient for adapting policies to local conditions. Information flows horizontally and vertically between various levels of governance, on tasks to be

achieved, institutional and individual resources are then pooled, to operationalise strategies.

Changing social and industrial patterns, and improved education have allowed middle class politicians, bureaucrats, intelligentsia, quango heads, service class and other representatives to work alongside the remnants of the old aristocratic and elite regime. Changing economic interests between the end of the nineteenth and middle of the twentieth century meant that shipbuilding, coal owning, iron and steel and heavy industry were replaced by a mixed economy. This changed the nature and characteristics of elites. Established aristocratic families and individuals whose power and influence were based on wealth were gradually joined, more significantly, after the 1945 War by regional civil servants, technocrats, planners, local politicians, trade unionists, business people, and multi-sectoral elites. Much later University VCs, media, sporting, artistic, and utility interests began to collaborate, and more recently inward investment company executives were drawn in.

Poorly institutionalised arrangements within regeneration have allowed this regime to flourish, and plug the gaps where no mandatory guidance exists. Elites share experiences and a regional story, and transfer knowledge between generations, and across political and professional worlds. Thus the experiences of an earlier aristocratic elite regime have been absorbed into a much broader regime to draw in central and local state officials and other sectoral interests to cope with the demands brought about by external forces, such as those examined in the following section.

## **Globalisation and the effects on the region**

‘Globalisation’ has become a cliché of contemporary society, and writers have attempted to clarify definitional squabbles by describing the multiplicity and intensity

of linkages and interconnections between states and societies constituting the present world system, or by showing how events, decisions and activities in one part of the world have significant consequences for individuals and communities in quite distant parts of the globe (Dunning, 1996). The IMF (1997) definition is:

*'The growing economic interdependencies of countries world wide through the increasing volume and variety of cross-border transactions in goods and services and of international capital flows and also through rapid and widespread diffusion of technology'*

(Dunning, 1996, cited Hood and Young, 2000: 393-394).

In simple terms there is a widespread perception that the world is rapidly being moulded into a shared social space by economic and technological forces, and that the life chances of individuals in regions of the world are profoundly affected by the actions of others. There is little hard evidence on the global impacts on cities and regions, or whether the world is fully globalised, not least because no one has attempted to measure international linkages and the integration of value added activities of industries, or attained a proper measure of the degree of internationalisation<sup>4</sup>.

The extent to which profound global change has taken place is highly debatable, but social unrest in Seattle and Gothenburg exemplified the rise of new social movements, this has less to do a diminishing state or individual activity, but more crucially because some nations have delegated sovereign responsibilities to an

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<sup>4</sup> Three main competing views (i) Hyperglobalisers, either the Neo Liberal view that markets and individuals will triumph and nation states will become powerless (Ohmae, 1991 1995:119-125), or the Neo Marxian view of the oppressive triumph of global capitalism and 'McDonaldisation', (ii) sceptics see globalisation as a myth concealing the powerful, regulatory governments in three trading blocks (Hirst and Thompson, 1996, cited Lee and Williams, 1997: 156), and (iii) transformationalists who suggest that the world is at a particular epoch, and unprecedented, and uncertain changes have increased inter-connectedness, reshaped societies and altered production and financial systems, but welded together communities in different continents (Giddens, 1998:2)



emerging global order of the WTO, EU, World Bank (Swilling, 1998). A debate continues on whether or not nation states can control their own destiny<sup>5</sup>. or if transnational and financial markets have outstripped existing political systems and public policy mechanisms to solve economic and social problems. Arguably public policy has always been shaped by the political and economic forces. as states attempt to recapture regulation and control.

Governance structures are in a state of transition and activities formerly carried out by state agencies are now being performed by public, private, national, European or international bodies. The need to share decision-making means states no longer have a monopoly but they are far from irrelevant, because even in the liberalised, market dominated economies still need public power to protect private property, civil liberties and regulate the social, political, economic and financial systems. Without stability social and economic exclusion could have disastrous consequences (Director of DG 10, Regional Policy Directorate)<sup>6</sup>. Nation states have less control over macro economic policy but still have exclusive control over physical territory and population, so it might be argued that states have a much stronger role to play than the 'anti-state' theorists would suggest. As some governance structures have moved away from national to supranational bodies and market forces, nations states still need to fill the democratic deficit or vacuum between ordinary citizens and these bodies, as is evidenced by elite regime activities in the NE.

In the aftermath of the World Trade Centre disaster of 11<sup>th</sup> September 2001, national and regional politicians and business leaders joined forces to raise the point:

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<sup>5</sup> See the work of Dunning (1977) and Hood and Young (eds) (2000).

<sup>6</sup> Meadows B, RP, DG10, EC, in conversation with author, May 2001, Twente, Netherlands.

*'The economic consequences will be severe, because the global economy is integrated as never before. Trade, investment, employment and spending will be affected'* (Mandelson, 2001).

Perhaps it is not surprising that pessimism and optimism characterise regional views:

*'September 11<sup>th</sup> will exacerbate the problems we have in the automotive industry. The strength of the pound, world-wide competition and the inability of the UK government to take the European dimension seriously is crippling us. Global investment and joint R&D activities will reverberate for many years'* (Graham, 2001)

*'ONE will have its work cut out over the next 18 months to build on the momentum we have created. 11<sup>th</sup> September and the farm crisis have affected not only the manufacturing sector but even parts of the service sector and high tech companies are feeling the pinch.'* (Bridge, 2001)

Foreign owned, indigenous regional companies and public organisations were crucially affected by the global economic downturn, but the impacts were more acute because FDI has long been a central to regeneration efforts. FDI has been an integral part of UK regeneration strategy since the 1980s, and supply chains, regional clusters and networks were regarded as powerful symbols of regenerating localised businesses. However, despite the significance of FDI, the impact was still small scale, and reflected the power of global capital on local economies (Tomaney and Pike, cited Garrahan and Ritchie, 1999: 99). In all OECD countries over the past three decades FDI inflows and outflows grew, in association with globalisation (Stone, cited Garrahan and Ritchie, 1999: 3). The collapse of traditional industries in the NE, a lack of state intervention during the 1980s and a slow pace of indigenous development and entrepreneurialism hampered employment growth. FDI did make a crucial difference to NE regional economy by partial replacement of some job losses brought on by 1970s and 1980s de-industrialisation but the closure of some high profile plants like Siemens and Fujitsu. Viasystems made the regional economy ever

more vulnerable<sup>7</sup>. These factors have galvanised the efforts of regional elites to seek autonomy and look for ways of ameliorating the effects.

As the most successful region in the 1980s for winning inward investment, Stone suggested that the NE's pool of industrial labour, good access to continental markets and industrial sites were important considerations (Stone, cited Garrahan and Ritchie, 1999: 4). Elites were then able to foster an FDI ideology, and they did this by continually pointing to Nissan and other companies as evidence of the rightness of their approach.

Globalisation not only affected the manufacturing or commercial sectors of the economy, because public sector downsizing and reinvention of state forms confirmed that public administration had always been shaped by political and global shifts (Shields, 1998). Public sector globalisation intensified in the 1990s, and the seemingly intractable economic and social problems of decline and deprivation were manifest in multi-faceted 'wicked issues' with no obvious solutions (Hill, 2000: 1). Many of the problems facing deprived areas like the NE have their roots in failed national policies during the twentieth century, as local economies are more linked into global economies than they have ever been, as the following examination shows.

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<sup>7</sup> Despite a commitment to the region, Nissan's 30% cost cuts threatened 1200 jobs and relocation to Paris was considered.

## The Global Public Sector Context

John (2001: 42) explained modern governance as variegated, independent and experimental forms in which politicians, bureaucrats, interest groups and the public operate within an emerged internationalised economy and Europeanised polity. This form of governance is far removed from legitimately accepted economic compacts, bureaucratic routines, party hierarchies and political traditions of the post Second World War period because flexible patterns of decision making and diverse, loose networks based on longevity developed. Four factors can explain these changes<sup>8910</sup>, but in a UK context the retreat of the state has never been fully realised because the 'output –focused' politics of the Blair administration have continued, rather than decreased state involvement (Talbot, 2001: 281-303).

Whereas hybridised public/private sectors in the 1980/1990s created mosaics of flexible organisational forms, and new architectures based on relational contracts and knowledge transfer (Jackson, 2001: 14), fragmented and fluid forms required different skills and competences, different cultures, and different performance measurement of multiple goals (Liddle, 2001: 313).

As the UK central government decentralised some activities, it encouraged local and regional elites to be drawn together, to balance and co-ordinate functional policy with competing democratic demands (John, 2001: 115). The limitations on state

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<sup>8</sup> (i) institutional reform created multi-levels of governance, (ii) privatisation created multiplicities of agencies and networks, (iii) long term coalitions were established, and (iv) ideas were transferred between European states (John, 2001:42)

<sup>9</sup> John restricts categories to public and private sectors.

<sup>10</sup> A regime, according to Stone, is 'specifically about the informal arrangements that surround and complement the formal workings of government authority, but it is not just any informal group that comes together to make decisions, but an informal yet relatively stable group with access to institutional resources that enable it to have a sustained role in making governing decisions' (Stone, 1989: 82).

intervention allowed NE elites to pursue projects, but choices were severely contingent on government policies, regional aid and global shifts. Nevertheless the elite regime sought legitimacy by appealing to civic society and incorporating state officials into regeneration forums. The need to draw on resources and information to adapt national policies meant that the regime became a link between the state and civic society. As members of the regime of elites acted in individual, representative and civic capacities the proximity to their constituencies was a major factor in continuance of regime activities.

Whereas John (2001: 41) included national and local politicians, local and central government bureaucrats, interest groups, media, churches and social institutions as constituting elite regimes, in the NE we must add elites from universities, health, utilities, and inward investment companies, as they are all core to understanding NE governance. In the US business and state power cooperated to achieve social and economic aims, because it served the interests of business who wanted political power and public officials and politicians who wanted influence on economic decisions, in the NE politically minded business representatives join business-like, and managerial politicians and bureaucrats in pursuing combined social and economic agendas.

As well as the problems of legitimacy and accountability, co-ordination and levels of relative autonomy, cultural and professional differences emerge between managers in regeneration agencies and the recipients of regeneration projects. The boundaries between sectors become blurred with the formation of more complex networks based on clusters of relationships, and shifting constellations, across space and time. Kanter (1994: 97) sums these up as 'collaborative advantage', neither markets nor hierarchies but a basis of shared values. Few analyses reveal how these networks or regimes emerge or are formed, or the political struggles underlying their formation or

operation. Also the skills needed are given scant attention<sup>11</sup> The ambiguity, fuzziness, and messiness of new arrangements call for risk taking regional management, involving actors who can activate networks, act as broker between diverse groups from dissimilar cultures and conflicting values. Mediation, arbitration and facilitation are perhaps the most challenging aspect of regional change and as the empirical data reveal these factors have been important in sustaining regime relationships.

Central government changes to foster improved service delivery and joined up policy making driven by ‘new people with new ideas and new skills’ (Gray and Jenkins, 2001: 210: 213) has not led to risk taking and entrepreneurial zeal, mainly due to the lack of clear mandates or guidelines, and the Westminster model no longer provides a comprehensive account of how Britain is governed and with a maxim ‘what matters is what works’ New Labour has created new administrative arrangements at local, sub-regional and regional levels to regenerate areas like the NE, but much less attention has been paid to ‘what works’, and ‘in what circumstances’. The NE has a legacy of decline with very specific problems and elites have therefore formulated and implemented their own regional strategies, by adapting and working within centrally determined policies.

Public policy has always been characterised by issues and problems that lie outside any one area of professional expertise, and barriers between administrative jurisdictions. Network imagery was used to illuminate complex, though subtle multi-agency linkages beyond formal democratically elected agents and agencies as top down strategies were not always be planned, given environmental turbulence, multi-accountabilities and technicalities in implementation and execution (Friend et al, 1974). The fragmentation of the British polity is not a recent phenomenon. Rejecting

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<sup>11</sup> A key managerial problem for the future (Bridge, 2000).

previous unitary and integrated conceptions of the state (Stewart, cited Rhodes, 1998: 18) Rhodes offered an alternative view in which elected members and state officials worked within networks, alongside 'non local sources of policy change'. This messy, complex and differentiated milieu had no single organisational domination (Rhodes, 1988: 3).

The shift to a post bureaucratic state (John, 2001: 42), or post modern bureaucracy (Bogason, 2000: 8), in which mutuality, trust and negotiation over complex problems has given rise to multi-agency, multi-perspectives, multi-cultures and multi professionals (Taket and White, 2000: 4), exemplifying by elite decision making prevalent in the NE, and throws up new questions of how these individuals legitimate their activities. By appealing to a shared sense of history and by manipulating symbols and rhetoric elites are able to persuade civic society and justify activities, to regenerate locales as the next investigation reveals.

## **Regenerating local and regional areas**

Regeneration in all areas has taken on new forms as regions, cities and local areas face continuing problems<sup>12</sup>. Elites are now faced with integrating European, national and regional policies, priorities and resources, as well as managing the conflictual power relationships within multi-agency partnerships (Liddle and Apostolakis, 200: 1). Southern (2001: 2) points out, the term 'regeneration' means many things to many people', but DETR proclaimed the primary objective since the mid 1990s has been to enhance economic development and social cohesion through effective regional actors

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<sup>12</sup> The Local Government Act 2000 placed a duty on LG to promote regeneration and overall social, economic and environmental well-being.

and local regeneration programmes (DETR, 1998). Indeed elites in the NE have always placed social and economic cohesion at the centre of strategic aims; many activities to achieve these pre-date current legislation.

NE elites have long struggled to reconcile social and economic concerns, and the UK government, like its European counterparts, has long wrestled with where to target policies, how to achieve a balance between economic, social and environmental concerns, the efficacy of central or local action, and the appropriate mix of market, public or community intervention. No one has yet decided whether social or economic needs should drive policies, priorities and resources in providing integrated approaches to multi-faceted problems (Parkinson, 1996: 7-20). These perennial and unanswered questions in regeneration policy remain at national state level leaving regional decision makers to choose and implement appropriate strategies.

Regeneration has few mandatory guidelines, which leaves elites some scope for innovation, creativity and entrepreneurialism, although this does present problems of where responsibilities and accountabilities lie. In the Blair Modernising Agenda regeneration is an attempt to break with the old style urban managerialism and resource allocation processes, but is not clear whether or not this new managerialist approach is capable of bringing about the necessary change process. Jessop argues that, 'All mechanisms for governing are prone to failure, because there are limitations to effective interventions in the market. Secondly partnerships operate on a scale and over time periods where objectives may be difficult to achieve and the difficulties in developing effective inter-personal, inter-organisational and inter-systemic co-ordination are considerable. Failure is normal rather than abnormal and requires



constant review of co-ordinating mechanisms, and greater legitimacy by participatory politics to involve a wider group of stakeholders (Jessop, cited Stoker, 2000: 30).

Without the vital and corresponding co-ordinating mechanisms, mandatory fusion of institutions, policies and budgets, or participatory politics Jessop (2000) suggest that elites will continue in their own particular way, but considerable difficulties lie in distinguishing the boundaries between the urban and regional, so we turn to other bodies of literature for clarification.

### **Defining the urban and regional**

Regions and sub-regions are difficult to define mainly because geographers, political scientists and management theorists have no agreed approach but also because a multiplicity of competing and complementary styles have arisen from co-existing epistemological, theoretical and methodological approaches (Hudson, 2000: 2). A trajectory of change began with the locational theories of the 1960s, then behavioural geographies of uneven capitalist development in the 1970s, and more recently evolutionary or institutional frameworks with learning, innovation and knowledge at heart. The latter are recent attempts at cope with theoretical weaknesses; resolve elite hegemony versus pluralist dualism dilemmas, or the dichotomous economic determinism versus local and social constructionism.

Limitations abound in trying to establish 'one' way of describing regions, as all geographies have to be historical geographies because the same problems of deprivation and decline recur over protracted periods. The proliferation of theories seeking to shed light on processes of urban and regional regeneration range from broad, theoretical stances to particularistic studies focused upon specific cities or regions. Studies have drawn in particular on notions of 'collaboration', 'partnership',

'network' and 'policy community', with much confusion and researchers became embroiled in definitional squabbling over levels of analysis, how to carve up political and administrative processes, and a confusion between structures and cause and effect (Mills and Seward, 1994: 271-292).

The concept of 'region' requires clarification. Although the 'region' was, up until at least the mid-nineteenth century the natural unit of economic activity and analysis (Sabel, 1988, cited Amin, 1994: 101-156) and it is now accepted that regions are 'subjective', defined by selected criteria and used for a particular purpose. Self's definition (1964: 55-70) of a region as 'some area intermediate between national and local government which is a focus for shared demands, common needs, or important issues of decision making' is a useful starting point. For Saunders (1983: 1-18) the regional state is dominated by corporate interests with decision-making apparently non-contentious and apolitical and with little opportunity for producers or consumers to have their views articulated, whereas Dunleavy suggests the importance of both local state officials and internal politics (cited Stoker, 1985: 21-22). For Keating (1985) a region is a political and functional space where different interventions occur, due to the weakness of political and institutional articulation. Regions are also characterised by a myriad of intermediate political and administrative systems with different purposes, roles and responsibilities (Keating and Rhodes, 1979) where fuzzy boundaries provide the opportunity for public/private actors to define their own (Mather, 1994). A region has no intelligible meaning if insufficient attention is paid to the way social organisation, customs, and institutions are distributed in space (Wirth cited Cousins et al, 1974: 136)

A region is also a historical construct (Hudson, 2000: 55) and 'lived through' as a social construct, which is created, reproduced and then finally disappears: it is

therefore time-space phenomena (Taylor, 1991a: 146-161). A composite definition developed for this research is as follows:

*'a political and social space, some intermediate area between national and local government, which can either be a focus of shared demands and common needs or a battleground over which competing demands are articulated. It is not a chaotic set of groups cutting across structures and causal linkages, but a space occupied by decision-makers. It is the space in which elite decision makers assert regional distinctiveness, redefine their own democratic and non-democratic roles and interpret and adapt nationally determined policies. Common purpose has been achieved as a result of shared perceptions on historical, political and social legacies of decline'.*

Important aspects of how regions are governed are the interferences, interplays and interventions between pluralistic societal forces (Kooiman, 1999), or the decision making systems in which territorial and functional differentiation disaggregate effective problem solving into a collection of sub systems of actors with specialised tasks and limited competences and resources with independent participants working together and possessing bits of information representing different interests through separate, often conflicting course of action (Hanf and O'Toole, 1992: 163-180). Governance then does not emanate from a hierarchical norm or rule setting process but from voluntary agreements to play by a set of rules, which are binding in the sense that they create convergent expectations and govern behaviour (Rittberger, 1993)

Governance, according to Marsh and Rhodes (1992) involves a powerful state with certain autonomy, but in pursuing its own interests it must engage with policy communities. The complexities of policy making create fragmentation in policy domains and blurred boundaries, so states need to recognise the legitimacy of the interest groups, by granting various forms of institutional access and exchange of information. However, this perspective is flawed because networks consist of a

number of distinguishable organisations that have a significant amount of interaction with each other (Benson, 1975: 229-249), and such an institutional view fails to capture informal inter-actions in extra-institutional spheres of regeneration. An inter-organisational network can be seen as a political economy where money and authority are distributed, it is not entirely autonomous and resistant to central authority, because historically, regional elites have never been in a position to act completely autonomously because of overarching central government constraints (Lee, 2000: 96-110). Elites can only negotiate and control arenas where they can exert power.

Meso level analyses such as Regulation Theory, Urban Regime Theories and Growth Coalitions (Lauria, 1997), are useful, though still problematic for describing how elite networks are constructed in certain circumstances, but illuminate the need for diverse conceptual tools and frameworks for use in multitudes of circumstances (Bassett, 1996, cited Jonas and Wilson, 1999: 127). Empirical data examined in future chapters provides evidence of the concrete social practices at specific times and in specific places that researchers have been called upon to provide (Lauria, 1997). Researchers seeking to bridge the structural (macro) and individual (micro) levels of analyses have found Regulation Theory an attractive, if abstract way of examining local state and political processes, within a mode of regulation and regime of accumulation (Painter and Goodwin 1995: 334-357). Not a fully-fledged theory of the state, nevertheless it shows that capitalist economic growth is dependent on wider social, cultural and political processes. It broadens capitalism out beyond economic forces and isolates the institutional forms, procedures and habits which coerce or persuade private agents to conform to its schemas (of reproduction); those that help to shape regimes of accumulation. These forces are dynamic, changeable over time and space, confined to a series of national regulatory spaces.

Regulation Theory is too static to capture the historical dynamics of changing social formations, nor does it adequately capture the important external changes in central government policy or capitalist investment flows (Lauria, 1997). Emerging as it did out of structural Marxian accounts, it was a response to weaknesses of Fordist modes of accumulation identified in earlier categories of regime theory (Elkin, 1985: 1-27, Fanstein, 1995: 34-43) and is now firmly located in literature dealing with uneven and spatially differentiated post-Fordist accumulation regimes. Urban Regime Theories<sup>13</sup>, on the other hand offer useful typologies to show how local actors form regimes, they allow an examination of governance capacities in the gap between markets and state, though are still relatively weak on explaining historical and external forces. In Atlanta Stone found regimes acting as coordinating devices within a complex system of urban politics involving city authorities, and coalitions of electoral and monied interests<sup>14</sup>. Regime theories became descriptive rather than explanatory, and failed to explain why one type of politics exists in one community and not in another. For Dowding (1996: 85) you cannot measure levels of power by concentrating on issues and how resources are deployed, it is vital to look at the context too. The real question is not how many competing groups there are, more about how policy was articulated in the interests of the elite grouping.

Recent work attempted to bring together agency, structure and institutions to explain urban and regional learning (Amin, 1999: 365-378), while other stress the importance of social and civic capital (Gertler, cited Block, 1990:50, Kanter, 1995: 152, Saxenian, 1994 cited Block, 1990: 25). There is a growing recognition that as regions

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<sup>13</sup> Urban Regime Theories are examined in depth in Chapter four.

compete with each other that the 'softer' non-market forms of interaction based on trust and co-operation, local institutional structures, networks of civic engagement, social glue, local cultures are equally as important as the 'harder' aspects such as the type of industrial activity, the availability of roads, utilities or communications (Lee and Willis, 1997)

The problem with fractured local political systems, within overlapping, complex and conflicting and contradictory policy arenas is the difficulty in placing them in a convenient 'regime box' as Bassett's Bristol study revealed, instead he used a meso level policy network framework (Bassett, 1996: 540). Policy networks have been criticised by John and Cole (1996) for failing to recognise emergent interest groups or long-term dynamics of network exchange. The approach is further criticised as metaphoric, highly descriptive and lacking a theoretical basis. It also neglects policy outcomes and evaluation, and pays scant attention to power relationships (Klijn and Kopperijam, 1999).

Growth coalition theorists (Harding, 1991: 295-317, and Molotch 1976: 309-332) attempted to move beyond structuralist explanations of power and capital towards a focus on the nature and extent of business attachments to locales and others (Cox & Mair, 1989: 137-146) argue that 'local dependency' and 'locality' theories can further explain the external, macro forces that shape the meso and micro level changes.

The interest in urban regime theory was a move away from the community power politics models concerned with 'who has power' or 'who governs' The agency models, elite theories and growth machine analyses of Logan and Molotch (1987) underplayed

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<sup>14</sup> He identified four types, (i) *Maintenance*, to preserve status quo, (ii) *Development*, to seek growth and halt economic decline, (iii) *Middle Class Progressive*, to manage growth and protect the environment and, (iv) *Lower class mobilisation*, to match resources to supporters needs (Stone, 1989: 3).

national and local interactions, whereas structuralist accounts of the political economy (Lukes, 1974a) underplayed community power, and how underlying power bases within society affected local decision making.

Growth machine theories saw local property developers advantaged at the expense of local citizens. Growth was rarely contested and the conflict arose only over where to place development, rather whether it should be allowed at all (Dowding, 1996: 79). By promoting landed interests, capitalists and other business interests growth machine theorists neglected social power.

Urban growth coalitions and local boosterism accounts usually have an agency perspective with human activism at heart. Logan and Molotch's (1987) showed how human activism was a force in cities, but became the venue for property and asset acquisition. Logan and Molotch's work failed to articulate the mechanics of place bound interests, or who controlled state or corporate agendas. Wood contends that in the UK rentiers or localised capital had little influence in growth coalitions, because activity took place beyond the state apparatus, unlike the situation in the US. He preferred to use the term local dependence (Wood, cited Jonas and Wilson, 1999: 163).

Cox took the growth machine concept further by theorising on local community ideologies but it was still too US centric, and too localist in interpretation (Cox and Mair, 1991: 269). By failing to account for non-locally based relationships and taking the power of local elites for granted, the broader framework is ignored (Cochrane, cited Jonas and Wilson, 1999: 109). Added to this, the findings in the NE support the idea that social relations stretch across space, time and regeneration initiative.

Writers in the 1990s began to focus on the region as the new locus of decision-making (Morgan, 1996: 423, Amin, 1994a: 1), associationalist principles replaced the

traditional market/state dichotomy, by concentrating on co-operation, trust and institutional thickness to reproduce social relations; all were critical elements of NE regime activity. Amin and Thrift (1994) argued that institutional thickness, with formal and informal collaborative arrangements, left the gaps to be filled by associationalist alliances and networks as stronger bases for learning, innovation, and economic development, and NE regime activities are directed towards learning and continuous improvement. Elites have a determination to create formal and informal linkages based on collaboration, consensus and associational principles.

Clustering and innovation have moved beyond the firm or the inter-firm relationships and into the environment, and much emphasis is now placed on the embeddedness of social networks and interactions, between firms and around firms (Lundvall, cited Dosi et al, 1988: 25. Storper (1995: 191-221). The concept of ‘ untraded inter dependencies’ captures relationships other than those in a market relationship between firms, shows that trusting relationships lubricate processes, and create shared conventions, norms and values. Furthermore Herrschel and Newman (2000: 1185-1202) examined the interactions of constitutional structures, formal regions and informal institutions in West Germany and England, and found that English regions displayed widely differing arrangements at governance levels, typified in the NE, where an absence of a constitutional settlement sustains elite occupancy in extra-institutional political and administrative spaces.

Many of the aforementioned writers, bracketed under the term ‘New Regionalism’ have been challenged because theories are regarded as a an incoherent, descriptive set of ideas with little substance (Lovering, 1999: 379-395), and it is argued that by normalising regional decline elites have been able to legitimise a flawed system. More especially, decline is exacerbated by dwindling central state funding, a belief in



competition, and inappropriate local and regional industrial strategies to combat macro exchange rates cause, rather than by attacking the root causes (Hudson, 2000).

It is suggested that even the apparently economically successful regions, have experienced problems created by conditions outside of their control (Hudson et al. 1997: 365-373). Given different histories and prevailing economic and political conditions, the adoption of recipe books or mechanistic approaches to regional development is unwise (Hudson, 1999: 59-72). Each region is unique, and the capacity to regenerate is governed by its past history, and political, economic and global factors over which elites or other actors have little control.

## **Conclusion**

This chapter has conceptualised elites, globalisation and some of the theoretical and definition aspects of regions, to set the context within which regeneration takes place, and within which a regime has evolved over the past hundred years.

It is argued that, despite global, European and national changes to economies and public services in the NE an enduring regime of actors has evolved, adapted, shaped and re-engineered policies towards local and regional needs. A cohesive regime of elites, much broader and quite different to those identified by earlier writers, has coalesced around the identification of specific projects. The regime aimed for adaptive efficiency rather than allocative efficiency, and social rather than purely economic aims.

The problem with existing theories is that they neglect history, external forces and the interactions between elites. We can turn to urban regime theories but they are still weak on explaining the types or politics or the ways in which elites engage or circulate. They do raise questions on the rise in managerialism within public and

private agencies, and gaps in coverage but fail to fundamentally examine the relationship that business has with state forms. Some recent writers on associationalist alliances have recognised the importance of regions as a locus for decision-making and included mobilisation of resources to fill gaps in coverage but there is still little concrete empirical data to operationalise many abstract theories. Elite interactions, social milieu, political and economic context all affect the power relationships, which then govern shared values conventions and norm of behaviour. Whereas some recent researchers have criticised the obsession that some elites have in accepting regional decline as a given, the following chapters provide concrete evidence of a NE regime, with subtle interactions that continues to articulate a regional voice and demand attention.

## **Chapter Two**

### **Methodological Approach**

#### **Introduction**

Most analyses of decision making are based on an assumption that the gap between policy intentions and agency outcomes can be narrowed down to positivist, objective approaches, when in fact there is a social and human dimension that needs to be interpreted. There is no single correct solution to policy problems or perceptions on what the problems are. An interpretive approach shifts the focus from discovering a set of objective facts to one where actors create, interpret and share meanings. Given the variety of human beings, there are multiple meanings and interpretations. Too much policy analysis is shaped by assumptions that human actions are literal, rational and instrumental.

There are many existing studies of public leadership in the US, but relatively few in the UK; longitudinal analyses of who was involved, how issues were formulated, who defined them, and so forth (Bell et al, 1961: 37). The three different cases presented here have been used to deal with some of the flaws in existing work. By analysing relationships between a group of elites from multiple agencies, at a time of devolutionary history, the aim was to confirm that local and regional change couldn't be isolated from national and global forces. NE history evokes images of dependency, despair and irreversible decline, but the findings show a situation more complex than traditional histories suggest and illustrate that, even in the face of a multitude of forces, elites remain optimistic that things will improve.

The research is **reputational**, to identify elites who possessed, or could realise, power or influence. It is also **positional**, in ascertaining those people in individual, civic or organisational positions who made decisions on behalf of the wider community. Thirdly a detailed analysis of the **issues** surrounding three separate projects (Siemens, Visual Arts, and St Peters) gave a richer picture of the inter-relationships. The cases were chosen to obtain specific data on regime operation, purpose, aims, interactions and power relationships, as well how effective they were. The research, therefore, is concerned with causal social interactions and events in the course of the daily lives of a regime of elites. The way in which elites informally communicate and their attendance at both formal and informal gatherings is a key aspect of the research.

Using a reputational analysis was considered the most appropriate way of identifying elites who were central to regeneration, those who regularly shape agendas and develop strategies in response to global and national shifts. These activities are carried out by business, public agencies, quangos, and loose networks of broader interests and the research aim was to gain a strategic understanding of ways that individuals and agencies became involved in, and understood, regeneration. The sample was chosen to reflect the elite leadership in each sector and drawn from individuals in a cross section of regional agencies. Stoker and Mossberger's composite Urban Regime Theory (1994: 195-212) and Bennett and Kreb's cross national study (1994: 119-140) of thirty-three localities proved useful in structuring the research.

The research method also mirrored Lee's (1963) survey of County governance in Cheshire from 1888, and Birch's (1959) study of political life and governance in Glossop. Both attached importance to social, economic and political changes in specified territorial units of British political and social life. The work was also informed by Chapman's (1968) study of the decision in 1957 to raise the UK bank

rate, which is one of the most influential and comprehensive accounts of managerial, political, administrative and social processes surrounding decision-making.

Adopting an inductive, anthropological approach, the data was mainly qualitative and based on the view that a social scientist does not just gather facts and measure how often patterns occur, or search for external causes and fundamental laws to explain behaviour, but appreciates different constructions and meanings that people place upon experience (Easterby-Smith et al, 1991). Qualitative approaches study phenomena using general descriptions to describe or explain, and researchers use narrative descriptions of persons, events or relationships Mark (1992). In this way findings are presented in the form of categories or general statements about the complex nature of persons, groups or events. In this context the researcher contributes to the very construction of social objects and social worlds (Gouldner, 1975).

A qualitative approach was deemed suitable because it allowed the researcher to act as the primary instrument for data collection and analysis. The research design chosen was compatible with the nature of the quality of the data to be collected. Bryman (1988) suggests that the most fundamental characteristic of qualitative research is its express commitment to viewing events, actions, norms and values from the perspective of the people being studied. Miles and Huberman (1984) believe that qualitative data are well-grounded, rich descriptions and explanations of processes in identifiable local contexts. They help the researcher to get beyond initial conceptions and to generate or revise conceptual frameworks.

Few researchers enter the field of study in an atheoretical state, with a set of formally constructed hypotheses, as they become part of the research process within any particular social, economic and political circumstance and there are many conflicting views on how the research act is conducted, with a Cartesian emphasis on knowledge

as independent from the conditions of its production. Knowledge is regarded as a separate, objective entity devoid of the social relation and social processes. However, others regard the researcher as creating concepts, composing and fashioning ways of looking at, thinking about and talking about the captured by the interactionist approach but it remains rooted at the micro level. Interpretation of the facts is not achieved by a mere accumulation of data but by an active and involved understanding and representation of the social world (Schutz, 1963). This research therefore needed to be grounded in an overall social and historical perspective.

The final outcome has been a reconstruction of the social world inhabited by the elites. The difficulties within any social or political milieu of delineating the agent (or subject) from the objective, measurable structures within which he/she operates and the linkages between structure and agency have been recurring difficulties for social scientists. There is the added difficulty in ascertaining how much action is determined by social structure and how much voluntarism each actor has within that system. Because, in Marxian terms, subjects actively construct their daily lives and reproduce their social relations, they are always shaped by overriding social forces of which there is little control.

### **Adoption of methods and rationale for choice**

The decision to research across a range of agencies and individuals was taken in order to supplement existing factual data with perceptions, meanings and attitudes. Triangulating interviews, questionnaires, case studies and non-verbal observations supplemented documentary data. The research process is not a clear sequence of procedures following a neat pattern but a messy interaction between the conceptual and empirical world: deduction and induction occurring at the same time (Bechhofer

and Paterson, 2000), and this messiness can be understood more fully by intensive field work, by means of interviews and case studies. Using a mix of open ended and closed questions allowed more spontaneity in thought processes and sequencing and wording were changed to suit particular respondents. The rigidity of a structured schedule of interviews, and lack of prior knowledge, would have hampered data collection and led to a failure in discerning important variables.

Rigour was achieved by using theory to drive the research, by choosing as representative a sample as possible and by gathering data in widely varying situations among dissimilar persons from dissimilar organisations at different points in time. Interviews and case studies enabled the researcher to speak with the most appropriate people who could furnish the most logical sources of information. Interviews and case studies can make statements about aggregates of individuals clustered in social units, but may not necessarily provide clues to interactions (Denzin, 1970). A totally structured approach would have rendered the researcher ill equipped to capture meaningful interactions and causal inter-relationships. Interviews give the opportunity to probe deeply, uncover new clues and dimensions on a problem and secure accurate, vivid and inclusive accounts based on personal experience (Burgess, 1994). Reason and Rowan (1988) advocate critical subjectivity, recognising own views and experiences but not to be overwhelmed by them and Becker (1967) contends that research ideas evolve in an incremental way, hence there has to be a continual process of negotiation.

A mass of original data may provide the essential raw material for subsequent analysis but too much detail can be a nuisance. It is necessary, therefore, to bring some order to the data by classifying, grouping, summarising and presenting the more systematically organised data. With this in mind, the risk involved in adopting a

qualitative approach was well known. Such a mess of data can overwhelm a researcher and analysis can prove difficult. Despite these concerns the researcher wanted to adopt these methods rather than use tried and tested quantitative methods. The intention was to develop a framework where concepts could be examined and tested out in the real world, then interpreted and given meaning through joint negotiation.

For the past fifteen years the researcher has worked in the Neo Taylorist world of business and management where the disciplines of mathematics, economics, accountancy and engineering have crowded out politics, and in which quantification was deemed more valuable. Organisational and social life is much more about the subtleties, and where individuals informally negotiate and bargain. As a consequence it was thought that extra-institutional dimensions of regeneration could only be understood by adopting flexible and qualitative methods. Grint (1997: 2) referred to the binary logic found in Business Schools where everything is black or white, and complications, uncertainty and fuzziness negated. It is this author's contention that any understanding of the world must neither simplify reality nor impose certainty, rather it must focus on ideas, and the interpretation of those ideas.

The research was not intended as an institutional 'counting of heads', determining who sat on various boards (previous researchers have done this very well) and the sample reflects this. Using individuals in personal, organisational, civic representative roles appeared to offer an effective way of analysing and explaining some of the complexities of both formal and informal inter-actions, and extra-institutional connections. Initially a snowballing method was used to establish a list of stakeholders.



The research had four macro stages: literature from branches of political and management sciences, geography and Urban Regimes helped to define a framework, was supplemented with broader literature from economic history, systems theory and official sources. The analytical framework allowed interviews to be used for conceptual elucidation as well as highlighting questions to be tested out in more detailed case studies. By relating empirical data to a theoretical construction inferences were drawn from data. At the micro methodological level six key concepts were isolated (globalisation, elites, the NE, region, regeneration and regime) to shape the analytical framework, as well as collecting data of a more general kind on how global and national policies affected interactions and linkages. Subordinate data obtained in interview helped criteria development to select relevant cases.

It was accepted that case studies are one of the weakest forms of research method because of difficulties in demonstrating typicality, generalisability, replication, selectivity and comparability. The method can be time consuming, difficult to organise and difficult to quantify with variable data but the researcher's long experience as a commercial and academic field researcher was used to overcome such problems.

## **Questionnaire design**

See **Appendix 2.0** (copy of questionnaires).

The research questions arose from literature (analytical and empirical) and the researcher's own perceptions, intuitions, feelings and observations. It allowed ordinary perceptions to be clarified, challenged, or redefined and the deeper meanings and critical factors explored. Spontaneous and rich data of a hard, factual and perceptive nature was gathered in response to a mixture of closed and open-ended

questions. Having a mix of broad and specifically focused questions allowed flexible patterns to emerge and certain lines of enquiry to be discarded or followed up.

Having prior knowledge of the subject matter was not a disadvantage, rather it was advantageous. Credibility, access and political control of interviews were maintained by a continual re-negotiation and redefinition in meanings. Objective measurements of regeneration do not allow an analysis of the shared meanings, perceptions, and values that are essential. Problems such as bias, generalisability, representativeness of sample were at the forefront of the researcher's mind but the key to good research is not distancing yourself too far from the subject. Questionnaire design was important, as it was vital to isolate the key variables and look for correlations, causal links and patterns.

Interview questions were based around Stoker & Mossberger's (1994: 195-212) and Bennett and Kreb's (1994: 119-140) typologies (on URT and broad patterns of local leadership) but supplemented with many others developed from empirical and analytical literature. The research was purposive, rigorously designed and systematically conducted. Although the chosen methods can be problematic, as they may not share the precision inherent in experimental methods, it was possible to triangulate methods to achieve as rigorous and systematic a process as possible, given the subject matter. The researcher was aware at all times that the question of internal and external validity, isolation of key variables, and how to treat and record the causal relationships would present problems, but theory driven and representatively sampled methods minimised some of them.

50 respondents were interviewed formally (with a lengthy and structured questionnaire) and 23 were interviewed informally (the questionnaire was used more liberally when the individuals in question were able to provide richer data beyond the

formally, structured questions) across the region, and as individuals or representatives of their agencies or civic society. Formal interviews were considered to be the most appropriate for individuals who were representing their agency at a very senior level and who were more constrained by time, and informal interviews/semi structured questionnaires adapted from the main schedule were administered with people who were relatively well known to the researcher, and whose views on certain topics under enquiry are well recorded in other forms. This approach was adopted for a number of reasons. Firstly, the researcher did not want to go over old ground when rehearsed responses could be guaranteed (more or less). Time could be better spent in getting respondents to identify the key elements of regeneration, their perceptions, elite activities and power inter-actions at different levels of governance and across territories and projects. It would have been a waste valuable time to hear the usual regional hype of either those who 'sing from the same hymn sheet', or the non-believers, resistant to a 'managerialist' agenda. If, as the researcher believed, the regime was a mixture of formally constituted elements and informally brokered ad-hoc arrangements, underpinned by non democratic and democratic elements, then the overall objective was to move regional hype, the doom and gloom merchants or 'mono-causal structuralist' arguments and gain clarity. Sceptical voices allowed a more realistic picture to emerge.

### **Case studies: Siemens, Visual Arts UK 1996, St Peter's Development**

The case studies were chosen for their diversity, and to test out hypotheses emerging from the earlier interviews. Using three diverse cases within regeneration was beneficial for testing out how the same actors became involved in local, sub-regional and regional projects at different points in the regional history. The objective was to

provide evidence of linkages and power relationships. By collecting detailed chronological data on critical incidences, a comprehensive picture emerged on the formal and informal socio-political, administrative and managerial processes between elites and agencies.

After carrying out the survey of key stakeholder elites and agencies, important connections and linkages between them were drawn. In the third stage, a methodology to discern how elites operated in specific cases was developed. Secondary data was used to understand the roles, purpose and functioning of each agent and agency. Siemens was a traditional FDI regeneration case but the others were quite different; Visual Arts was a regional initiative with a sub-regional dimension, whereas St Peter's was sub-regional with a regional dimension.

Each case provided evidence of both conflict and consensus, but also allowed an examination of the extra-institutional aspects of regeneration, in which the democratic and non-democratic connections became evident. The formal institutional linkages and the informal connections between individuals were drawn. It was important to use cases that were not necessarily Tyneside-centric, and by incorporating other locales it was possible analytically to draw boundaries around 'the region', in other words find out what respondents considered to be the region, by allowing them to tell their own regional story.

Visual Arts and St Peter's were regarded as strategically importance examples of boosterism and entrepreneurialism, so the aim was to ascertain whether either of the chosen cases showed multi-agency consensus or conflict, how social and economic objectives were reconciled, and whether and how resources and capabilities were pooled. Each case was chosen to demonstrate connections and learning across time, space and project and initiative. They were indicative and distinctive facets of NE

regeneration, to illustrate how regimes are formed and operate between varied levels of governance.

Other cases could have been chosen, such as formal, institutional regimes, NDC (before 1999), or ONE (after April 1999), or those which were a mix of formal, informal and civic connections such as NECC, CNEA, NBF, NE Assembly, but all were discounted because their primary concern was not regeneration. Sub-regional partnerships such as East Durham Economic Development Partnership or South Tyneside EDP, both hailed by regional actors respondents as successes were also discounted because none appeared to have the vital mixture of conflict and consensus.

Initial exploratory pilots were used to synthesise empirical data with theoretical models to critique existing knowledge and identify gaps in literature. Although existing typologies are powerful, descriptive and explanatory tools, the aim was to develop a novel framework. It was accepted that the chosen approach might not be as precise as experimental and laboratory methods, but factual and attitudinal perceptive data gave a rich data set. The importance at all times of maintaining internal and external validity, isolating key variables, and recording causal relationships was vital and by developing systematic, theory driven and representatively sampled methods some of the problems were overcome.

Interviews were used to provide data on commonly agreed understandings, opinions, attitudes, and feelings. By using a mix of open ended and closed questions, probing helped to establish nuances, connections, and inter actions between them. Initial interviews explored the distinctive features of the regime, and showed how situations, events and beliefs might impact on individuals or sub-cultures. Rather than seeing regime activities as characterised by chaotic groupings, the research was designed to

test out how it flourished as a sub culture in which individuals shared common understandings.

Interviewer bias, though important, was less important than creating a mutually trusting environment in which respondents were able to answer questions as honestly as possible and for systematic recording of verbal and non-verbal responses.

In the initial stage of interviews, some lasting up to three hours, respondents were asked to identify the most powerful and influential people. The questionnaire was semi-structured with closed questions aimed at gathering descriptive data and more probing, unstructured questions to obtain subjective and perceptive data. Probing allowed the questions to deviate from the set questions, as and when necessary. General themes and topics were covered, but there was no attempt to impose a structure, in the hope that spontaneous responses would ensure valid and reliable data. None of the interviews took place in natural environments as most were held in sumptuous hotels, theatres, large offices, or council chambers. This meant that the researcher could abandon the detached observer status of natural scientists. Initial general stakeholder mapping allowed data gathering from as wide a range of people as possible, given the time factor and financial constraints of interviewing such a large number of people. Verification of interview data (with respect for anonymity) was achieved by cross checking information by other means. As an example, when a certain person was identified as a key player other sources of information and contacts across the region were used to refute/support these claims.

It could legitimately be asked whether respondents were telling the truth, but we can never know this with certainty. Validity is always questionable and all that can be hoped is that respondents are sufficiently interested in the topic to engage with integrity. If the interviewer maintains professionalism, is knowledgeable and has done

the preparatory work, the correct probes can reveal good quality data. Questions must always be related clearly to the overall hypothesis otherwise validity may be questionable if memories of events are hazy, or if respondents (as in this research) all supported a regional success story. The former was overcome by asking a mix of simple and complex questions twice and in different forms, cross referencing responses with other sources, and choosing a selection of respondents with contrary views.

Conceptually the literature on regions and regeneration is diverse and contradictory, whereas literature on the NE's political geography is abundant. By synthesising literature on economic history, public policy and administration with systems theories, a more effective framework for analysis was created. Literature was used to isolate critical elements for empirically testing through case studies. The research had two main foci, firstly conceptual development and secondly empirical establishment of an elite regime.

Systems theories offered a more rigorous and formalised method to examine the innumerable and multi-faceted aspects of regeneration with the mess of interacting organisational, technical, social, political, and environmental frameworks within which the role of institutions and the motivations of individuals interact. Systems metaphors have been so generalised as to be almost meaningless but they do offer useful insights, and they allowed the region to be conceptualised as a bounded entity, with richly interactive elements, separated from its external environment. Vertically, governmentally and politically, a region sits between the international, national, and local tiers of governance, however horizontal analysis is muddled and obtuse with politics/governance seen as spheres of influence rather than vertical tiers.

Lesson drawing in public policy gave useful pointers to developing a conceptual framework because of the emphasis on thinking across time, space and regeneration initiative. Rose's (1993) four-stage model for policy learning was usefully adapted, and included (i) policymakers search for successful programmes in another time and space, (ii) abstract a cause and effect model on what has been observed, (iii) create a programme based on what has been learnt, and (iv) evaluate and estimate the consequences of adapting those lessons. This staged model of policy learning informed the case studies as each provided a chronological examination of critical incidences. System Theories and policy learning models helped to develop a macro level conceptual framework to aid meso and micro understanding.

Mapping the elite regime over time proved difficult because existing secondary data had been gathered to establish institutional affiliations, rather than social connections. Literature on nineteenth century central/local government relations, social and economic history, public policy administration, and regional development was useful to set the context within which elites interact. In the period's 1920-1970s, what data was available was rather limited, whereas literature of the post 1939-1945 War period contained a preponderance of views that a corporatist state incorporated other interests. This research was undertaken to challenge such received wisdom, and based on the opinion that they fail to show the significance of business and other elites as an enduring feature of regeneration. Little evidence exists to demonstrate who were the main drivers, and this research set out to reveal that incorporatist accounts could be simplified versions of a more complex situation. More recent literature has focused motivations of regime actors and extra-institutional linkages, but nevertheless past researchers did share a view that the state incorporated other interests. This research challenges existing views.



The growth of empirical work on regimes over the past 30 years began in the US, but it is only recently that researchers such as Peck (1995), Bassett (1996), Garmise and Rees (1997) have tried to adapt them to the UK situation. The difficulties they encountered illustrate how differently state structures, politics, economics, and the role of business operate and how problematic it is to attempt to transfer frameworks. Given the problems that other writers seem to have experienced by adaptation of US models to the UK, it was decided that the composite URT model developed by Stoker and Mossberger (1994) and the local leadership typology developed by Bennett and Krebs (1994) could act as useful guides. It was decided to augment some of the evident gaps in URT with some elements of the management science literature, in particular strategy and stakeholder models of power and influence. It was felt that the NE region had a sufficiently identifiable boundary to warrant its use in developing a composite framework.

The UK political science tradition has drawn on US, as well as from systems theory, town and country planning (Friend et al, 1974), geography and public policy (Benson, 1975), power (Lukes, 1974a), networks (Rhodes and Marsh, 1992), partnerships (Lowndes et al, 1997). All have improved our understanding, however, this research draws on more recent literature in the field of strategy and stakeholder power, because there have been few attempts to bridge the politics/management dichotomy. The aim is for this research to be of value to an academic and policy-making audience.

Regeneration as a multi level domain is ill defined and problematic in operational terms, and as DETR, DFRA, DTI and other public servants seek to introduce new administrative arrangements, they have few models and frameworks on which to base

their decision making, and this adds to ambiguity, mess and confusion.<sup>22</sup> Policymakers need to understand the mechanics of regimes activities in practice in a multi factor policy area, especially at formation and implementation stages.

## **Stakeholder Mapping**

A preliminary stakeholder analysis of the key personnel and agencies (with an influence or view on the regeneration) was drawn to identify relevant respondents. The sample reflects the importance, or lack of importance, in each sector and is stratified to provide a horizontal picture. Strategic understanding of the region and perceptions on regeneration, as well as the individuals/ organisations responsible for initiatives and projects and how outcomes were achieved. The first six piloted interviews helped to refine the questionnaire, identify key personnel within patterns of local and regional leadership. Individuals were drawn from the Stakeholder Map, both sectorally and cross-regionally. The intention was to build up an image of the region, profile actors and agencies and their interlinkages, with the objective of selecting further interview respondents and cases. This established the criteria for selecting cases. Respondents were chosen on the basis of individual, organisational, civic representation and questions were framed around (i) elites, (ii) perceptions on regeneration, and (iii) their partnerships/networks and interlinkages and inter-actions.

The underlying basis was regeneration and the whole sample population consisted of an aggregate of all the people who conformed to specifications such as seniority, profile, reputation and centrality in regeneration initiatives or projects Respondents not necessarily in senior positions, as well as sceptics, were included in the sample

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<sup>22</sup> This was confirmed in conversation with Dr Bridge, Chair of ONE on 6<sup>th</sup> Sept 2000.

The lack of a comprehensive sampling frame proved an initial difficulty but this was overcome by choosing as representative a sample as possible from specific or related agencies. The sample was not a convenience or quota sample but a purposive sample, designed to get the best possible data.

There was no difficulty in identifying well-known agencies and individuals. Concentrating solely on interview data would have biased data so it was necessary to broaden the sample. Vertically the aim was to draw a stratified sample of international, national, regional, sub-regional and local agencies and individuals, with a presence, influence or views on regeneration. Horizontally, respondents in various agencies and networks across Northumberland, Tyneside, Wearside, Teeside and Cumbria were included to show the strategic and operational linkages and networks.

The large sample was used as an attempt to generalise but it is not always necessary to do this in all cases as it is more important for the respondent to trust the integrity and experience of the researcher and make their own generalisations. By developing a systematic and rigorous research design, the aim was to instil confidence in both respondents and findings. It was also critical to recognise that historical power relations in this field, permeated social relations. Details on respondents were obtained from the secondary sources: wide range of literature (theoretical and empirical); official documents; national and regional press; company literature; telephone research for preliminary material and to establish contacts; network analysis of key individuals/agencies; compilation of a 'Who's Who' in the NE; preliminary visits to some of the agencies; involvement in political campaigning; data from an extensive network of MBA students at the Business Schools at both Sunderland and Durham Universities, research links with the Universities of Durham, Northumbria,

Sheffield Hallam, Aston and Warwick; Regional Strategy documents; and initial exploratory interviews.

Between December 1995 and January 1996 eight pilot interviews lasting up to two hours were carried out with business leaders (Durham and Sunderland on Wearside), a public sector professional (Tyneside), politicians (local and national), a university representative (Teeside), a quango representative (Northumberland), and church/voluntary representatives (Newcastle and Sunderland). Case studies were chosen on the basis of face-to-face interviews, and after obtaining as much relevant information as possible. Snowballing identified other interviewees.

### **Negotiating access**

Breaking into the enclosed world of regional regeneration in the NE is a negotiated process. The institutionalised and personal linkages that have developed over many years mean that it is helpful if the researcher is relatively well versed in the past history of the region. Anyone not au fait with existing and past regimes is regarded with suspicion, so it is beneficial for any researcher to be embedded in the regional story.. This researcher had a lifetime of knowledge about aspects of the regional story, but also healthy scepticism.

Interviews were negotiated with a traditionally parochial and patriarchal group of elites, so it was vital to establish credibility. Each initial contact was made by having prior information on interviewees such as their age, role in organisation, biographical data, profile in the region. This helped in deflecting any possible rejection at the first

point of contact by drawing on a bank of small talk, regionally focussed knowledge or anything else that could allow access<sup>23</sup>.

At many points in the initial telephone conversations, interviewees were on the point of rejecting an interview until the researcher drew on past acquaintances, past experiences and knowledge of regeneration or regional forums and events (eg Riverside Park (Don Robson), Durham Graduate Link (Sir Fred Holliday), DUBS link (John Bridge), “my father, the trade unionist”(Mills)<sup>24</sup>. A lot of name-dropping was vital! This tactic worked on every occasion and, indeed, interviewees began to ask who else of importance was being interviewed. Such is the informal networking in the region that on three to four occasions when the researcher rang a prospective respondent the response was:

*“Oh, I’ve been waiting for you to call. I gather you interviewed so and so last week and I knew you would get round to me.”*

In some cases access was negotiated and brokered by elites on behalf of the researcher. For example, Gill, Leader of Gateshead MBC, was a very reluctant respondent, but Robson, Leader of DCC, was a good friend and he persuaded George to agree to an interview.

The fear that a lot of data would be anecdotal, subjective and politically sensitive was borne out in practice, but all interviewees appeared to engage transparently and agree to be quoted. No respondent was reluctant to have information disclosed.<sup>25</sup> Becker (1967) discussed whether it is necessary to sit on the fence during fieldwork or in writing up. This researcher was acutely aware of the role as interviewer, as an

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<sup>23</sup> The terms ‘insider’ and ‘outsider’ regularly cropped up in interviews.

<sup>24</sup> Some data was very sensitive but all interviewees were happy to be quoted.

<sup>25</sup> Maintaining integrity is essential as it is possible to have over-rapport (Moser, 1958).

academic but also as a NE inhabitant, with a strong knowledge base in the field. Many of the interviewees were individuals in very senior positions, so it was necessary to gain confidence, so that they might reveal nuances about their inter-relationships and inter-linkages.

The issues of class, gender and race, or the need to establish who had reputational and situational power, the researcher or the mainly white, middle class males interviewed was a consideration too. Some female interviewees were powerful women in their own rights, but fewer in number. The paternalistic culture of the region cannot be under-emphasised and it was vital throughout the entire interviewing phases for this female researcher to maintain credibility. Trust was a key component of the relationships built up over the months and years of fieldwork. At the outset of each interview, interviewees were told the aims of the research, how the data would be used and the areas to be covered in the interview. Confidentiality and anonymity were guaranteed unless agreed otherwise. Absolute detachment as an interviewer would not have elicited the richness of data and it was a positive benefit (and had novelty value for the male interviewees in a macho region) to be a female who possessed a level of prior historical and political knowledge of regional affairs. Age, class, culture and race can create a barrier or solidarity, but in this research the level and extent of each category coincided between interviewer/interviewees.

Social science research, according to Harvey is complex, messy, various and interesting (1994: 139). Women researchers have the opportunity to pursue methodologies, which enlighten and emancipate themselves. They should not allow themselves to be objectified into an instrument of data collection - forced into an alienated male form. Oakley (1981) talks of the male myth of hygienic, scientific interviews with the accompanying mystification of the researcher and the researched

as objective instruments of data protection. In the writing up phase there is the dilemma of 'Whom are we writing for?' There is, as Harvey (1994: 146) says, is a danger that the researcher can lose control over data and the way it is used. In this research the interviewees were trusting the researcher to respect their views, and this allowed valuable insights to be gained on personalities and interactions of others (Harvey, 1990).

## **Conclusion**

No single research method is 100% accurate, and this was recognised at the outset. The decision to use case studies and interviews after a thorough literature review and extensive use of secondary material allowed triangulation and cross-reference of data from many different sources. The objective throughout was to ensure as accurate and valid a data set as possible.

A qualitative method was deemed appropriate because its usefulness is not with how many interviewees are interviewed but what is being said and how it is being said. By using an array of interpretive techniques, the researcher was in a better position to describe, decode, translate and otherwise come to terms with the meanings that elites place on interactions within regeneration.

The methods showed how national strategies were adapted, and more importantly understood by elites, because the regional story is grounded in a social, historical and external context where ideas are continually constructed and reconstructed.

The problems associated with these methods such as time, access, confidentiality and reliability of resources were all overcome, but this was not without many difficulties.

The research design and line of questioning, within dynamic situations, allowed discretion and judgements to be made on how the research should be paced.

Finally, there is never any guarantee that what is said in interview will be reliable but every researcher has to trust her own instincts, and assume that those being interviewed are acting with honesty and integrity. By adopting a professional approach throughout, the seriousness of the engagement can be maintained, but humour was also essential in this research. No research would be ever worth doing if

The hard work could not be matched with a lot of fun. In this last respect, the research was informative, as well being a lot of fun.



## Chapter Three

### The North East Region: Regional Policy, Regeneration and Regime Formation

*'Central government's appalling lack of knowledge and how to prioritise was evident when they hived off our Euro money' (Robson)*

*'Local politicians can only have a minimal influence as most decisions are still taken by civil servants.'* (Bridge)

*'We challenge authority more than we did before the War, we have the pit manager mentality' (Howard)*

*'There are no Ministers interested in the plight of the North' (Gill)*

#### Introduction

The main argument of this chapter is that a changeable regime of elites has responded to national policy and global changes over a protracted period. In particular they have adapted, and implemented policies to a specific NE situation, but none have fundamentally altered the relative economic position of the region. Despite a series of focused regional policies, the persistent legacy of regional problem leaves the NE in the same deprived position that it has been in for many decades. As a consequence, there are growing demands for regional autonomy, stemming from the frustration that elites and others feel at the inability of central government to solve the seemingly intractable problems. Elites attempted to 'go it alone' in the quest to transform the image of the region, and considerable energies go into looking for innovative projects that can improve the quality of life and physical conditions of the local population. By drawing in national and local state actors, elites have sought to legitimise activities.

The problems for those individuals in the NE faced with 'managing' local and regional change have been an issue for public debate for many years, and as was shown in chapter one, the escalation and rapidity of global restructuring has exacerbated the need to act more entrepreneurially and in wholly different ways to cope with its damaging and pervasive effects. There is a general acceptance that neither public nor private sector have control over economic decisions affecting communities, or that no one agency (such as a local authority) can respond, so partnerships have become the holy grail.

In this chapter each phase of regional policy is shown to create the conditions for the formation of a unique type of elite regime, based on enduring relationships, and sustained by a sense of regional identity and common purpose. The regional story has evolved and synthesised over the years despite changes to composition and personnel. In this post democratic age, when forms of represented democracy are being challenged, the NE regime offers a useful model, capable of dealing with a messy and complex policy environment. From the class based regime of aristocrats and commercial interests in the nineteenth century, through its various manifestations or stages to present day multi-representative, post democratic forms, this chameleon group of elites has attempted to fill the gaps where state intervention failed, by identifying regional specific projects.

It concludes with a brief examination on whether or not existing political and administrative systems, in particular the more recent 'quick fixes', unaccountable and non democratically elected Regional Development Agency, One North East, the four Sub-Regional Partnerships and Local Strategic Partnerships will prove to be any more effective in regenerating the region, than the informal regime of democratic and non-democratic, regime of elites that has always plugged the democratic gaps in coverage.

Firstly a profile and an examination of the effects of regional policy are introduced, before chapter four presents a more detailed analysis of activities, power inter-relationships and effectiveness.

### **The North East: a profile**

In this context, the NE, a compact post industrial region of 2.6 million population, is seen as one of those unfortunate regions, a boom area of the coal age with an enormous legacy of obsolete human capital, a slower rate of economic growth, an accompanying higher rate of unemployment, a poorer standard of health and social services, and a not unrelated outward migration of population (Cullingworth, 1970: 10) **See Appendix 3.0 for details.** It is widely recognised as a distinctive region with a strong regional identity, as the quotes at **Appendix 3.1** reveal, despite being a diverse region encompassing urban sprawl, towns and villages, and industrial and commercial centres with different characteristics (Chapman, 1985: 4). Newcastle holds the title as the centre of region.<sup>2930</sup>

However, the following reflects a contrary view, shared by elites in other parts of the region;

*'Newcastle councillors are always posturing, it's not the only city in the region'* (Lennox)

The difficulties prevalent in the region are not new or unique to the NE, where a collapse in traditional industries is now an enduring feature, as this has been a recurring

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<sup>29</sup> Elites in Middlesbrough and Sunderland challenge this, GMB worked NECC on the bid to become European Capital of Culture in 2008.

<sup>30</sup> Hostility between Tyneside elites and local authorities can be traced back as 1840, over the Port of Tyne (McCord and Thompson, 1998: 256). Middleton (1985) found examples of Tyneside and Teesside rivalry in the 1930s when Special Areas were designated.

problem since the mid-nineteenth century. The NE has been an experimental testing ground for different, mostly unsuccessful, policy measures, directed towards symptoms rather than underlying causes. Ministers and civil servants were accused of producing:

*'Remote control (policies) carried out by disinterested and ill-informed individuals, that failed to the desired outcomes as local needs were lost (Bray, 1970: 149)*<sup>31</sup>

Local agencies were expected to make up the shortfall, but in turn, they were criticised for failing to deal with long-standing decline, notably those affecting residualised and dis-empowered poor<sup>32 33</sup>. Communities, and other under-represented groups, have been excluded from decision-making forums and concern has been expressed at the domination of certain interests.<sup>34 35</sup> Communities often fail to understand what is required of them, or are unwilling to participate; at the same time they become useful validating mechanism for regional strategies (Stephenson and Poxon, 2001: 109-124). The uniqueness of the industrial structure partly explains the legacy of decline, more acute than any other region. Nineteenth century expansion of large scale industries were not the result from state intervention but promoted by private capitalists, however, the social consequences of rapid growth led to the formation of a regime of elites who lobbied central government for aid.

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<sup>31</sup> Bray was MP for Middlesbrough, but resigned when his controversial book was published.

<sup>32</sup> Byrne recently challenged Newcastle City Council over *Going for Growth*, July 2000 (Byrne, 2000: 3-16)

<sup>33</sup> 1900 homes were built, 1500 new jobs created, and a 16% decrease in burglaries (Robinson and Shaw, 1998: 24-32)

<sup>34</sup> See the work of Robinson and Shaw (1998: 24-32), Liddle (2001: 312-323).

<sup>35</sup> In an initial assessment of RDAs, most regional RESs were criticised for this (Roberts and Benneworth, 2001: 142-159).

The region is below UK average in most areas such as GDP per head, earnings, expenditure, employment <sup>36</sup>, as **Appendix 3.2**. And **3.3** show. In terms of industrial structure the region is:

*'Still public sector driven, but we are getting a sharper business focus'*  
(Bridge)

Furthermore it :

*' No longer dominated by monolithic large firms, but lacks the middle corporate range of companies that the Germans have '* (Bridge)

And

*'Our greatest achievement has been the diversification of the industrial base, but the service sector dominates'* (Balls)

*'New jobs are often low paid and part time'* (Howard)

Despite regular regional and financial assistance, a bleak economic landscape has been made worse by recent job losses and declines in farming and chemical industries (Cockerill and Southern, 2000: 35-52). Inward investment has increased the economic diversity of the region, but it is still an economically weak region (ONE, 1999)<sup>37</sup>, crucially affected by the whims of global capital shifts, and national policies.

The region did well in inward investment, until quite recently, but regional strategies now highlight knowledge businesses, indigenous growth and entrepreneurship as key growth aims. Despite claims and counter claims of the economic benefits accrued from inward investment successes, the region remains approximately where it was in the 1970s, relative to other English regions. However, the recent economic downturn has led Nissan executives and suppliers to voice concerns on the state of the economy:

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<sup>36</sup> Falls in unemployment figures in the last decade have been less in the NE than in any other region.

with threats to relocate, in spite of declarations of commitment to the region. Attempts to attract foreign investment have dominated regional discourse for the past twenty-five years, thus:

*'There's hot competition, companies left to themselves want to go south'*  
(Denham)

*'We got the construction surfaces for Nissan, and did a thorough review of suppliers for Siemens and Samsung'* (Robson)

*'We're held in regard in London because we drew in Siemens'* (Sir Fred Holliday)

*'Inward investment is fluid capital with a life cycle of 10 years, and though on paper this isn't a region to invest in, Siemens and Samsung got huge subsidies because their products and processes were important'*  
(Richardson)

*'We had no history of car making but they had no pre-conceived ideas about us, the incentives helped'* (Lennox)

*'We've had Yanks, Japs and Koreans coming, so we've spent a vast sum of money in doing our homework. We did the same as the Japs, they won't go anywhere without researching'* (Mills)

*'I was drafted in by IBB to go to Japan, individual LA s were wooing investors, unlike the Scottish and Welsh, so we decided to set up the Brussels Office of NEA to have co-ordination'* (Robson)

*'We've got to concentrate on indigenous companies, and the stakes are higher because we've got to sustain the levels of inward investment'*  
(Mills)

*'Some regions may reflect on the past but we don't, we want to go forward'* (Mills)

*'The Japs, Yanks and Germans are underpinning the democratisation in Eastern Europe, so we lose out'* (Mills)

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<sup>37</sup> Between 1981-6, 350,000 jobs were lost in the primary and manufacturing sectors.

*'We're better than other regions, just look at 1993 award to NDC as the best inward investment company'* (Mills)

At the same time jobs created have been in low paid and mainly female occupations, or in the inward investment service class. Tourism, art, sport and other creative industries have been recognised as prospective income and employment creators (Thomas and Long, 2000: 313-328) but Hudson, Sadler and Townsend caution against an uncritical interest in the former (Hudson et al, 1992: 633-646). Limited research exists on the types of jobs created and impacts of such economic activities.<sup>38 39 40</sup>

Despite these doubts, there is a growing recognition, nationally and regionally, of the potential importance of creative industries to economic development (Department of Culture, Media and Sport, 1998: 3)<sup>41</sup>. Small businesses, typified by those in the creative industry sector play a key role in employment creation (Storey, 1994), but despite a 17.5% growth since 1981 and a plethora of policies, the NE is still relatively weak in small to medium enterprise development, **See Appendix 3.4, 3.5 and 3.6**. Manufacturing remains part of a branch plant economy, as the following quotes testify:-

*'Our manufacturing has all but gone'* (Lennox)

*'We are losing company HQs like Northern Electric, and some like Northumbria Water are going overseas, to France.'* (Beecham)

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<sup>38</sup> Tourism was worth £75 bn in 2000; 4.7% of GDP (Guardian, 31.12.01). Gateshead Millennium Bridge has attracted 250,000 visitors (Journal, 26.12.01)

<sup>39</sup> Wynyard Golf course, owned by Sir John Hall was recently the subject of a management buy out; Durham has first class county cricket, Sunderland and Newcastle are bidding to have the first Olympic swimming pool (Journal Newspaper, 26th November)

<sup>40</sup> Losing the bid to host the Ryder Cup in Golf in 2010 (backed by Brendan Foster's Nova International) lost the NE £100M in lost revenue (Journal Newspaper, 26th November).

<sup>41</sup> At European level culture is seen as a major social and economic force (DCMS, 1998: 34). In the UK the vast majority of the sector comprises micro businesses employing less than ten people. The creative industries generate revenues of £60 billion per annum and employ 1.4 million people (DCMS, 1998: 3) and government has set up a Task Force as a catalyst to raising awareness.

Much less attention was paid to the switch in emphasis in regional policy, during the 1990s, from attracting inward investment to embedding existing investment with after care and other services. Nowadays regeneration agencies are urged to develop existing indigenous and foreign owned firms, but fundamental policy questions still prevail on promoting inter firm trading, encouraging collaborate linkages, addressing the diverse and fragmented needs of SMEs, and encouraging job creation in disparate mining and rural communities (Tomaney and Pike, 1999, cited Garrahan and Ritchie, 1999: 99).

The persistent and growing North-South divide led to a proposed review of regional funding<sup>42 43</sup>. Foreign investment has not made up for the shortfall in indigenous job creation or growth, and the high costs involved tend to negate any long-term benefits. Official regional development indicators, which cover both economic and social dimensions, show that in many measurable indicators the NE is still among the poorest performers in the England. The region has the lowest economic activity rate at 72.7%, compared to the rate for England of 78.6% and has one of the highest rates for long-term unemployment. The lowest regional GDP per head in England is recorded for the North East. The figures also hides some serious indicators of deprivation and poor

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<sup>42</sup> Robert Huggins Report, 2001; Henley Centre Report, 1997 predicting that the gap would widen by 2002; TUC Report, 1998 on a two speed economy. A Cabinet Office Report in 1999 played down the divisions, but a Joseph Rowntree in 1999 found the highest proportion on low incomes; Audit Commission Report, 2000 showed NE councils received less than the London Boroughs. Cardiff University Report likened the NE to Chile and Hungary; an Employment Committee of MPs called on government to do something, and a RSA Report predicted that Labour policies would take 35 years to close the gap (all documents cited in Linford and Woods, Journal Newspaper, 20th November: 18).

<sup>43</sup> The Barnett Formula gives £4837 per head of population to the NE, whereas Scotland receives £5217, which represents a £1.2bn cross border divide. 'Bridging the Gap', a NE Assembly document, Xmas 2001, was a response to the pre-Budget promise of a review of regional spending. In 2000 elites delivered a £1bn shopping list that influenced 2000-2 spending plans. It resulted in measures to cut employment, boost regeneration, and extra cash for ONE for housing and business start up (Linford, Journal Newspaper, 31st December:16).



performance within the region, such as the highest proportion of men drinking double the amount of recommended daily rates of alcohol.

More significantly in some parts of the NE GDP per head is arguably low enough to qualify for Objective 1 funding. For example, in County Durham, three local authority districts of Easington, Wear Valley and Derwentside had scores of deprivation that ranked them in the first quartile of most deprived places in England. The urban centres of Newcastle, Sunderland and Middlesbrough record deprivation scores amongst the highest in England and one of the major challenges facing the region is to develop strategies to support economic growth and social inclusion.

Perhaps unsurprisingly, and despite a plethora of national and regional policies and initiatives to encourage enterprise the NE still has the lowest SME base per capita in the UK (50% of the average) after Merseyside and Northern Ireland (Macnamara, 2001), business start up rates are 2% below UK average and survival rates are 4.8% lower than the rest of the UK. Only 1.5% of graduates enter self-employment, as opposed to a national figure of 3.1%, which is still pitifully low (Davison, 2001).

ONE Regional Innovation Strategy is aimed at generating hubs of growth; start up companies and clusters of expertise and innovation (Peck and McGuinness, 2001).<sup>44 45</sup>

The following quote demonstrates how bad the situation is:

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<sup>44</sup> A Treasury Report (2000) indicated a low enterprise culture in the NE. Measured by VAT registrations per 10,000 resident adult population Wansbeck (at 12 new registrations per 10,000), Redcar and Cleveland (14), Easington (15), South Tyneside (15), and Blyth Valley (16) were the five poorest performers in the UK in terms of new business start ups (HM Treasury, 2000). Despite modest success in SME growth, the relative position has stayed virtually unchanged.

<sup>45</sup> There is a plan to replicate the £200m venture capital and loan funds for SME development in Objective One and Two areas to improve SME development in deprived areas (Regeneration and Renewal, 2001:1).

*'Most chamber members are SME owners, we have start ups but many more deaths'* (Richardson)

Undoubtedly the region is less prosperous and significantly more disadvantaged than most other parts of the country (Robinson and Jackson, 2001: 38-55). A recent geographical analysis of deprivation using the Index of Multiple Deprivation showed deprivation at ward level on all indicators. Current government policy is targeting resources under Neighbourhood Renewal, New Deal for Communities and community economic development within EU Objective 2 funding<sup>46</sup>.

Local government remains stubbornly and tribally Labour dominated and democracy in the NE is at a very low ebb, election turnouts are low, with widespread indifference to local government, and many services delivered by un-elected bodies not accountable to local people (Robinson and Shaw, 2000a: 473-492). This democratic gap has been convenient for elites, because local people rarely challenge decisions, because there are problems in penetrating and accessing informal and secret forums where decisions are made. A poorly instituted field of regeneration and the lack of accountability have increased the demands for self-determination to fill the democratic deficit now occupied by elites. Before examining this, and the effects of regional and global shifts on the NE more comprehensively, a general appraisal of regionalism sets the broader context.

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<sup>46</sup> Easington will receive £9.975m, of the overall £3.986b NRF, Community Chest and Community Empowerment Fund (NRU, March 2001) and £3.846 under Priority Four of Objective Two funds as twenty-two of its wards are designated as target communities (NE Objective Two, 2001).

## Regionalism

Regionalism has ebbed and flowed throughout the twentieth century, but Geddes (1988: 322-325) believes that its re-emergence owes more to the run down of public expenditure during the Thatcher administration. He found that most researchers strongly advocated increased *regional policy*, but only the RTPI (Royal Town Planning Institute, 1986) called for any form of *regional government* (RICS, 1986, NR Councils Association, 1986, Armstrong and Taylor, all cited Geddes, 1988: 322-325). Stoker et al (1998) summarised the political, economic development, European, and technocratic imperatives of regionalism, but even protagonists continue to disagree on the purposes, methods, boundaries to be drawn and powers to be given to regional institutions.

That said a strong regionalist movement in the NE has always drawn together multi-sectoral elites to demand a more equitable distribution of resources, decentralisation of decision-making and the creation of an elected regional assembly. This has been a response to a nation state's inability, since the nineteenth century to manage the economy of its most northerly and persistently left wing region, and the persistence of governance by corporatist elites, or appointed boards of colonial odds and sods (Byrne, 1993b: 27-34). The region has a distinctive civil society, distinctive social structures vividly portrayed in the novels of Catherine Cookson and other television drama series, a vibrant and different folk culture including the Northumbrian bagpipes, as well as an accent and regional dialect which cannot be found in any other region (Elcock, 2001: 57-64). The regional issue had, until recently, been sidelined from the national political agenda. During the 1970s, elites from a very wide set of sectoral interests pressurised central government to do something, and these demands continue as the region is now at the vanguard of the Campaign for English Regions (CFER). The current government has agreed to hold referenda, in regions where there

is public support for the idea, regionalist campaigners have, therefore, stepped up their activities.

Recent demands for self-determination have grown in parallel with an increasingly volatile and shaky NE economy, with over 6000 job losses in 1998, and ominous predictions of more to follow (Cambridge Econometrics, 1999a). The debate on the efficacy of indigenous growth and entrepreneurship at the expense of foreign investment, and where the fault for economic decline lay, dominated regional politics and heightened devolutionary demands (Linford, 1999a, Journal Newspaper, editorial). Some academics and business leaders remain unconvinced that demise is entirely due to global changes, claiming instead that national policies were to blame (Tomaney, in conversation, November 2000). The scale of job losses led both PM Tony Blair and Mandelson (then President of the Board of Trade) to visit with the promise £100m, for Task Forces to find buyers for plants facing closure (Pike, 2000: 1-3). The spate of redundancies also hastened the establishment of NECC (NE Constitutional Convention), a body representing a broad spectrum of regional life. NECC was a natural follow up to CNEA (formerly CNA, Campaign for a North East Assembly), which has campaigned since 1992. NECC carried out wide spread consultancy before a blueprint for regional government was placed before the PM in November 1999. The proposal considered powers, finance, and boundaries of an elected body.

CNA has been relatively successful in placing devolution higher up the national political agenda, but is a 'top-down' pressure group, with largely existing political activists. Campaigning has raised its profile, though it has excellent media coverage, and high profile elite support<sup>47</sup>. NECC is a non party political gathering of church,

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<sup>47</sup> The business community declared its support for a YES Campaign (Journal Newspaper, 2002, 2nd September: 2)

business, voluntary sector, academics, regional politicians, CNA, trade unionists, cultural organisations that was set up in 1998 with the aim of achieving consensus around a blueprint for a democratically elected assembly. Neither CNEA, NECC or CFER have had much success in engaging grass roots support, but they have been more successful in engaging government Ministers.<sup>48</sup> Individual business elites, notably Bill Midgely, of the NE Chamber of Commerce, has long campaigned for a revision to the Barnett formula.

A historical examination of the different phases of regional policy demonstrates how elites have coalesced to lobby and demand government intervention, more especially how each phase of national policy within a dynamic global environment enabled them to strike the balance between structural constraints and collective agency. It shows that inter-organisational power relationships have been a critical factor in shaping and adapting policies. Elites have recognised that national government has lost the power to influence local and regional domains, or to engineer solutions to economic and social problems. This has left gaps where intra and inter-organisational power relationships have evolved.

## **Regional policy**

British central government's influence on disadvantaged regions has a very long history, with evidence of policies in the late nineteenth century having an impact the NE, but regional economic policy has waxed and waned. It has been seen as an important way of reducing regional economic differences, and at the same time reducing the

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<sup>48</sup> Caborn attended the inaugural meeting of NECC, and lost his Cabinet position; Derek Foster addressed meetings, and was removed as Chief Whip; Joyce Quin is a fervent

harmful effects on the efficient operation of the national economy. The arguments for regional policy remains strong (Armstrong and Taylor, 2000: 207-208). but despite the tensions of prioritising economic or social objectives, or central government's perennial attempts to either 'bring work to the workers', urge long term unemployed workers to 'get on their bikes' or let the market decide, disparities remain constant. Politicians and civil servants still have difficulty explaining why areas like the NE remain at the bottom of all league tables, but the situation continues despite regeneration policies. There are still tensions between efficiency and economic goals and setting conflictual rather than complimentary multiple objectives. Furthermore European policies towards the regions have exerted a strong influence on the priority of social inclusion and equity between regions, and regeneration initiatives are affected by global agencies such the IMF, The World Bank or OECD.

Nevertheless regional policy is still an important component of UK economic policy, because persistent regional disparities prevent the attainment of national objectives. Its purpose, therefore, is to achieve specified national targets, as well as reducing harmful consequences like unemployment and social hardship in disadvantaged regions (Armstrong and Taylor, 2000: 206-231). It is generally regarded as having been an ineffective means of addressing long-standing inequalities; moreover existing machinery of government is seemingly incapable of achieving overall aims.<sup>49</sup> Early studies of the origins and development of regional policy were focused exclusively on how it was perceived in central government circles, rather from the disadvantaged regions themselves. The benefits of all forms of regional policy are highly contested.

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supporter, and gave up her Cabinet position to support the cause. Blair and Armstrong are fervent opponents, but Mandelson is a recent convert.

<sup>49</sup> As far back as 1918 the Haldane Committee questioned the effectiveness of the state machinery (Chapman, 1985)

Healey (1993), however, Ball (1995) sees regional policy as a much-maligned token gesture. The fact that it is top down and central officials set criteria for assistance has created a high level of resource dependency, but has nevertheless allowed elites to develop very close relationships with regional civil servants. Together they have contributed to planning and other forums over a protracted period, and this has created a core of individuals who sought legitimacy as regional spokespeople on the basis of reputation and experience of decision-making.

Some EU attempts to reduce regional inequalities have been successful (Halkier and Danson, 1996: 1-38) but overall the picture is still gloomy<sup>50</sup>. The persistent disparities have serious economic and social cost implications, such as rising poverty, crime, ill health and social exclusion. Elite attempts to have direct access into Brussels have been limited apart from the somewhat embryonic developments of NEA (the North East Association of Local Authorities) there has been a failure to have a substantial orientation towards Europe.

Regional planning, as the outcome of regional policies, has never been an end in itself, nor has it been an exclusively technical exercise as it exists to influence and manipulate the power and political influence between central and local administrations.

At the core it is a particular view of when and when not to intervene, and choosing the policies to solve specific problems. By its very nature then it is political and not some deliberate, intellectual and objective form of decision making. It is about criss-crossing relationships that change in strength and direction with alterations in the power and standing of interests of interests, both organised and disorganised (Friend et al, 1974). Few of the relationships are directly controlled by the plan or the policy

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<sup>50</sup> Between 1975 and 1988 the NE was the second most assisted region in the UK.

originators themselves and it is a complex process of analysing, intervening and resolving the conflict that accompanies change. It has been described as the art of the possible (Bristow, 1978: 5-13) and elites have seized opportunities to legitimise their activities by working in close proximity with civil servants and civic society, to adapt national policies to regional needs. Civil servants were pivotal in helping to define projects to stimulate changes, as they coped with a myriad of problems..

It might be argued that the multi-dimensional problems cannot be left only to formal or informal interactions (Mawson and Skelcher, 1984), and the lack of a real and lasting solution to the North-South divide has led NE elites to believe that:

*'Too much decision making is made by civil servants. Nissan proved we could overcome parochialism'* (Beecham).

*'We've gone from begging bowl to a self help philosophy, we're a fast changing region, but rooted in old habits'* (Balls)

*'We took the initiative when the pits were closed, especially after Nissan. We said 'lets set our own agenda', make it work for us without too much central interference. It was the only way we could make the region fertile ground for investment'* (Mills)

*'Central government set the backcloth but local politicians get down themselves to the nitty gritty of regenerating industries'* (Lennox)

These quotations beg a historical explanation as they raise questions on how elites have developed such a mindset, as the following discussion explains.

### **1850-mid 1920s: Laissez Faire, municipal trading and self-help?**

There is little doubt that early regimes formed in the late eighteenth and early nineteenth centuries as linkages and contacts were forged between regional capitalist and aristocratic elites, wealthy because of minerals underneath their land, and enhanced



social and political prestige followed (McCord, 1979). It was a period in which free market ideas of supply and demand coupled with a detestation of trade unions led to cyclical instability and crisis (Carney and Hudson, 1978: 66), and a combination of national policies and changes in the international division of labour ripped the fabric out of old industrial economies and the local communities (Hudson, 1986).

At the same time local authorities took a keener interest in the social and economic conditions, and philanthropic aristocrats and industrialists joined in lobbying central government assistance.<sup>51</sup> Wide ranging business and commercial interests led in 1788 to the Ridley and Lambton families creating their own private banks, and they also served on regeneration bodies such as Improvement Commissions, Poor Law Boards, Boards of Guardians, and Police Authorities (acting as magistrates).<sup>52</sup> Typically a Local Act of Parliament (granting novel powers)<sup>53</sup>, or a Public Works Loan through the Local Government Board (LGB) would be grudgingly awarded, but only after good case was made and it was established that philanthropic efforts would fill the shortfall in central funds (Liddle, 1988)<sup>54</sup>. Loans were approved for creation of employment opportunities, and school and hospital construction projects.

At this time officials worked in partnership for the overall benefit of their locales<sup>55</sup>. It was thought improper for government to intervene, which influenced the activity of industry (Mackintosh, 1982). The growth of the mass electorate and the election of

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<sup>51</sup> Mawson (1992) argues that local government has a longer history in the NE than any other region in economic development, however this research argues that its genealogy began in the mid 1800s, rather than later.

<sup>52</sup> The pioneering 1842 Leeds Improvement Act, 1847 General Towns Improvement Clauses Act, and the 1853 Special Improvements Commission oversaw all civic improvements.

<sup>53</sup> 'Novel' powers were granted through a Private Act of Parliament for the building of theatres, libraries, piers (Blackpool) or a racecourse (Brighton).

<sup>54</sup> Central/local government conflicts are not a recent phenomena.

the first Independent Labour MPs led to demands for interventionist legislation<sup>56</sup>. Elites constituted a relatively small, coherent group of families with connections based on friendships, intellectual and cultural life, and sport and recreation controlled regional industries (McCord and Thompson, 1998: 256). Town and country elites came together through shared schooling or church and chapel attendance.<sup>57</sup>

At this time Tyneside Chamber of Commerce formed in 1911 (Teesside had been established in 1863) to look after commercial interests and the power and influence of capital cascaded into the political system. Inter-connections between regional capital were extended during this period as newer industries allowed capitalists to fix prices, and increase their influence on employers and trade associations. Profits boomed up until 1921 with amalgamations, cartels and closures of pits, aided and supported by the Bank of England in the interests of shoring up the provincial banking system (Carney and Hudson, 1978: 64-78). The National Strike during the 1920s had a profound effect on the region<sup>58</sup>, and as we shall see also influenced regime formation.

### **Pre Second World War (1920s-1930s): Interventionism**

It follows that as industrial troubles deepened and national unemployment rates soared, regional policy took on a recognisably modern form, and elites continued to

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<sup>55</sup> This was known as The Era of Municipal Trading (Walton and Wavin, 1983)

<sup>56</sup> Kier Hardy campaigned from 1892 for central government to take responsibility for alleviating regional imbalances in prosperity. Lloyd George's first budget used taxation to redistribute the nation's wealth to less fortunate communities

<sup>57</sup> In the mid nineteenth century a thriving community of scientists had strong links to industry in Newcastle (McCord, 1979). Durham University was the first English University to offer engineering courses to satisfy practical needs of industry (Chapman, 1985).

pressurise government. In 1925 the Tyneside Industrial Development Board (TIDB) evolved from the Tyneside Industrial Development Conference. Interested parties from local corporations, utilities, local authorities, landowners and Tyneside Improvement Commission focused their efforts on industrial revival. TIDB was similar to a Chamber of Commerce with a co-ordinating role not unlike NDC (Northern Development Company in the 1980s). Its major aim was to persuade industrialists to locate on Tyneside, by putting them in touch with the right people, and it marketed the region abroad. Although enquiries came from around the world it had relatively limited success.

Teesside District Development Board (TDDB), created in 1931 had a similar role with the added responsibility for trading estates. Sunderland Development Board, its Wearside equivalent supported by the Chamber of Commerce had little success in attracting new industry at the 1934 Birmingham Industrial Fair in 1934. Hartlepool, South West Durham Development Board and the NE Development Board followed in 1935. All were voluntary, had no powers to invite agencies to join or to provide funds, but provided a forum for information flow, sharing, lobbying and promotion. Membership of NEDB was cross-sectoral and contained elites from a wide range of business, trade union and local authorities.<sup>59</sup> **See Appendix 3.7. and 3.8 for membership**

As a regionalist cross-class alliance, NEDB was replaced during the 1940s by a more powerful regionalist movement of the 'great and the good', headed by Lord Ridley and known as the Northern Industrial Group (NIG). Its aim was to manipulate state

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<sup>58</sup> The labour transference and land settlement appalled elites. The 'agrarianisation' of the unemployed was particularly vilified; the 1922 Labour Party Opposition forced a House of Commons debate on the issue, and forced government to commit to state ownership of some industries and to greater state action (Kelf-Cohen, 1961: 4).

intervention (Hudson, 1986). None of the aforementioned bodies had much success, but they facilitate networking opportunities within and outwith the region.

Between 1928-38 a quarter of a million workers were moved around the UK by the Industrial Transference Board, and the NE, as well as Central Scotland, West Cumberland and South Wales, became designated as a special area.<sup>60</sup> Commissioners, appointed mostly from an Officer class of Captains, Rear Admirals and Colonels who had served in the War, had the power to grant subsidies. These powers were extended in 1936.

Grants and loans for relocation, a new factory building programme to develop light industries and five trading estates were developed in deprived areas across the UK, managed by a multi-sectoral representative Board, and, despite the fact that small improvements were made in overall industrial performance, it was still recognised that more needed to be done. The Barlow Commission Report<sup>61</sup> published recommendations in 1940 but the Second World War interrupted the implementation phase, which had to wait until 1945. Barlow advocated a central planning authority, and these ideas were incorporated into the 1945 Distribution of Industry Act, but never fully implemented.

The 1945 Labour Government committed to regional government, but unfortunately regional policy was a low priority for conservative governments during the 1950/60s and economic policy remained centralised. The industrial crisis in 1960s exacerbated the calls for intervention and a nationalisation programme, and planning became a

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<sup>59</sup> Hudson and Carney (1976) questioned the exact nature, recruitment and influence of the working class, which they regarded as more to do with creating an appearance of non-partisan consensus, than any other reason.

<sup>60</sup> In the 1934 Special Areas Development and Improvement Act.

<sup>61</sup> A Royal Commission on The Distribution of Industry and Population (1945).

very significant element of regional policy, involving a very broad range of elites. 'Mr Tyneside', himself, T Dan Smith, became a central figure who agitated for intervention and his activities were a prelude to future development of the elite regime.

### **Post Second World War Planning: the era of T Dan Smith**

This period characterises the high point of corporatism and elite collaboration. Planning in the 1960s was a tripartism between civil servants, local authorities, and regional economic planning boards (Shaw, 1993: 251-259), but other elites were drawn into the process and this fine blend of political and managerialism sustained the regime.

Although NEDB more or less ceased to function during the War, despite the persistence of regional problems, Lord Ridley and a voluntary and self appointed group of sixty industrialists elites formed NIG (Northern Industrial Group).<sup>62</sup> This elite group enjoyed good relations with the Board of Trade and made convincing arguments for state intervention, but then, as now, resources proved to be elusive. In tandem with NEDA (North East Development Agency (established in October 1944) which had a broader representation, these bodies became known as the democratic voice of the region, sharing the rhetoric of 'all regional interests suffering together'.<sup>63</sup>

NEDA and NIG were merged into NEIDA (North East Industrial and Development Association) in 1953, with even broader representation, open to all companies, TUs and private individuals. NEIDA was transformed in 1961 into NEDC (North East

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<sup>62</sup> NIG, financed by industry, produced a widely supported report calling for slum clearance, diversification of the economy, factory building and promotion of the region.

<sup>63</sup> NEDAs membership included MPs, local authorities, Chambers of Commerce, NFU, NIG, River and Harbour Authorities.

Development Council), further broadening the representation to include LA Planning Authorities, industrialists, trade unionists and MPs. NEPC (Northern Economic Planning Council), established in 1965 had membership by personal Ministerial invite. These bodies created a complex network and web of power and influence, with a core group of elites, who all, apart from NEPC, relied on sponsorship from bodies other than central government. The interconnectivity between local and central state officials could arguably be seen to take on a more robust shape in this period as a major restructuring of the NE Economy was underway (Evans et al (eds) (1995). The Resettlement Scheme of 1946 and the Town and Country Planning Act of 1947 marked a new epoch in regional policy and planning, and highlighted the fact that technical fixes on their own would be insufficient to solve multi-faceted and large scale problems. Membership of regional decision making regimes had initially included labour, local state and business representation but were broadened further to include university academics, heads of utilities, financial agencies, and others.<sup>64</sup>

In the aftermath of the Second World War, rising unemployment and poverty led Macmillan to appoint Lord Hailsham with responsibility for region. In 1963 his Plan was popular, by some accounts, because:

*'Hailsham's efforts on behalf of the region were better than any Labour government. He wore his flat cap and appealed more than the Labour Party. You would think the Labour Party would be more sensitive to its natural support base but the Tories seem more well disposed to us' (Lennox).*

Regional Economic Planning Councils, established in 1965 by George Brown, to implement Wilson's National Plan, had members from local government industry, trade

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<sup>64</sup> Interview with Professor Alan Townsend, September 2001.

unions, and academics. The REPC was advised by REPB (Regional Economic Planning Boards), consisted of regional civil servants and the Northern REPB for NE and Cumbria chaired by T Dan Smith, Leader of Newcastle CC (Smith, 1970). Smith had been Chair of the City Labour Party in 1953 and instigated a report entitled 'Peril in the City' to highlight the number of slum dwellings, as a first attempt at strategic planning for housing. In his own words 'we introduced the first hint of management methods into the debate in the City on the housing programme' (Smith, 1970: 62). Political management was food and drink to Smith<sup>65</sup> and he organised a debate between local government, business, trade unionists, educationalists, MPs, the local and national press, Government Ministers and others on the need for a University, in the firm belief that the NE would remain a backwater if education was not the primary force in development. As a self-taught man, he was passionate that education could give working class kids social mobility, and his quest was to 'carry out a socially justified exercise' because his opponents 'lacked a clear appreciation of the educational deficiencies of the NE' (Smith, 1970: 41-44). This was the first of many issues on which he would lobby at local, regional and national levels, or use his connections to further a cause. Networking, and bringing together the various sectoral interests was a prevalent feature of T Dan Smith's political career, and at every opportunity he put social rather than profit motives forward.<sup>66</sup>

Smith and Professor Joe Allen, head of the country's first Department of Town and Country Planning at Newcastle, became firm friends, as a result of their shared belief

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<sup>65</sup> This author met Smith, after his release from prison, and shortly before his death. His last few years were spent public speaking.

<sup>66</sup> T Dan's Smith's subsequent imprisonment for corruption does not alter the many socially driven and civic achievements during the period of his office. Many fine examples remain.

in the importance of people in planning decisions. The City Planning Department was an excellent example of cross-sectoral exchange of ideas and expertise. In 1962, Smith suggested a Festival to celebrate the centenary of the Blaydon Races, with art, music, drama, sport, theatre, and recreation: the primary aim was to attract people to the region. Newcastle CC bought the Palace Theatre, but before doing so T Dan Smith brought together Tyne Tees Television and the VC of Newcastle University, to lobby central government for arts and sports to be at the core of regional development. As a result, NE Association for the Arts (which became Northern Arts), the first Arts Association in the country, was established, and Smith then involved Newcastle United Football Club in discussions with Government Ministers on the role of sport in regional development. He was invited as a member of the body, later to become Sports Council, and was as passionate on sport as he was on education and the arts. He is quoted as saying 'at all times we knew that the issues of jobs and prosperity were undisputed but there was still a need for enriching leisure' (Smith, 1970: 41).<sup>67</sup> Moreover, he brought the best architects from Sweden to build a new city, and regularly travelled to Westminster and Whitehall, because he firmly believed that the SE had exploited the NE. One of his favourite stories was the claim that Nash Terraces in Bath were built with money made from the coal and iron mined in the NE, and the government therefore owed the region something in repayment (Fitzwalter and Taylor, 1981: 49).

Smith still has legendary status, for good or ill, and despite the fact that the property scandals and his eventual imprisonment put a blight on Tyneside politics, he nevertheless made a tremendous impact on town planning, architecture, education, housing

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<sup>67</sup> Smith was behind the setting up of NE Development Company (later to become NDC), Regional Association of LAs (later to become NEA). He also lobbied for a symphony



and local image (Todd, 2000: 7). Like Chamberlain before him, he was a joined-up thinker, passionate visionary and engaged with a broad range of individuals, organisations, within the region, and beyond at national and international level, much the same in the same as past and contemporary regime elites. He was a critical elite in NE history, as he was renowned for his powers of persuasion to negotiate and bargain with Ministers and state officials.

Lobbying has a central place in NE history, as the following quotes; contemporaries of Smith, and later elites, confirm:-

*'Jim Callaghan sent up Peter Shore, George Arnold of AEW and Sam Short, the Miner's leader up to speak to me when we were campaigning for regional government. Jim knew that Gateshead councillors didn't want it, and the idea was killed off in '78. When I saw that it didn't appear in the 1979 Manifesto, I cornered Alex Kitson, who was on the Exec of the TWGU and the Exec of the Labour Party, and I told him to tell Kinnock we wouldn't campaign for him unless we got a commitment to regional government. The result? Four sentences in the 1983 Manifesto. Neil wasn't in favour of devolution, so we (the Northern TUC and Northern LP) decided to spend £2500 on our own Northern Manifesto, which eventually became the blueprint for NDC, with 10 public sector, 10 private sector and 10 TUs but we wanted professional bodies such as HE/FE on a consultative body. Neil got caught up on the quango idea, much the same as Tony (Blair) has so that legislative ideas would come from regional civil servants, and we would not have any democratic control. He didn't carry it out, as he didn't get into power' (Mills)*

Or

*'If I'm unhappy with something, policy wise I just phone Tony (Blair) and he'll sort it' (Robson)*

It would be hard to generalise about the scale and ferocity of elite lobbying from these quotes, but they represent examples of the countless quotes offered at interview.

Both Labour and Conservative governments during this time were keen on a Modernisation Programme, and regional decline became an accepted feature of the period, despite the efforts of Smith and other visionaries. There were limited attempts to relocate some civil service jobs out of central London<sup>68</sup>, but Townsend felt that modernisation offered few opportunities for redundant miners and shipyard workers, in re-training or technological advancements. Furthermore there was a strong correlation between the low investments in sporting, leisure and housing facilities and low attainment at school and a need for greater levels of funding based on quality of life indicators at school and a need for greater levels of funding based on quality of life indicators (Townsend, 1993: 24).

The Labour government used traditional regional policy instruments as financial inducements for relocation in deprived areas but the falling demand for products hampered these efforts. The number of men employed in NE coalmines declined from 97,000 in 1961 to 38,000 in a ten-year period, whereas in shipbuilding in the corresponding period numbers fell from 48,000 to 30,000. The problems were so acute that the whole of County Durham was designated as one area for employment assistance (Mawson et al, 1992).<sup>69</sup>

More significantly light industry and white-collar jobs could not make up dramatic shortfall in traditional industries (Goddard, 1987) and existing 'global outposts' were subject to the vagaries of international capital, and therefore short lived (Beynon et al,

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<sup>68</sup> PO HQ Savings Bank relocated in Durham and DHSS went to Longbenton.

<sup>69</sup> Durham CC applied for a Private Parliamentary Act to extend the powers of the 1963 Local Authority and Land Act to enable it to pay companies more to locate in the county.

1991). The period was described as 'the politics of despair' (Hudson cited Chapman, 1985:57-99), and when Courtaulds withdrew, elites lobbied government in the hope of setting up a Task Force, but the company withdrew and job losses grew. Indigenous industries were unable to absorb redundant workers. SMEs then, as nowadays, played only a minor role in the regional economy and, as Storey (1982a, 1992b, 1994) suggested, it is unwise to believe that SMEs can create sufficient employment within an acceptable time frame to offset large plant closures in the region.

Spending allocations tripled in this period, but despite the work of RPCs their plans were never realised, due to competing aims and lack of co-ordination between central and local state agencies (Mawson, 1992, Elcock, 2000). Intermediate Areas created in deprived areas were followed by the 1970 Local Employment Act, then the 1971 Heath White Paper heralded a free market approach, with RSA (Regional Selective Assistance) and Regional Development Grants automatically paid to re-locating firms (Mawson, 1992).

The creation of Scottish and Welsh Development Agencies, and regional assistance, at this time, accounted for over half of the DTI total budget, but as regionalist demands and planning ebbed away the government's top priority became managing the national economy and consequently the NE was as depressed as ever. Despite continual pleas from elites, budgets were deflected to urban areas.

Urban Programmes between 1968-1976 were targeted on inner cities (Parkinson, 1996). It was at this time that the corporatism identified earlier, and based on state welfarism, was broadened to involve business and other interests. In this period the Northern Regional Strategy Team, involving academics, planners, business people and civil servants drew up a Strategic Plan for the North, based on a comprehensive

data set (Townsend, in conversation, November 2001<sup>70</sup>). The Strategy was variously described as a definite advance, the most brilliant strategic planning document in England (Mawson, in conversation, 1999), or a fine balance of idealism with realism (Mercer et al, 1978: 5-13). Quality of Life Indicators were developed, but the document was criticised for ignoring the impact of national and international forces, accepting service and SME sector growth at the expense of traditional industries, and the strongest criticism was against the abandonment of full employment as a core aim (Hudson, 2000).

Despite ideological differences, the 1977 Report was hailed a success, nevertheless this success did not eradicate persistent problems and there were still gaps in institutional, political and administrative coverage. The continued uncertainty on how to achieve regeneration left a role for entrepreneurial elites to mobilise and co-ordinate advocacy coalitions to shape and penetrate official policy networks. The lack of state intervention, continued into the 1970s, as we shall now discuss.

### **Mid 1970s to mid 1980s: Critical and rapid decline in traditional industries**

In the 1970-1980s period of welfare contestability, national and local government conflict and a national economy in free fall, the Chancellor of the Exchequer was forced to go cap in hand to the IMF to save the UK from bankruptcy, and the country became known as the sick patient of Europe. The 1979 Thatcher government signalled the end of a post War settlement around a mixed economy and the Welfare

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<sup>70</sup> Professor Townsend, a colleague, was a key figure on NSRT.

State; the NE was bound to suffer given its essential character as a state managed region. Regions like the NE experienced serious structural problems, deregulation of markets, privatisation of nationalised industries and the promotion of the free market placed the SE at the centre of economic activity, serving to widen existing disparities.

At the time a combination of an international recession and the world Oil Crisis led to unprecedented rises in national and regional unemployment, much higher than those experienced in the 1930s. A rapid decline in manufacturing and mining and heavy industry was matched by increases in service sector jobs.<sup>71</sup> Stone (1984: 2-12) identified the irreversible decimation of shipbuilding on Wearside and little evidence of service sector or SME development to replace losses. The entire removal of industrial activity, and the lack of strong skills base made recovery much slower.

During this period elites such as Holliday, VC of Durham University, and Mills and Howard, prominent trade unionists, called on the Thatcher government and the Opposition to do something for the region, and the following revealing commentary gives an insight into the discourse:

*'The University was neutral ground, because we were a region divided. I gave a speech in 1982, on the 150<sup>th</sup> anniversary of the University, and invited the great and the good. The City Of Durham Council sponsored it. I drew on my experience of the Highlands and Islands of Scotland. Durham (the University) was no threat to the government because I was a link between Scotland and England. Most Cabinet Ministers send their kids here, and there was talk of a University of the NE. We got Dame Margot Fonteyn as our Pro VC; she was such a coup because of her close friendship with Princess Margaret.*

*I turned this to our advantage because I knew that Mrs Thatcher knew about Durham as Hesletine and other Ministers had kids here. I had Michael and his wife, Ann, up for dinner a couple of times, to discuss the two*

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<sup>71</sup> The coal industry was eliminated in the 1980s.

girls' progress. We'd had a frustrated attempt to set up a Northern Region Economic Agency but because of infighting we lost it, we were divided and things looked bleak. Silicon Glen in Scotland was having money pumped in. In the early 80s, Paul Nicholson and Nigel Shellock, both Northern CBI and conservative supporters went to see Leon Brittan about the position, just at the time, I as a committed regionalist came to the NE. There was a lot of talk and my contribution was an academic, because I had an interest in the machinery of government. The general consensus was that the region was at a low ebb and the movers and shakers were despairing. We invited Mrs Thatcher through Sir Paul Nicholson and the party machinery. Paul's a good friend of mine so I suggested we ought to meet her on neutral ground. We wanted a mix of bankers, industrialists, trade unionists, councillors and academics so I sent out a guest list. I also phoned people one to one. The atmosphere at the time politically was horrible, the Miner's Strike and a deepening of the Northern Ireland situation. I'd done a lot of work for the Labour Party, though I'm not a member and invited Bob Howard, who I knew. It put him in a very difficult position but Jack Cunningham fixed it (I owe him one). Bob's job was on the line. I have friends in the Scottish Labour Party and knew Willie Ross and Bruce Millan so the pressure was taken off and Bob was allowed to come. Bob's presence was vastly influential and I sat him alongside Mrs T. She was given a warm welcome, I chaired the meeting and she deferred to me as well as chatting to all the domestic staff. She set the pace but complemented me on my chairing skills, for which I was flattered. She said anything she said would have to be under Chatham House rules and that she had come to discuss with a representative sample of the various communities in the NE what could be done. She said we'd been too reliant on central government, then we said we'd like to work with the government to lift the region from the doldrums. The question was how could we deploy central government resources and our own, we really needed her stamp of approval as well as a Secretary of State with regional responsibility.

There was hostility from Durham councillors who said she was making a party political speech, and Terry Harrison (bravely, in my view) said 'PM, we are not getting the support from overseas, especially from the Middle East where they wanted military equipment. Well, she went for her gun then, and she was so angry because she retorted by saying the government had done everything possible in the Middle East to create markets. She then turned to one of her aides and changed her tack, thus,

*'Here we go again' she said, 'you wimps!' and she threw down a challenge. 'If you can demonstrate your innate ability, as a great and proud region, then prove it. If you can prove that you might get some help'. In the debriefing when she had gone, I was so fired up, and poor Terry had to take paracetamol. This meeting led to the roots of NDC, with Northern Venture Managers headed by Michael Denny leading the drive to engage all the great and the good of the region, with them all on board' (Holliday, interview, plus a review of Holliday archives/personal papers).*

Mills had a slightly different version of the same event:

*'We were told that there was a regional meeting in Durham Castle, were sworn to secrecy, but knew it was something big. We didn't know what the menu was going to be to who was going to be there. You could have knocked me over with as a feather when Maggie, the Iron Lady, walked in followed by that Wet, Jim Prior. We had been pressurising both Neil Kinnock and Michael Foot to get something done. I knew when she didn't eat much, and when instead of her usual tippie of whisky, she drank only water, then listened patiently to regional demands. Then she started hammering on the table, and telling us we were all wimps, and that her government wouldn't help a region that wouldn't help itself. Fred Holliday would tell you that this was the start of NDC, but the trade union and labour movement had been lobbying about this for years. It was a Labour invention, nothing to do with Thatcher' (Mills)*

Howard's view diverged even further:

*'We had been seriously hampered by Thatcher's stance on tripartitism, so we had to be seen to push the business agenda, even though we all knew that we've always done our own thing anyway, regardless of government dictat. Relationships built over the years can't be destroyed by a remote Westminster and Whitehall. When Maggie arrived we agreed to keep our traps shut and see what she had to offer. It is the way we've always done it, and it's stood us in good stead' (Howard)*

What these memories confirm is that business, university, utility, and financial representatives worked formally and informally with state officials. The business community may not have been well represented by specific associations, but individual business elites were central players, as they had been in previous regimes. The business

voice grew in tandem with other demands. to work alongside local and central state officials to adapt policies. As the discussion that follows reveals, these demands are no longer just about intervention, but are now centred on self-determination.

### **Mid-1980s onwards: New forms of governance, a growing democratic deficit and demands for an elected Assembly**

Thatcher's abolition of both the REPCs and REBB, together with an evaporation of regional economic planning, left a poorly institutionalised formal framework for regional decision-making, and consequently informal mechanisms and personal relationships replaced or, at least augmented, what limited formal arrangements existed. Key elites were uneasy about wholesale acceptance of the New Right ideology of unfettered market solutions; unsurprising in a region with limited private sector, a legacy of planning and managerialism, and a heavy preponderance of public agencies. Elites placed wider social and economic aims above land use, unfettered competition, profitability and property development (Elcock, 2000: 59-64). Those who had served as members of planning forums continued to meet, on environmental and Euro funding panels, and this inevitably led to the passing on of regional knowledge to the next generation of elites,<sup>72</sup> Local and regional consortia met to decide on regional priorities, attract FDI, and bid for Euro funds continued, thereby enhancing elite collaboration. NDC (Northern Development Company) was an excellent example of how elites collaborated on regional priorities, and NEA (North-East Association of Local Authorities), prepared the *Case for the North*, in collaboration with business, trade unions, academics and other sectoral representatives.



The persistence of regional decline led Rhodri Morgan, first Minister for Wales, on a visit to the region on 13 July 2001, to rally the devolutionists (including some business elites):

*'You share with your Welsh compatriots, a common view that any government a long way away in Westminster, whether led by Thatcher or Blair, that tries to tell us how to govern our own affairs is mistaken.'*

It should be recognised that local authority consortia were never entirely populated by local members or officials, but conversely always had regional civil servants, trade unionists, academics and other representatives on advisory panels or other forums. Planning forums, in particular, used personnel and expertise from the region's universities, and academics also have long experience on business, tourism, arts and sporting forums. The disappearance of traditional industries and the incapacity to replace them with newer industries forced elites into seeking more entrepreneurial, regionally specific and non-industrial projects that might encourage growth. There has also been an acceptance that in the absence of economic growth, or direct central intervention, at least the population of the NE might enjoy a relatively comfortable social environment. The notion of balancing social and economic growth is a pervasive feature in regional discourses, confirming the view that a strategy of realistic pragmatic has entered the elite psyche.

The Brussels Office and the Committee of Regions became important avenues for elites to connect with other regions, and learn from their experiences<sup>73</sup>, and individuals were invited to join bodies such as Northern Venture Capital Forum.

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<sup>72</sup> Numerous connections remain to this day.

<sup>73</sup> Gill was the NE member of the Committee of Regions.

GONE co-ordinated regional policies previously delivered through four central departments at regional level,<sup>74</sup> and the Regional Director, or Regional Commissar as she was referred to, Denham<sup>75</sup>, a native of the NE had long service in Whitehall. It was alleged that she went native on returning to her roots, and interview data confirms that she was viewed by a combination of affection and distrust.<sup>76</sup> Denham had overall responsibility for regional policies, allocation of SRB budgets, which pooled thirty existing programmes, and co-ordination of regional policies, but importantly she had a key role in bringing elites together for specific purposes.<sup>77</sup> Both Denham and her replacements were highly regarded as entrepreneurial civil servants who helped to channel national policies to regional needs, by having a strategic overview of economic, social and cultural needs. Elites also joined other sectoral interests, local and central state officials on Boards to consider RDG and RSA applications<sup>78</sup>. In this way it was possible to have a regional overview of levels of industrial activity and the investment needed to facilitate growth.

NDC (Northern Development Company) had been formed sometime after the historic Durham Castle meeting, as a non-quoted company, limited by share capital, and brought together local authorities, trade unionists and business representation from 160 major industrial and commercial companies. The overall objective was to pull together elites in search for new investment (Nissan was the best example) but it also

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<sup>74</sup> DOE, Transport, DTI and Employment.

<sup>75</sup> Dobbie, who in turn was succeeded by Blackie, formerly Director of Strategy at One North East, replaced Denham.

<sup>76</sup> Respondents were largely men over 55.

<sup>77</sup> Wright and Grant regularly met informally with Denham to discuss educational matters. Bridge and Howard met with her on unemployment and labour issues, and she met with female elites on a specific female network.

<sup>78</sup> The Industrial Development Act, 1982 created miscellaneous and discretionary powers on Regional Development Grants and Regional Selective Assistance.

develop supply chains, encouraged innovation and SME growth. promoted the region and looked for export opportunities. NDC's work did not pass without criticism as the local press initially took a jaundiced view about its claims of winning investment and job creation:

*'We didn't sing the inward investment song, because here in Darlington we have more important things to deal with. There are so many villages requiring attention, we mounted a campaign on behalf of our readers to get NDC to stop the Samsung investment'* (Kelly, Northern Echo)

Frequent battles such as this were fought over where to site new companies. NDC was never dependent upon a democratically derived local or regional mandate, and was more a continued forum for the long established corporatist approach, but it did cement broader, multi-sectoral relationships.

In general inward investment Agencies such as NDC were never able to facilitate self-sustaining and innovative economic development (Young et al 1994: 143-159), nor was there much comprehensive data on size, numbers, expenditures or effectiveness of the operations of the European IIAs.<sup>79</sup> Regional policy became underpinned by cost effectiveness, competition and selectivity in grant regimes. Improving managerial skills and strategies of local business was seen to be the way to enhance growth, and the 1981 Industrial Estates Corporations Act and the 1983 White Paper confirmed these principles. The 1984 Industrial Development and Co-operative Development Agency Act allowed grants to awarded on projects rather than on an asset basis, and although Regional Assistance remained as a policy instrument Special Development Areas were abolished and companies had to compete with others for assistance.

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<sup>79</sup> See Halkier & Dansen, 1996 on the activities of European RDAs/IAs.

It is interesting to note that the 1988 White Paper and Enterprise Initiative was aimed at comprehensive self help packages for regions to develop their own capacities and 'go it alone', and Northern Venture Capital Company was responsible for fostering enterprise. Elites were still able to lever in resources from mainstream public sector programmes, notably European and Urban Programmes, as regional policy was all but dismantled (Mawson, 1992). Total financial aid was not reduced, it simply came through other streams and urban authorities received three times more than the shire counties.

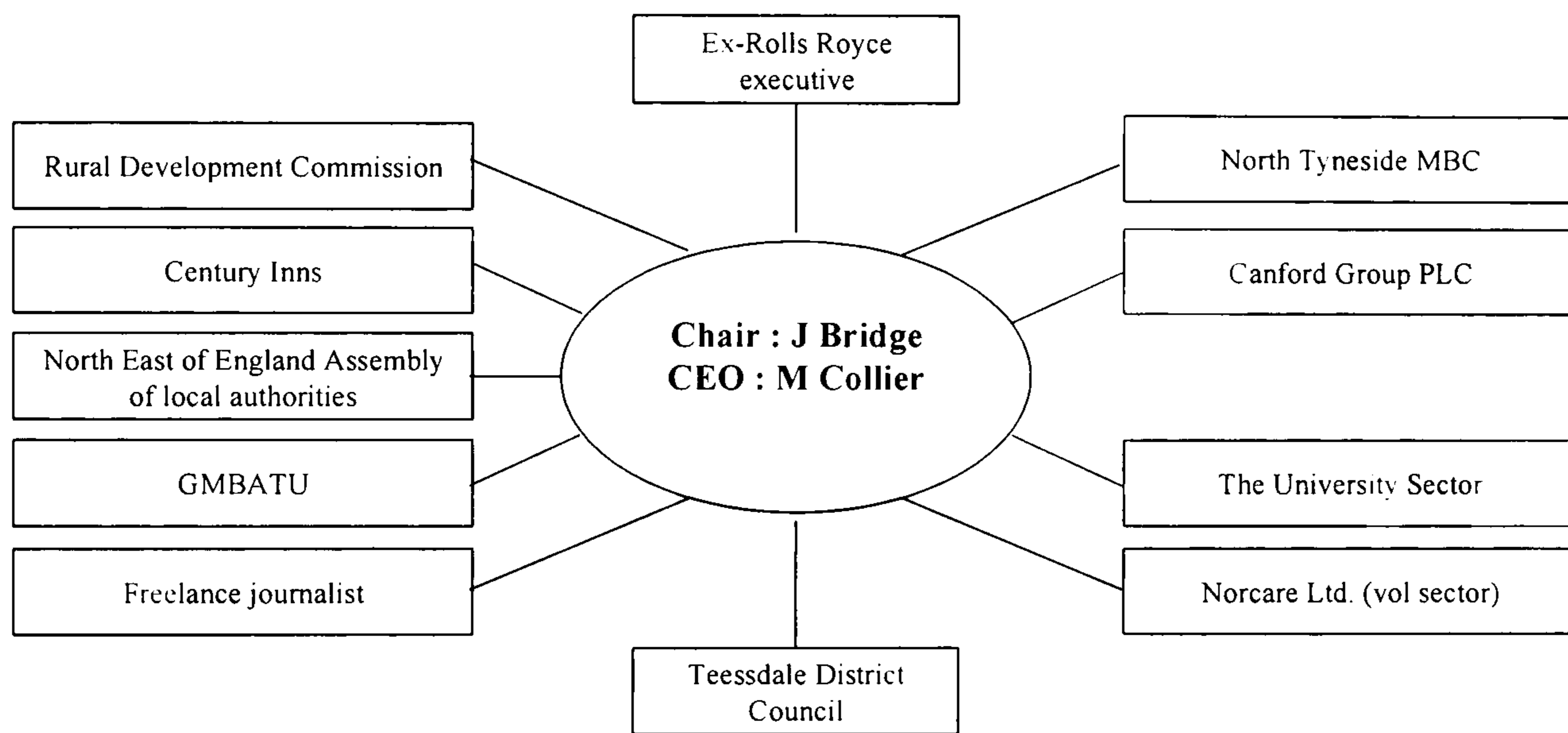
Tyne and Wear and Teesside Urban Development Corporations were formed in 1987 with budgets of £150 m for the first five years of operation, and as the findings show later, each had a different approach to dealing with civil servants and communities. At the same time the need to attract inward investment meant that competing local authorities had tacit agreements to collaborate rather than compete, which became more complex with the creation of UDCs.

Mawson (1992) argued that adhoc and unplanned shifts in national policies towards urban areas was detrimental to the NE, and many of the gaps in coverage continued the cordial and informal relationships between elites. The Labour government of 1997, following the Thatcher and Major legacies, continued the policy of competition between regions, and Beckett (then DTI Minister), in response to NE elite demands (notably Sir George Russell, 1998) promised to have a moratorium on the Barnett formula but this failed to materialise. As the regional economy continued to slump, regionalist demands grew.

Partly to appease regionalist demands One North East (ONE) was created on 1 April 1999, charged with the task of improving the economy of the region by co-ordinating the efforts of regional, sub-regional local partnerships to create a sustainable econ-

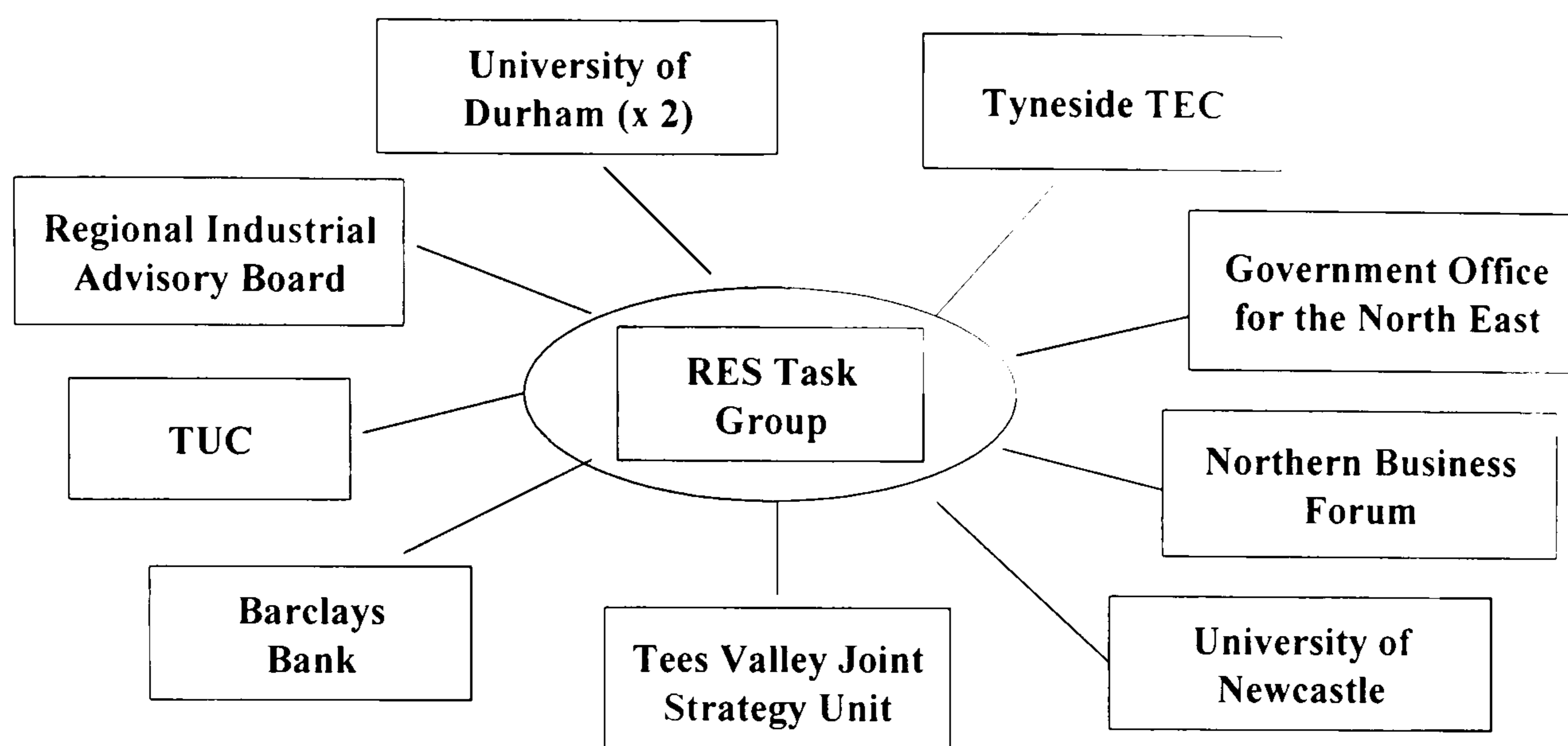
omy.<sup>80</sup> RDAs were seen as important means to customise space (Peck, 1996: 327-337) but received a cautious reception as they were thought to be unaccountable super-quangos with questionable effectiveness (Corcoran, 1998). The Regional Economic Strategy, which was drawn up after consultation with multi-sectoral agencies across the region, had the main objective of achieving sustainable economic growth over the next ten years (ONE, 1999). See Fig 3.0 for membership of the RES Strategy Group and Fig 3.1, the first ONE Board membership.

**Fig 3.0 Regional level: ONE Board membership**



<sup>80</sup> It fused NDC, English Partnerships, the European Programme and SRB sections of GO and the Rural Development Commission

**Fig 3.1 The Regional Economic Strategy Task Group**



*\* This main group was supported by secondments from a wide range of other regional agencies*

RDAs were created within an emerging consensus on the need for a strong strategic approach to regeneration (Lawless, 1994: 1303-24), and as a framework to allow regional strategies to give guidance to lower levels of governance, thereby ensuring coordination and coherence (Danson and Lloyd (1992: 46-54). Initially envisaged as powerful executive agencies of democratically accountable regional bodies, they were created, however, as non-departmental government programmes, with many programmes central to economic development outwith their remit. Legislation allows them to evolve and take on additional functions, but their primary role is to give strategic direction to lower levels of governance, to facilitate partnership development and to regenerate regions. They are part of a very complex institutional framework and still little resolution to their role vis a vis local authorities, but Sub Regional Partnerships (SRPs), are resolving some, but not all concerns.

Much of the work of NDC was absorbed into ONE, and their mechanisms on consultation with a number of 'partners' and other elites, led to the formation of the RES. This was a small strategy task group, invited on an individual basis but with an expectation that each member would engage actively and objectively in strategy development. It was stressed that they were not to see themselves as representatives of par-

particular communities or constituencies but as individual actors who held particular degrees of expertise in specific fields relevant to the region's development. The common notion of 'pulling together for the region' was important to hold the group together, and characterises the traditional style of elite collaboration.

A report on the regional economy (NDC 1998) had been published, but the limited time frame set by government meant to develop RES, a task group was re-formed, reduced somewhat in size, and met under the chairmanship of an academic from one of the region's universities.<sup>81</sup> This raises several questions on how elites were selected to join, when they met, and more importantly on what basis was legitimacy derived. The decisions being made could have such implications for the whole population, however respondents felt that the scale of work needed to produce a detailed strategy and to carry out widespread consultation, as recommended by government, would be beyond its own capacity, so there was a recommendation that regional partners, now operating as a shadow agency of a putative RDA, should appoint consultants to prepare a draft strategy. The first document identified the requirements for competitive advantage, and set out the challenges facing the region. Representatives from business, individuals and communities were invited to take part in two consultation exercises, and the invitees were those whose names were already on record. A task group of invited individuals, not representative of any agency, was also invited to confirm the strategy. In the event the consultation exercises and task group meetings were seen as a channel for ONE executives to raise their profile and explain the process. After a short review of regional strengths and weaknesses, a set of scenarios was open to wider consultation, and before the final strategy would be submitted to the Board of the RDA. After due consideration and revision the document was approved.

RDAs operational from April 1999, individual RES were presented to Parliament in October 1999 and received Ministerial approval after January 2000. The whole process rested on “pre-existing relationships and common modes of working which have affected what is necessary in order to achieve regional consensus.” (Benneworth, 2000a: 53-68).

It is no surprise to find strategy was developed top-down and then opened to wider consultation for legitimisation and approval. This has long been the style of elite collaborative regeneration in the region, where there are only limited opportunities to challenge choices and direction in strategy. The mechanisms and processes militate against any fundamental challenge to strategic formulation and implementation and fostering an ideology of growth and transformation it is difficult to challenge. The style of decision-making is a legacy of earlier regimes, and illustrates how elites make choices in the belief that they are operating for the public good.

RDAs were given a significant role to play in regional policy and ONE was initially awarded £150 million to spend on initiatives; this has since been increased. (**See Appendix 3.9 for total regeneration expenditure**). There remains a question mark over just how much autonomy RDAs have, and on the appointment of Bridge as Chairman elites were disappointed to hear him say that he was accountable to his central government paymasters rather than any regional interests. His comments came as no surprise in a region with long experience of ‘managing’ space, because it exemplifies the delicate balance between competing managerial and political demands, within traditional hierarchies and wider socio-political structures. Bridge, as a quasi-private/quasi public sector individual is very adept at managing the tensions, as well as working alongside national and regional civil servants. He was able persuade re-

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<sup>81</sup> Professor Cockerill, Director of Durham Business School.



gional elites of the importance of getting an RDA, and more importantly he was also successful in securing a greater level of resource than RDA Chairs in other regions. Regional elites were convinced that the RDA was a step on the way to self-determination

Bridge is supported by a CEO, Michael Collier (who was head hunted from the Higher Education Funding Agency in York). Prior to the announcement of the two key people, and in keeping with business demands for a greater 'managerialist' agenda for the regions, it was thought that high profile business people would be appointed as Chair (notably Llew Avis of Siemens or Hugh Morgan Williams of the Northern CBI). Interestingly enough and in contrast with the other regional RDAs, the government appointed Bridge, a 'safe pair of hands', who had successfully been at the helm of NDC for over ten years, and who is regionally very popular with public/private and trade union representatives.

Collier, an unknown surprise appointment, with a public sector background was regarded as an 'outsider'. The conclusion reached by some elites about two important posts being taken by a quango and a public sector head was that it was to be expected in a region with a strong public sector base. Unlike other regions, where a pro-business dominated, there was some agitation about Bridge's position, but not enough to cause too much conflict. The usual pragmatic consensual approach overtook any real opposition, and elites became resigned to Bridge at the helm. His appointment, therefore, was not seen as anything too unusual in a region famed for its corporatist and tripartist responses to regional decline.

ONE took over the SRB budgets and other sources of finance from GONE and English Partnerships, and were expected to prepare Draft Regional Planning Guidance for approval by the Secretary of State. The Secretary of State nominated RDA Boards and

membership caused a furore. Of the twelve members, none were under forty, only two were female (one from an ethnic minority) and none represented other excluded groups.

ONE could be accused of simply being a re-fashioned NDC, but whereas the latter body was led by a public/quango leader (Bridge) and representative of the business, public sector and trade unions, it is clear that membership of ONE was an attempt to broaden representation, albeit still limited. NDC had no females on its board, no one from the voluntary sector, nor anyone from the university sector as ONE has. Though ONE is quite unlike other regional RDAs, in that both chief officers have public sector backgrounds, the business sector has the majority of representation, in keeping with central government dictat. ONE's blueprint for the region attempts to be consultative, and give business an opportunity to influence the regional agenda.

RDAs have limited resources, limited democratic involvement and limited executive decision-making powers. This means that the dilemma of developing a strategy that inevitably conflicts with issues concerning whose agenda, whose priorities and how accountability and legitimacy can be maintained. ONE is facing much examination and critique as it attempts to be inclusive and achieve holistic solution. There are many points of contention still to be addressed and ONE is struggling to gain credibility for its action in the face of growing demands for a Regional Assembly.

The existence of RDAs has raised many questions, not least how to measure regional success and what the key indicators should be. There are issues here concerning how to measure competitiveness, inclusiveness and sustainability, as well as monitoring and evaluating partnership processes (Hastings and McArthur, 1995 cited in Liddle and Overton, 1999: 20). ONE is currently engaged with multi-agency groups (academics, consultants and practitioners) to identify what type of evaluation and per-

formance indicators should be monitored.<sup>82</sup> The six general ideals on which the strategy was built are, became a mapping exercise of the region's future and goals to achieve it. It was, however, a continuance of negotiation and contest on regional priorities and the levels of accountabilities of those making decisions on behalf of the whole region.

RDA's appear to be a typically English 'administrative fix' but amid the changing emphases of governance, all is not so negative as Benneworth, during his monitoring of the RDA experience to date, noted: "the process itself appears to have encouraged working in partnership in those regions where it was not already common, it may represent a genuine improvement on the current situation, particularly if, as increasingly seems the case, that RDA *constitutionally*, offer no more decentralisation of power than the previous, highly decentralised, situation." (Benneworth, 2000b: 53-68, 2000c: 9-21)

NERA (North East Regional Assembly) is monitoring the activities of ONE, but has no powers over it. Composed of appointees from the various sectors, such as business, trade unions and the voluntary sector, it has mainly local authorities representatives. Prescott, Caborn and Armstrong were dismayed at the in fighting that accompanied the choice of membership. As a consequence, the region, which should have been the first in England to establish a Chamber, lagged behind other English regions.

It is too early to say whether or not NERA is proving to be an effective check on ONE, because of the ambiguity and lack of clarity on the relationship between the two agencies. There is the added question mark over how much GONE (Government Of-

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<sup>82</sup> A Review of the RES is currently underway.

fice North East) will be involved in monitoring and reviewing the work of ONE (Bridge, in conversation, September, 2001)<sup>83</sup>

Four Sub Regional Partnerships have worked in collaboration with ONE to agree broad strategies, an action plan and detailed implementation programmes.<sup>84</sup> Furthermore, the regional debate has become embroiled in the community debates since the establishment of Neighbourhood Renewal funding, as regeneration is now a multi-level responsibility. The need to fuse polices and budgets is imperative as RDAs still do not have universal respect, especially from the business community.<sup>85</sup> Moreover, despite these more formalised arrangements, elites continues to operate informally in the gaps left between the bewildering array of institutions, where accountability mechanisms are weak, and credibility and legitimacy are questionable. There is a very real question about how much autonomy ONE can have, given that it is funded by central government.

## Conclusion

One can only speculate on what current administrative arrangement might mean in this post democratic or post bureaucratic age. The NE remains a region facing considerable economic and social challenges. The question arises, therefore, how will the

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<sup>83</sup> In a PIU Report(2000) Reaching Out, The Cabinet Office suggests that the accountability expectations from ONE upwards to GONE may given a higher priority than accountability to the region.

<sup>84</sup> Each RDA has signed Public Sector Agreements to achieve 11 key targets, and future funding will be dependent on hitting these targets. The Treasury has announced the Single Pot of funding from 1<sup>st</sup> April 2002, and set a series of floor targets for regions. ONE has, devolved 75% of its budget down to the SRPs.

<sup>85</sup> This author attended the HOC, when David Lennon of the British Chambers of Commerce spokesman, was scathing about the ineptitude of RDAs, and urged the Minister, Nick Raynsford to have strong business voice on proposed Regional Assemblies. NE business articulated a similar message in September 2002.

new regional policies seek to address this? As can be seen from this discussion, the administrative arrangements now unfurling in the NE to achieve regeneration are already starting to show signs of strain, despite the short history and operations of ONE. Already demands have been placed on central government for a wider remit, moreover, the democratic demands for an elected Assembly remain unsatisfied, and the membership of the main campaign groups are unrepresentative of grass root opinions. Regional activists are still demanding an elected Regional Assembly to fill the democratic deficit created by exiting administrative arrangements. This gap is still filled by a self appointed group of elites, and the gap between them and grass roots is as wide as ever. The gaping hole between political/institutional and the social/individual arenas will still continue to be filled by a group of elites acting on behalf of, but without democratic legitimacy or clear lines of accountability.

The region, with a long history of decline, has had numerous elite attempts over the last one hundred years to cope with internal and external forces. Elites from multi-sectoral agencies have sought political and managerial solutions to unmet needs. The nature of the elite regime has altered over the past hundred years and membership is now much broader than the ad hoc and more or less individualistic efforts of aristocratic and local government partnerships of the late 19<sup>th</sup> and early 20<sup>th</sup> Century, or the corporatist and tripartite grouping in evidence after the Second World War. The current regime operates in the decision vacuum where administrative and political arrangements are not capable of plugging gaps in coverage. Broader sectoral representation of individual, civic and organisational interests of the region are now involved in a multitude of ways. Some are democratically elected, some are appointed, some self-appointed and still others remain outside and beyond institutional boundaries. It is a very broad and complex system of elite interests that has emerged to fill the regional decision space.

The evidence presented in this chapter reveals that neither European nor national initiatives aimed at remedying inequalities between regions have achieved this, and no matter how well elites lobby, the region's fortunes have been aligned to the cyclical nature of industrial activity. Top down policies imposed from central government have not been advantageous to local communities and the lack of a real and coherent approach does not facilitate an articulation of interests of the whole region. ONE, the RDA, is too recently established for its work to be effectively evaluated, but already there is concern that accountability will be upwards to GONE and the Minister of State rather than downwards to regional interests like the NERA, and it will be incapable in the long run of achieving the regional economic and social changes it has been created to achieve.

RDAs are a peculiar 'English Fix', a compensatory measure to ameliorate the lack of a co-ordinated democratic system, and are perhaps a genuine attempt by central government to plug the ever more apparent gaping in institutional coverage.

Many programmes that can affect social and economic development of the region remain outwith ONE responsibility, whose primary role is to give strategic direction, and to facilitate partnership development. Many problems now surfacing need to be overcome before RDAs can redress regional imbalances. Sub Regional Partnerships, the newest administrative arrangements peculiar to the region, have added to an already complicated and messy terrain. Added to this hesitation on reviewing the Barnett formula, and absence of effective mechanism to regenerate regional prosperity, means that elites will continue to foster 'self help' and adoption of national policies, by formal and informal means.

Many English regions are seeking alternative forms of arrangement to address industrial decline, attract new industries and encourage indigenous growth. They, like the

NE, are seeking to change the image of regions but this requires co-ordinated, planned and strategic responses. In the NE, the regime of elites has identified the best conditions for choosing projects to implement changes.

The legitimacy and accountability of present arrangements are being questioned more, as they fail to represent excluded groups. The processes through which strategies are developed and debated are not transparent and are generally secretive and informal. New administrative arrangements around a complex set of interactions between new and reformed institutions of GOs, RDAs, and NERA, means that the regional agenda is loosely defined, and institutional capacity to deal with economic, social and environmental pressures is unproven, and incapable of providing a framework to solve the problems.

Having considered in this chapter the conditions that led to regime formation, the remaining chapters explore the nature and the role of the regional regime, which has evolved, from the 19<sup>th</sup> century to its modern day manifestation. The following chapter contains a detailed analysis of activities, power inter-relationships and effectiveness.

## **Chapter Four**

### **The North East Regional Regeneration Regime: Activities, Power Inter-Relationships and Effectiveness**

*'Success does not depend on formal, constitutional mechanisms ,it depends on the space occupied between the formal and the informal. The risks you take in that space is what makes a region succeed'* (Catalonian Minister for Industry, BBC Money Programme, 13 September 1998)

*'without an understanding of power there can be no understanding of politics'* (Dowding, 1994: 79-85)

#### **Introduction**

Earlier chapters evaluated a broad range of literature on local, urban and regional governance and offered partial and particularistic insights but failed to capture the complexity, fluidity, flexibility, advocacy or external forces on regional regeneration. In this chapter broader literature is adapted in conjunction with selected management and political theories of strategy and power to provide a richer explanation of the empirical findings on the NE elite regime. Using selective comparative regional data to provide a more rounded explanation, it is recognised that the unique nature of regimes within regions and locales render direct comparisons difficult.

The multi-faceted nature of urban and regional change and linkages between the levels, require typologies that allow isolation of key elements, and omission of those of little explanatory value. Therefore, having already considered the usefulness and



limitations of some literature, other literature is utilised to explain elite regime activities, power inter-relations, and effectiveness.

Theories from political science and management are employed to develop further the concept of a regional elite regime, in particular to understand the complexities of decision-making and inequality of power relationships characteristic of 'managing' regional space. In particular there is consideration of the exclusion of disadvantaged groups from decision-making.

The chapter explores some definitions of 'strategy' and 'stakeholding', and the concept of regeneration is broadened to appreciate cultural, political and historical and external dimensions of change. In this way those vital micro and macro elements omitted by regime theories are incorporated. Many hidden elements of power and influence remain, because observable and non-observable aspects are notoriously difficult to discern and secrecy and informality lubricates elite decision-making. Wider social influences are claimed to be open to debate, but in reality elites are rarely challenged by excluded groups, because of the difficulties in penetrating regeneration forums.

### **Partnerships at the Region Level**

Recent research has moved away from macro and micro analyses and it is argued that partnerships within regional regeneration, capture the flavour of 'the highly fragmented, networked shape of the present local power structure' (Pike, 1997: 3), and important institutional forms of governance (Collinge and Hall, 1995). The idea of having a regional overview is not new (Mawson, 1997) and the empirical data show a poorly institutionalised context, an increase in non-democratic input, and a patchwork

of governmental and non-governmental elites tried to regulate space. There is a general consensus that a regional focus must have business input (Davies, 1995).

### **Adapting existing Partnership models to a regional level of analysis**

Partnerships at regional level are ripe for investigation because existing literature is conceptually vague, but the term is so popular that it might be thought of as a universal or global phenomenon, synonymous with complex policy initiatives to solve regeneration all over the world (Greer, 2001: 219). Partnership literature uncritically accepted that elites willingly collaborate, and is flawed in minimising power relationships and history, expectations and in-built professional assumptions, and inevitably conflict must be managed for effective working (Darwin, cited Montanheiro et al 1999: 125-138, Diamond, 2001). The size of resources are important, the type of people involved, discretion they have, whether or not the relationships are formal through contractual agreements, or informal and based on trust.

Diversity of multi-organisational relationships has led researchers to develop numerous typologies and classificatory frameworks; located on a continuum, with co-operation, as loosely coupled arrangements at the lower end of the continuum, co-ordination located at the centre, and collaboration at the high end (Huxham & Barr, 1993). Very little research has been focused on improving partnerships performance and it is rare for partnerships to explicitly evaluate their work, but European and national funding regimes have placed evaluation centre stage (Diamond, 2001).<sup>104</sup>

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<sup>104</sup> See Liddle and Overton (1999), for an evaluation of Regional Air Quality partnerships.

There are 'how to do guides' on setting up regeneration partnerships (Vangen and Huxham, cited Mitchell and McQuaid, 2001: 395-496), and models on processes of partnership operation (Mackintosh, cited Mitchell and McQuaid, 2001: 395-496). In the context of the NE, Robinson and Shaw argue that regeneration partnerships struggle to involve communities because local agencies traditionally failed to shed or share power, or accept that mature communities can develop their own ideas and implement their own visions (1998: 24-42). Task forces, arguably the latest manifestation of the partnerships have become an integral element of an emergent form and of adaptable and entrepreneurial organisation, that can thrive in uncertain conditions, as it develops, dissolve and reconstitute as new needs arise (Pike, 2000: 3).

UR Theories offered useful guidance, but because of contested terrain the partnership model developed by Lowndes et al (1997: 333-343) provides a set of criteria for adaptation to a regional context (**Fig 4.0**). Like earlier writers, Lowndes et al (1997) claimed that the fluidity, diversity and informality made boundary drawing difficult, old decision making systems became obsolete as new networks emerged. Urban regeneration is dominated by networks and partnerships so it was important to distinguish between them, thus networks were defined as informal relationships within a distinct mode of co-ordinative governance, whereas partnerships were formal inter organisational arrangements (Lowndes et al , 1997: 340).

**Fig.4.0 Network/partnership model adapted to a regional regime**

*Source: Adapted from Lowndes et al (1997: 333-343)*

	Network	Partnership	Regional Regime
Focus	Individual	Organisation	Individual Organisational Socio-cultural Civic role
Motivation	Voluntaristic	Imposed	Mainly Voluntaristic also mandatory and civic conscious
Boundary	Indistinct	Clear	Flexible and adaptable
Composition	Fluid	Stable	Stable over time space. Ad hoc and dynamic, as necessary
Membership	Defined by self and others	Defined by formal agreement	No formal agreement but clearly defined membership
Formalisation	Low	High	Low. Primacy given to relational and informal links

Differences remain at regional level because fragmentation gives rise to questions of legitimacy, accountability and autonomy, some argue for an enhancement of local authority leadership roles (Pike, 1997: 3), whereas others for more democratic accountability and legitimacy (Mawson, 1992). Calls for representative democracy are not universal (Moore and Pierre, 1988: 169-178), given that categories of capital versus labour are inappropriate because of educational, social and industrial shifts. Class based, collectivist support has been replaced by diverse, individual forms of protest (Cox and Mair, 1989: 137-146), so in seeking new ways of explaining urban and regional change, the following section moves forward the discussion.

## Urban Regime Theories

Adapting, or developing new models to describe emergent local and regional decision making in the UK is a recent phenomenon, allowing researchers to move beyond the narrow emphasis of city government and representative politics to a broader concern on how collective decisions were made through conflict or collaboration, beyond state actors and agencies (Stoker, 1996). Regime theories focused on leadership capacity, partnership operations, who benefited from regeneration, encapsulated broader agency and civic society into a political economy, to understand how were tasks achieved (Stoker, 1996)<sup>105</sup>.

Most adaptations of US theory to the UK have been unsuccessful (Bassett, 1996: 539-555) as they identified how consortia with place dependent interests developed, and derived direct or indirect benefits from urban growth. Typically rentiers, property owners and development companies, worked with local government agencies, the media, trade unions and educational institutions to boost the image of a locale. It is not inevitable that business will achieve a privileged position, and the empirical data that follows shows, this has been far too simple an analysis. There is a substantial literature from the US; much of it informed Stoker and Mossberger's later typology (Fanstein, 1995: 34-43, Elkin, 1985: 11-27, DiGaetano and Klemanski, 1993: 137-158).

Studies in the UK have suggested that business interests are assuming a greater role in growth coalitions, but are still less influential than in the US (Harding, 1991: 295-317,

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<sup>105</sup> Four forms of power were discernible, (i) systemic power, or position in the socio.economic system, (ii) command, or social control power to mobilise resources: finance, information, reputation or knowledge, (iii) coalition power through bargaining and negotiation, and (iv) pre-emptive, or the power of social production.

Harloe, 1990: Lawless, 1994: 1303-1324). This weakness of business is seen as a result of a more tenuous tradition of involvement, the leading role of local government, party politicisation of local issues, dominance of professional hierarchies, and limited local tax revenues to fund partnerships (Bassett, 1996:539-555).

The overriding concern with interests, processes and outcomes of elites at the expense of the relations between dominated and dominant groups, led researchers to call for a Gramscian historical perspective of hegemony, where dominant factions of capital to subordinate classes and other social interests can be more clearly articulated. Critics do not herald universal rejection, because regime theories offer lessons that should not be dismissed lightly because of an assertion of US exceptionalism (John and Cole, 1996b: 26).

Suggestive as they all are, when applied to a regional level they present difficulties, as Bassett found in Bristol (1996: 539-555). Regional regeneration does not easily fit into existing categories, though they can be deployed to construct questions and gather empirical data. Harding (1991) believed that Urban Regimes and Growth Coalitions were on more fertile conceptual ground at local, rather than urban levels, but it is clear that their significance can only be tested with empirical data. Furthermore subtle nuances and informal inter-actions between elites, development of capacities and leadership, cohesion of organisational resources, are located at the micro levels, whereas regime theorists had restricted analysis to the meso level. This concentration at micro-level, though valuable is weakened.

It has been usual to explain business dominance by the fact that local government relied on property taxes to redistribute to the disadvantaged; therefore capital

accumulation was a prerequisite. The importance of external forces on regime formation has been weakly articulated (Elkin, 1985: 11-27) but regimes can be the mediating factor between external forces and locales (Stone, 1991: 289-298). Stone's three categories of corporate, progressive and caretaker, were challenged because they lacked external focus (Harding, 1991: 300), but in response he suggested that coalition building was informal, uncertain, and actors were more concerned with maintaining a regime, than considering countervailing powers (Stone, 1991: 289-298).

In the absence of conceptual clarification, Stoker and Mossberger (1994: 195-212) developed a composite typology to isolate internal and external variables, within a bounded geographical area to facilitate the story of each urban area. Organic, instrumental, and symbolic regimes, with various sub-divisions such as caretaker and progressive were categorised. Goals, motivations, common sense of purpose, internal relationships and congruence of interests, as well as relationships with wider local and national political environment were analysed. An acceptance of decentralisation of state responsibilities, financial constraints and increased privatisation increased complexity and improved public/private co-operation. Urban regimes were characteristically co-operative, had strong collective action and elite co-ordination, in this sense state and non-state elites took on enabling roles to develop mutually beneficial relationships, and business became core to shaping the urban terrain.

Business was categorised as one of the three key participant groups with the others being elected officials and community representatives. To these, technical/professional officials such as local government officials, quango officials or the local agents of central/local government, were added as a fourth category. Stoker and Mossberger's composite typology Appears at **Fig 4.1**

**Fig 4.1 Characteristics and defining features of regimes: Stoker and Mossberger (1994)**

Defining characteristics	Organic	Instrumental	Symbolic
Purpose	Maintenance of status quo	Project realisation	Redirection of ideology/image
Main motivation of participants	Local dependency	Tangible results	Expressive politics
Basis for common purpose	Tradition and Social cohesion	Selective incentives	Strategic use of symbols
Quality of coalition (congruence of interests)	Political Communion	Political partnership	Competitive

**Relationship with environment**

Local	Exclusive orientation	Exclusive orientation	Inclusive orientation
Non local	Independent	Dependent	Dependent

*NB: There is a diagnostic rule for using the typology, thus 'it is unlikely that any regime will conform exactly to the listed characteristics' and 'may not fit exclusively in one classification because regimes are dynamic so there may be movement between classifications as circumstances change'*

The research observed that the NE does not readily fit into any one classification, but the framework did improve explanation collections of disparate and distinct phenomena. The composite framework acted as a useful classificatory model to test questions empirically, and in spite of its limitations the concept of an urban regime combined with other theoretical frameworks was used to develop a useful synthesised framework. Drawing upon concepts developed by managerial and political theorists the remainder of this chapter therefore considers the key characteristics, activities, membership, power-inter relationships and effectiveness of this elite regime.



## Coherence of coalitions

UR theory placed considerable importance on the quality or coherence of a regime, and these were sub-divided into (i) political communion; (ii) political partnership, and (iii) competitive agreement. Regional regimes are likely to include much wider range of interests than local networks, partnerships or urban regimes, boundaries are less well defined and motivations more varied. The data showed a high degree of congruence, very strong sense of regional identity, with a common interest in regeneration. At the same time the lack of formal mechanisms or institutional frameworks could create difficulties in holding a regime together, but the strength of multi-agency leadership, the informal interactions and longevity of relationships provide a historical cohesion.

Co-operation and morality were recognised as the underlying principles in leadership, because multi-dimensional co-operation is not a natural act (Barnard, 1938), so social purpose as well as material gain and individual interests were crucial. Added to this regimes had broad agendas, a shared a vision that location was more than profit/investment based activities, and non business elements of community governance were equally important. Co-operation, it was argued, does not necessarily depend on altruism, personal honour, common purpose, internalised norms, or shared beliefs but in a set of values embodied in the culture.

At all levels of governance there were examples of conflict in the NE, much the same as those found in other regions. In Devon and Cornwall, County Councils had to be propelled into collaboration in the interests of attracting inward investors (Stanyer, 1997: 85-89), whereas in the NW conflict arose from environmental and economic development issues. In the NE tensions were overcome by fostering a regional vision

and informality lubricated the processes, as the following quote from Sir George Russell, former Chair of NDC, demonstrates:

*'in a networked regions such as the NE there is no need for formality'*  
(Business Contact magazine, 1998).

The need to create informality, and the inevitable conflicts found in Manchester (Peck and Tickell, 1994: 57-78) were minimised in the NE, because informal networking has become a socially embedded feature of NE political and cultural life. It would be wrong to deny that conflicts are completely absent, because there are many examples of institutional turf wars or highly publicised fracas between business and public/political elites<sup>106</sup>. In Bridge's opinion these represent no more than:

*'a squabbling family that presents a united front to the neighbours'*  
(Bridge)

Party political congruence or communion cannot be assumed because of the Labour Party domination, and the business community contains many prominent Conservatives. Despite party political differences elites share a political partnership based around articulation of regional interests, and energetic lobbying. The regime shares remnants of earlier regimes, in seeking new solutions to perennial and intractable problems, but the overriding objective is to regenerate the region, and choose appropriate projects to facilitate this.

Elites co-operate on the basis of relational contracts, based on trust, mutuality, and collaboration dependent on a series of repeated transactions over the long term (Kay,1993). There are no explicit rules, regulations and formality, because

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<sup>106</sup> Sir John Hall and Newcastle CC over the new football stadium; Sir Ron Norman had countless battles with Cleveland CC. Watkin was denied planning permission for a leisure emporium.

commitment and flexible responses are critical, and achieved by free flows of information. There is also an implicit, rather than explicit understanding that the partners must continue to co-operate in a series of repeated transactions for mutual benefit Kay (1993). The following quote demonstrates this, in a NE context:

*'Trust had to be built up by all partners. You cannot measure trust in output terms but it has to be there to succeed'* (Richardson)

### **Local dependency**

Stoker and Mossberger found that tangible results such as public support, getting things achieved, advancing careers guaranteed participation in urban regimes, and the level of dependency each interest group had on a locale were important factors. Business people were seen to participate for profit, politicians depended on votes, public officials had career motives and community representatives normally wanted community gains. In the NE, all elites claim to want to improve local conditions, and everyone, without exception, confirmed that local dependency was more than self-interest. It is cautionary to note, however, that interviews do not always reveal true feelings, and actors may be pursuing their individual goals at the same time as furthering the interests of the region. Nevertheless these quotes illustrate the prevailing view:

*'We mix the social and community desirability with the need to create jobs'* (Frankish)

*'We're proud to be Northern but we think it important for politicians and thinkers together to dream up initiatives to aid communities'* (Mills)

In this way regeneration policies are formulated and implemented to pursue projects aimed at meeting unmet economic, social and cultural needs, even though it would be

interesting to examine more deeply beneath the rhetoric and hype to investigate real motives. Obviously business people have employment and inward investment uppermost in their minds, and all elites are concerned with their career paths but the findings suggest altruistic motives. In the absence of further research to refute these claims we must accept the veracity. Even the most vehement critics have a strong commitment and civic pride in the region :

*'All people get around the table now, instead of being just public sector dominated'* (Watkin)

But the comment reveals the latent tensions between sectors, and calls for clear leadership. It was encouraging to find that all elites saw leadership as important as the following discussion shows.

### **Leadership of regional regimes**

Leadership is a crucial element in regeneration, and it is generally agreed that entrepreneurialism in all sectors is beneficial. The need to turn external stimuli into internal responses, and secure collective goals is central to explanation (Bennett and Krebs, 1994: 119-140), but we currently lack a proper understanding of the ways in which business people develop a 'civic consciousness' or the diverse motives that drive people to become involved. Existing research failed to recognise the complex interplays between state and non-state actors, added to confusion in spatial entities. by describing partnerships some with similar objectives, operations and personnel, others with quite different compositions and objectives but increasingly overlapping (Wood, Valler and North: 10-27).

In Manchester local business leadership had limited autonomy because of wider economic and regulatory relations, and a language of growth not matched by reality (Peck and Tickell, 1994: 57-78), whereas in Bristol, 25 main activists led by John Savage, CEO of a local company social and economic goals prevailed (Bassett, 1996: 539-555). A much broader constellation of interests is evident in the NE, albeit led by Bridge, who is regarded as:

*'A safe pair of hands, open, pragmatic, concerned with social needs, totally committed to the region, a clear understanding of the history of decline'* (a view articulated in various interviews)

And in his own words:

*'I operate at a rarefied level so get to be in contact with senior civil servants and politicians a lot'* (Bridge)

Civil servants and other regional officials have always been drawn into elite activities to legitimise their activities, purposes and rationale. Uncertainties and ambiguity in policy directions have meant that elites have used these individuals to clarify, and help to adapt policies to regional needs. Elites recognised the context and space for collective action has become enlarged, with an increased potential to influence regional civil servants. In doing this they have sought to increase their autonomy to act through a grapevine, informality and loosely coupled arrangements (Kanter 1994: 96-112). There are many examples of business lobbying e.g. Sir George Russell on the Barnett formula, Watkin dramatically jumped on a train (and was photographed by the regional press) to lobby the then PM, John Major about the decline in manufacturing, Sir Ralph Iley pressurised Neville Trotter, then Conservative MP for North Tyneside about the plight of the region. This lobbying has its origins in the aristocratic regimes of the late nineteenth and early twentieth century, and then during

the in the 1930s and 40s, and T.Dan Smith in the 1960s and 70s, up to present day, as reflected in the range of activities now presented.

### **Regime activities**

Elites were asked to comment on their main activities to achieve regional objectives, and Fig 4.2 provides a composite list. Broader empirical data is synthesised in the remainder of the chapter to examine the power inter relationships and effectiveness of activities, by way of explanation of the co-ordination and negotiation as pre-requisites, within the wider socio-political system and traditional hierarchies.

**Fig 4.2 Regime activities (identified by interviewees)**

Strategic decision-making
Leadership and unanimity of purpose
Uses strategic techniques.
Strategic Intelligence and environmental scanning.
Maintaining a Regional Data Base
One Stop Shop, Skills Directory and Procurement. Focal point for FDI.
Research.
Links with external world (lobbying)
Links to other regions
Links SMEs and inward investors to other sectors
Links cultural, artistic, sporting to economic development objectives.
Links between local, sub-regional and regional levels.
Arbiter between urban and rural
Minimises conflict.
Facilitator of information flow
Enabler of resource pooling
Network facilitator and facilitator of rotation of personnel between sectors.
Fosters prominence of elites
Task force facilitator
Rhetorical, PR role and image change
Ideas exchange forum
Plugs democratic gap.
Project identification.

## **Strategic decision- making**

Elites have pursued innovative strategies but the uncertainties and ambiguous mandatory guidance has left a vacuum for entrepreneurial action to fill. Flexibility has been crucial in formulating and elaborating a strategic agenda, drawing on organisational resources and information to implement chosen strategies. At the same a need to manipulate symbols and images of growth to foster an ideology of transformation.

No agreed definition on strategy in either private or public sectors has been established, and differences exist between the sectors despite strategic planning being used successfully in the public sector (Dodge and Eadie, cited Bloom, 1986: 235-259). There are problems in applying private sector ideas in public sector environments, but Danson and Lloyd (1992: 46-54) advocate a more 'strategic approach' to regeneration suggesting that strategy at regional level can guide lower levels and act as a co-ordinated, coherent and responsive framework. The words 'strategies', 'plans', 'policies', and 'objectives' are often used interchangeably in either public or private settings (Bennett, 1996).

There are many competing perspectives, thus strategy is about; structural elements (Channon, 1973); strategic leadership (Leavy and Wilson, 1994); culture (Stacey, 1993); or industry analysis (Porter, 1980). Mintzberg challenged pre-determined definitions of strategy, believing it to be emergent and conditional (Mintzberg, 1987) by identifying schools of strategy, thus, the design, planning, positioning, entrepreneurial, cognitive, learning, power, cultural, environmental and configuration schools (Mintzberg, 1998)

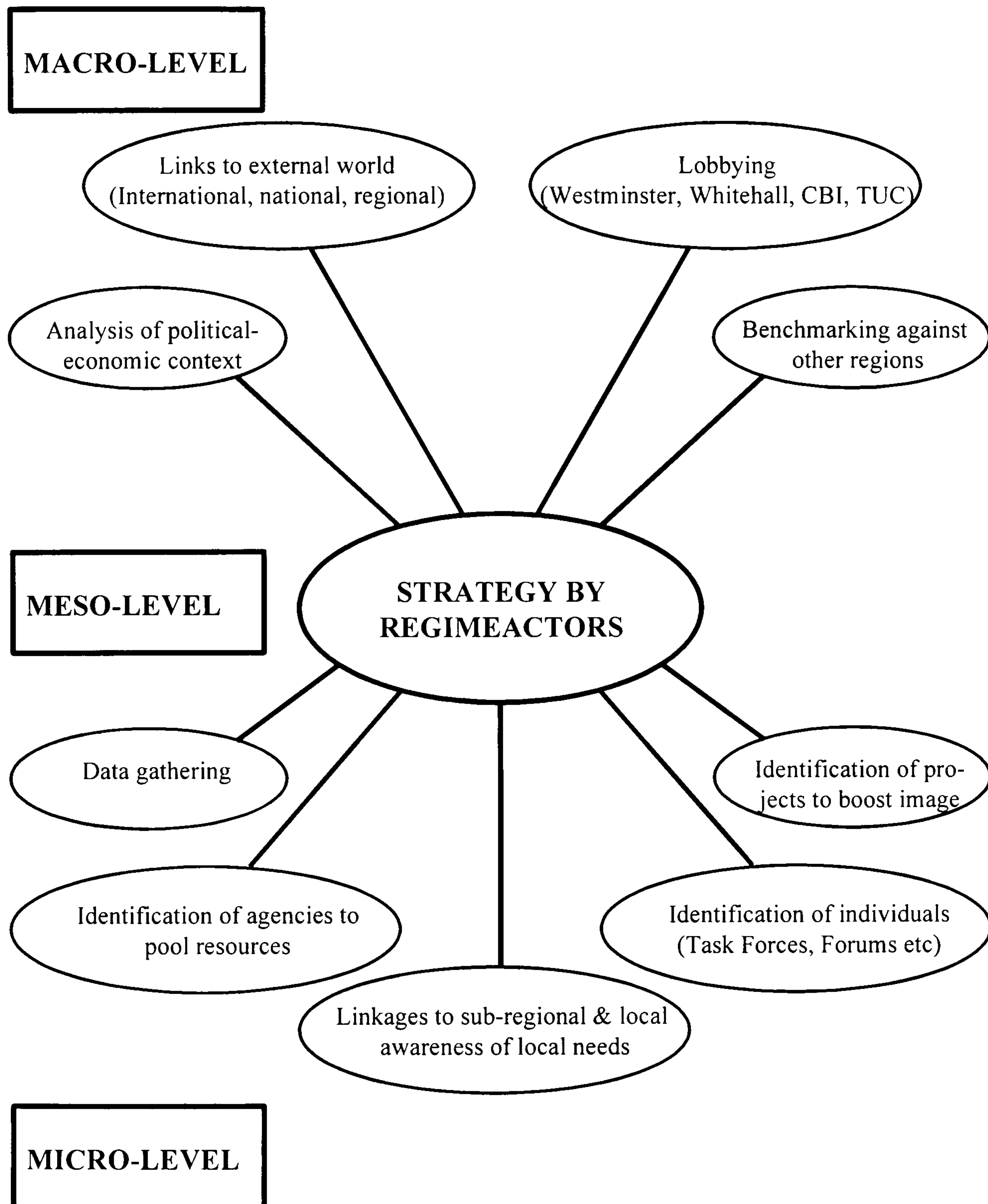


On a general level the NE 'strategic approach' reflects elements of all strategic schools of thought. The design school approach matches regional capabilities with external opportunities, the planning school emphasises quantitative analysis: the entrepreneurial and cognitive schools show how visionary elites choose projects to engender competitiveness. The evolutionary model is confirmed by continual reference to regional learning, long termism, sustainability and the need to pass knowledge to future generations. Top-down models partially explain some elite activities, but cannot explain micro level power relationships, history, culture and informal networking. Nor do they show how environmental forces affect strategic choices. Cultural explanations help to explain collective action, and show how elites act on behalf of civic society; what they fail to show is how excluded groups can penetrate elite decision making to influence direction. The informality and secrecy surrounding elite activities means that decisions are rarely challenged. Added to this strategies are rarely articulated in advance because of the continued uncertainty on missions or of finding correct solutions. Elites claim to act on behalf of disadvantaged groups, such as the disabled, the poor, the ethnic minorities, and all believed that they represented civic society but in actuality; legitimisation of the mechanics and processes involved are never challenged. Access and control of relevant policy networks allow elites to maintain control of the regeneration agenda.

Power, cultural, environmental and configuration perspectives are all critical to understanding elites. Environmental forces have shaped the region, and elites have been forced into making strategic responses. They do this by manipulating symbols and continuously struggling for legitimacy and autonomy. To this they have always had to concentrate on the future. The adapted schema at **Fig 4.3** shows how elites became the crucial meso-level link between the micro decision making level, and the

national government and the global world. This is achieved by incorporating civil servants and local state officials in to forums, in particular those in strategically significant positions. By matching resources, knowledge and information to the challenges of the competitive environment, they not only legitimise activities but are able to adapt policies to regional needs by choosing appropriate strategies. Decisions are made on future action, on behalf of the total population, and elites manage the complex interaction of informal and formal power relationships interactions over time. By striking the correct balance between structural constraints and collective agency, through contingent means they harmonise economic, social and cultural activities.

**Fig 4.3 Model depicting the combined macro, meso and micro levels within NE regime strategic process.**



NB  
THIS IS ACHIEVED THROUGH A MIXTURE OF FORMAL AND INFORMAL  
MEANS BY TACIT INFORMATION FLOW

External forces, normally neglected in UR Theories, and critical to strategic analysis are recognised by elites as they assess the competitive domain, and benchmark against other regions. To avoid duplication of efforts, information is gathered at all levels of governance so that available resources are widely known. If, for example a task force needed to be established there is readily available data on who and what can be pooled.

The regime has no mandatory or democratic legitimacy, but all elites, when questioned did believe that they were plugging the democratic gap and acting with responsibility on behalf of the majority of the regional population. The regime is voluntaristic, with no evidence of the processes used to recruit new elites, other than through personal contacts. The growing regionalist demands, are in part, a response to this elite management, but also to the growth in non-democratic and non accountable bodies created by central government.

Culture and shared stakeholder expectations are a crucial driving force in strategy, and these are reflected in supplementary coalitions that are created when specific projects, initiatives or events used as regenerative activities. The regime taps into sub-regional agencies and networks, and as a focal point between the external and internal worlds, it is a repository of information emanating from many directions.

Another writer on strategy, Hax (1990: 34-40) recognised three core processes, (i) cognitive, (ii) social and, (iii) organisational, all necessary to build consensus on setting objectives and long term change. The data reveals an explicit and proactive approach to objective setting, and the development of integrative economic and social blueprints. Traditional corporatist decision-making arrangements were deliberately fashioned into a much wider system of interests to cope with new demands. Nissan

galvanised elites, as did the closure of the shipyards and the mines, and the creation of UDCs, or TECs that focused minds on how to bring about change. The creation of new institutions such as TECs and UDCs was not greeted with suspicion, in contrast to other regions. Rather, they were welcomed as yet another opportunity to absorb greater numbers of civil servants into the regional cause, and thereby adding to legitimacy. Unlike Manchester, where long running battles were widely reported, there have been few explicit tussles between quango heads and regime elites

Interviewees were asked to list the most powerful and influential figures<sup>107</sup>. Individual figures such as Bridge, Robson, Denham, Balls, Wrigglesworth, and Wright were identified, because of their longevity in the political landscape. The data was no surprise, given that all chosen elites feature regularly in the press and attend every function. In reviewing the list of names it is clear that elites share a view on who, and who is not influential. The fact that those chosen have been in post for long periods indicates an importance attached to long termism and stability. Objective setting needs stable conditions, because continuous redirection and erratic reorientation is debilitating, consequently the need for a clear strategy is confirmed. As part of long termism elites have been concerned to develop a diversified industrial base, and continually asked 'what business are we in?' and 'what business should we be in?' Currently the focus is on the farming sector, but creative industries, indigenous development and clustering are all part of a long running, though restricted dialogue. Latterly it has engaged devolutionary campaigners, and is now supported by MPs, MEPs who are equally concerned at the regional plight.

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<sup>107</sup> The list of important stakeholders appears later in the chapter.

One answer in the face of global restructuring has been an aggressive marketing and PR campaign but questions remain on effectiveness. As case material shows, there has been some success in raising the profile, but continued concern on the inability for marketing to help to address the decimation of traditional industries. Elites adopted business management techniques and rhetoric such as performance review to foster transformation ideology. They have also emphasised R&D, skills and education, as exemplified in the following quotes:

*'A mechanism is put in place for strategic planning, strong individual action, and converting ideas into action'* (Robson)

*'Three strategic themes keep us all going (i) are we competitive, (ii) can we regenerate the physical aspects, get rid of the blight of pit heaps, create jobs and improve social conditions, and (iii) how can we sustain changes and ensure that we leave a legacy behind? We pride ourselves on being a strategic, sensible and sustainable region which is why we have concentrated on a good support framework of after care and supply chains'* (Robson)

*'We are trying the German model of corporately looking across the whole region'* (Bridge)

*'We aim for synergy. Nissan forced us into this. All local authorities wanted Nissan on their patch but that was unrealistic so we had to look across the whole region'* (Robson)

*'The aim is strategically plan but to be pragmatic, and entrepreneurial so that synergy is matched with flexibility'* (Bridge)

*'There cannot be a dominant partner. All the regional bits need to fit together integrally. Its like making a cake, all the ingredients have to cook together and we have all the best ones if we take a long term look at ourselves and determine where we want to be'* (Gill)

It may be hard to see what effect strategic planning has had on overall success, but there are deliberate attempts to adapt national policies to regional needs, thus:

*'Our ability to match national policy objectives with regional capabilities is a key feature of our success. In fact the first question we always ask is 'How do we use (a new government policy) for regional ends'. This is done strategically, and examples; The White Paper on Competitiveness was national, FEFC at the national level, but at the regional level we had key partnerships developing. From an institutional learning point of view, the Service and Manufacturing Challenges are all about setting targets for regional companies so we pre-empted a nationally driven policy initiative' (Wright)*

This continual adherence to a combined managerial and professional discourse has a downside because local politicians and other interests have become colonised by professional and managerial rules of the game whereas business people become absorbed in regional politicking. This dilution and synthesis is deliberate and aimed at sustainability and growth in non-traditional areas of the economy.

Additional comments confirm that elites believe that it is possible to shape the political agenda:

*'Central government sets a framework and the regional agencies are pragmatic, sensible and draw in as many players as necessary' (Denham)*

*'The regional level is the focal point for strategic change. It is where national policies and local needs enmesh. Taking a regional view of needs leads to sustainability' (Wright)*

Sustainability was characterised by:

*'The biggest change in the regional approach has been the emphasis on Supply chains' (Richardson)*

*'We have had to create a mechanism, a conduit to draw all sub-regional programmes together. We pick the team, set up essential structures, set objectives, and make sure all sectors are represented' (Bridge)*

*'We are keen on performance review of the whole region. Only then can we offer the region as a place to invest in. We develop a corporate plan, a*

*resource plan, and a business plan. This is long term. Why else do you think the region set up the Brussels office, and why else does NDC have a procurement section so suppliers can be immediately put in touch with Nissan or Samsung?’ (Robson)*

*‘I defy anyone to match us on our integrated regional transport system. That’s why Japs and Koreans want to come here, they love it. They have not got such brilliant infrastructure as we have here’ (Gill)*

Paradoxically central government and global capital have the power to shift huge resources, which shapes the level of autonomy, and a capacity to shape regional fortunes. However, there is no doubt that elites do try to emphasise ideas, innovation and new ways at looking at problems. In this way elites believe that they have some control, as these comments show:

*‘The region is dynamic and the key to our success is that we are an ideas region, we are always thinking up new ways to tackle decline. We were the fist region to have a regional consortia of LAs (NEA), an NDC, a regional response to Agenda 21 after Rio, an Ambassador Scheme, and to regionalise our business voice (Frankish)*

*‘We are evolving our institutions as we learn, and our strategic success is down to the smallness, homeliness, outwardly friendly people who all know each other. We call it a lifelong learning approach to regeneration’ (Gill)*

In gathering intelligence and environmental scanning for external finance to support specific projects elites use all available external networks, which were particularly important in Visual Arts. Indigenous industries furnish information for inward investors in a ‘one stop shop’ on infrastructure, finance, utilities, personnel and local employment conditions. A support framework from initial enquiry through to after sales and continuous business support, links companies into supplier chain links, and research into after sales.



A repository of data on R&D capacities of universities and a Who's Who of elites is on record; and information is gathered from sub regional levels by various means; formally through ED agencies and informally through elites. Much of this was taken over by Knowledge House (a consortia of all regional Universities) and Observatories are being established for Public Health, Skills, and Environmental Data. Discussions are also taking place about the feasibility of a Regional Observatory to be the single repository for all such data<sup>108</sup>. Data speeds speeds up inward investment (e.g. to secure Siemens and Samsung a joint effort between Freudenberg, English Estates, Durham County Council and other agencies established land and other technical and knowledge based information). Elites were critical to these investments as they allowed networks to be used for procurement purposes.

In the light of such systematic intelligence gathering a question might be raised on the costs in personnel, finance and time, given that the benefits may be seriously outweighed. It is clear that by conducting a thorough analysis elites satisfy their own consciences, and if things go wrong, can always point the finger at national government or global capital.

Elites lobby on behalf of the region by contributing to national and international forums<sup>109</sup>. The ambassadorial role is regarded as crucial, which is why a buddy scheme has been created to aid networking inside and out with the region. Elites also have extensive linkages with other regions and nation states, which helps to update

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<sup>108</sup> The author is University of Durham representative on the Regional Observatory Steering Group; with over 30 agencies(formed in July 2001).

<sup>109</sup> E.g Denham chaired the GO national group, Bridge advised Caborn and Prescott on setting up RDAs, Wrigglesworth advised CBI, Beecham is the Chair of LGA, Wright sat on national educational and equal opportunities panels, Grant was a national TEC board member, Aviss was national secretary of the British C of C.

knowledge and information. Deliberate policy communities were created to lubricate cross sectoral networking, as examples large scale automotive manufacturers were linked with small suppliers, and Bridge, Grant, Wright and Robson, in particular has been involved in many of these events<sup>110111</sup>. Whether we choose to accept the proposition that lobbying brings success or not, the data does reveal that elites see this as a primary activity, perhaps the most critical, not only to keep up pressure on central government to ensure that the NE is high up the political agenda, but also to legitimise their own activities.

Many forums have been established to foster growth in creative, arts, or other sporting or cultural activities<sup>112</sup>. The Sage Regional Music Centre at the Baltic Flourmills in Gateshead:

*'Which will be the finest in the UK. It resulted from VA, which was a national initiative'* (Wright)

As well as economic data collection data on employment levels, crime, health, is continuously appraised for a continuous dialogue between decision makers. By having a close proximity to civic society elites can align social and economic aims. An example of this is when a SWOT of Teesside Chemicals Initiative assessed the environmental/community impact of growth. This resulted in an expansion of the industry, but only after the companies gave assurances that finance would be made available to clear up pollutants. Thus competing demands of urban and rural dwellers

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<sup>110</sup> Black and Decker hosted a 'good practice exchange' and Common Purpose allows elites to network.

<sup>111</sup> Durham County Council ED Strategy 2002 advised cross-secondment between agencies. This author commented on the draft.

<sup>112</sup> This author is a member of Culture NE, part of the strategy body responsible for developing a Culture Strategy for the Region (led by GONE, ONE and NEA)

were reconciled and judgements made on any future investments. Urban and rural collaboration is encouraged and conflict minimised by bringing some issues into the political and institutional arena. There are critics, as the following quote shows:

*'As a journalist I want to see an improvement in the quality of life. I worry about business dominating the agenda, that is why my newspaper takes such a crusading stand on inward investment. We must have socially desirable projects (Kelly)*

Sub-regional conflicts over resources, planning permission, siting of new investment are minimised, although not always entirely eradicated at regional level. Seemingly irresolvable turf battles are aired to diffuse otherwise explosive situations, and competition between agencies is dampened by appeals to a united front. The primary purpose of diffusing conflict is that over the years elites have recognised that regional discord equals wrong messages transmitted to the external world. The funders of projects become very nervous when there is instability so, it serves everyone's interest to be seen to be harmonious.

*'Inside the region I deal with dissent. Outside 'we are all in it together'*  
(Bridge)

This quote indicates the managerial and professional desire to keep conflicts hidden, whereas the following political view indicates a contrary view:

*'We on Newcastle City Council worry that decisions will be taken by NDC or GONE. That is why its our role to provide the democratic input'*  
(Beecham)

Managerial, professional and political agendas are balanced and worked out through dialogue, sometimes very heated and often in the regional press. It might be argue that this demonstrates that differences are aired in the open, conversely there are only

certain issues that surface for discussion. Any issues requiring a political spin are referred to a higher political authority, thus:

*'By representing local communities at regional and national level and using what power we have to influence Blair through the Northern Group of Labour MPs, I am the channel from the locales right up to national government' (Robson)*

The importance of sharing institutional resources is reflected in the way that secondees are moved between agencies. Business people are regularly seconded to regeneration forums with time and expertise granted freely, e.g. The Regional Chamber worked with Gateshead BC and the Police to undertake a review of crime and effects on the businesses in Team Valley. This sub regional issue became regionally focused and regional specialists were identified for secondment.

*'There is a lot of transferring of ideas between sectors in the region but there is also a sharing of institutional capacity to achieve regional economic aims' (Balls)*

Another example is reflected in the following comment:

*"In attracting Nissan NDC did the marketing, we (DCC) and other LAs had the sites, infrastructure and are very good at strategic planning. We drew in the Dept of Transport, reclaimed land, and improved the road structure' (Robson).*

Individuals were assembled on planning meetings prior to FDI, or for foreign visits, usually by attendance at sporting and cultural events<sup>113</sup>.

Personnel rotate across institutions and this has the benefit of transferring knowledge. Bridge was an economist at the University of Durham before NDC, Joe Mills, well known

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<sup>113</sup> There are hundreds of examples such as International Centre for Life, Northern Informatics, and University of Industry.

trade unionists chairs of Sunderland HA, Sir Fred Holliday former VC of the University of Durham chairs Northumbria Water. Sir Ian Wrigglesworth, former Lib Dem became Chair of the Northern CBI, and is in a property development partnership with Karl Watkin. Elites also have prominent places on governing bodies of regional universities, Don Robson, a former school teacher and keen cricketer, was influential in bringing first class county cricket to Durham. Multi-agency roles are explained by the following:

*'There is a small pool of very high profile people' (Balls)*

*'We work together well, we move around a lot, and provide top quality people when needed' (Gill)*

*'We scratch each other's backs, and we have all been around like the dinosaur for so long that. We pool of good practice, and as we move around a lot we have a bank of knowledge' (Mills)*

*'I am on so many partnerships I cannot even list them all. It helps to move across the region, I travel a lot externally, and sit on government panels for education' (Wright)*

On the one hand it is argued that it is good to move around the region, but on the other it reinforces parochialism, a myopic view and explains the 'Fortress NE' mentality. Elites need a platform to enhance their prominence and widen their circles of influence Using regional media helps to enhance career aspirations.

Inward investment elites are assimilated into regeneration forums, and they have shaped the agenda on notions of after care, and continuous improvement. The idea of being a 'learning region' entered the regional psyche and permeated agency agendas. This fostered an ideology of long termism and sustainability. Bridge personally visits colleges and universities to 'sell' this message. It is interesting to note that no matter

how successful these activities are they have still not altered the long term economic performance.

Recent job losses galvanised elites into assembling various task forces for a rapid response to closures. They did this successfully because of the availability of information on the relative strengths and weaknesses of a wide range of people, and agencies. Trust and support, as reflected in the following quotes, smooth the process:

*'Our strength is getting people from different sectors to act together. It is what we do best'* (Mills)

*'There are so many devotees here to regional excellence that we share everything'* (Mills)

*'We are so trusting of each other that there cannot be a dominant partner. To move things we collaborative'* (Gill)

*'I put my own expertise in to the hat on many occasions, free of charge, because that's the way we are up here, aren't we?'* (Richardson)

A cohesive view is not shared by all, as one commentator argued:

*'Most partnerships are the same old, manipulative group of self interested (and mainly Labour supporters.'* (Lennox)

Elites are keenly aware of how the region is perceived externally, thus:

*'Success breeds success. We are well known in Paris, you know! Nissan showed the world that we could do it. We must keep up the momentum'* (Watkin)

*'Meadowell was a problem. How on earth could we be viewed by potential investors when pictures of car burning and looting were screened via TV into homes around the world? It damaged regional efforts'* (Gill)

Sustainability of effort is considered as essential:

*'I think our setting up of the Brussels office shows that we can commit over the long term'* (Robson)

*'We take a long-term view of everything, not changing because it seems fashionable. Nissan is embedded'* (Gill)

*'What we are good at is being effective across time. We are far from reaching Utopia, with our terrible backlog of deprivation, but we are changing slowly'* (Beecham)

Mutuality and reciprocity were cited as important in elite relationships and flexible mixing and matching agencies in regional efforts, as was the need to convince central government that a transformation was underway. The cynic might propose that this is more to do with elites desire to maintain, enhance and enlarge their own power base free from state interference, and having an updated corporatist models of consensus and collaboration is an obvious way to capture institutional 'space'. Rhetoric has allowed a marrying of remnants of the old regime to one seemingly based on newness and transformation, and had the effect of appearing to change, despite evidence to the contrary.

Elites live in a rhetorical universe where language is a powerful means of persuasion. Aristotle (translated by Kennedy, 1991: 50-69) believed that rhetoric brought energy and emotion to thoughts, and was then transmitted through a system of signs, including language to influence people's decisions or actions. Rhetoric is therefore a powerful element of elite decision-making, as it allows consensus building.

Acceptance that arts and cultural activities as viable replacements for industrial activities have been achieved by persuasion. Many image building, symbolic projects have developed the physical infrastructure, such as Hartlepool Marina, Royal Quays on Tyneside, River-side Park in Sunderland, Metro Centre Retail Park, and

environmental improvements at East Durham have concerned cleaning up beaches and reclaiming old colliery sites. Undoubtedly, the sporting, cultural or artistic life of the region has never been better, as witnessed by Durham County Cricket Stadium, Gateshead International Athletics Stadium, or refurbishment of the Tyne Theatre. Elites, since the days of T Dan Smith have been encouraged to sit on cultural committees e.g. Northern Arts, National Glass Centre, Tyneside Heritage, Millennium Committees. Japanese or other investment companies have sponsored many projects, such as the Annual Kite Festival, the Tall Ships Race and the National Glass Centre.

Not everyone agrees that the image is changing, however, more likely that it is due to:

*'A region obsessed with image' (Kelly)*

However, most elites do believe in this process:

*'When mining and shipbuilding went, our people could have lost their dignity but did not. We had to find something to replace the pits, people's lives, and more importantly their dignity depended on it' (Gill)*

In response to the 'Is the region changing its image?' only 46% believed it to be true, however comments presented in **Fig 4.4** reveal an altogether more complex picture:

#### **Fig 4.4 Comments on regional change**

“We are getting things done, in Europe we are much more identifiable than we were since we opened the Brussels office”

“We are absolutely first class”

“Other places are envious because of the energy we put into attracting inward investment”

We have a strong corporate philosophy for the region”

“We are still renowned for our football”

“The region is on the up, but it's taking a long time”

“We are a roaring success story, it is the place to be for the under 40s”



“Reporters in newspapers might like to foster the old image but they are quite simply wrong”

“We still have the legacy of the 1930s derelict industrial areas so image is still a problem”

“Our success in inward investment makes other regions look to us for inspiration”

“We have a lot of respect in London for our capacity to bring big international companies in”

We still remain deprived, depressed, working class and labour dominated”

"Sadly we talk ourselves down rather than up"

"We are comrades in adversity. Historically we've had to cope with adversity and disappointment"

"The Tories dragged us down, but we have more expectations than they think"

"This is the best place in the country. You watch it, in the next 20 years all those Southerners will be desperate to get here"

We've gone from the begging bowl to self help'

It is difficult to measure the success or otherwise of regional projects because no one knows where to attribute value, or how to determine cause and effect. It is almost impossible to arrive at definitive indicators of success (a comprehensive discussion follows later in this chapter) but interviewees were asked to judge the most significant incidences in recent regional history, as shown in **Fig 4.5**.

**Fig.4.5 Key events and critical incidences identified by interviewees**

- 1985 Sir Fred Holliday's meeting in Durham Castle with Mrs Thatcher and invited guests)
- Setting up of North East Assembly of Local Authorities and the Brussels Office
- Closure of Consett Iron and Steelworks, Shildon Waggon works, the closure of Swan Hunters the last coal mines.
- Tyne Tees TV Takeover
- Nissan's attraction, then Fujitsu, Samsung, Siemens
- Setting up of TWDC and TDC

- Gateshead Garden Festival
- The Manufacturing and Service Challenges. Challenge by Karl Watkin
- Opening of Metro Centre and Sir John Hall's purchase of Newcastle Football Club
- All football teams getting into the Premier League.
- First Class County Cricket
- Gateshead Stadium
- Campaign For a North East Assembly
- Regional Chamber of Commerce
- Launch of Northern Business Forum

They were then asked to suggest the most successful projects, and as can be seen in Fig 4.6. answers reveal a mixture of economic, social and cultural activities.

**Fig 4.6 Most successful projects( identified by interviewees)**

<p><b>Choice One</b></p> <p><b>INWARD INVESTMENT</b>  (attracting large scale inward investment is by far the single most important measure of success. This is seen to improve wealth creation.)</p>
<p><b>Choice Two</b></p> <p><b>LARGE SCALE PROJECTS (Symbolic and high profile)</b>  Metro Centre, Centre for Life, St Peter's, Royal Quays, Regional Airport extensions, infrastructure improvements, City centre improvements, National Glass Centre, Industry Centres in Universities.</p>
<p><b>Choice Three</b></p> <p><b>ARTISTIC, SPORTING AND CULTURAL PROJECTS</b>  Visual Arts, St Peter's, Theatres and Art Galleries, Baltic Flourmills, New Football Stadia, Gateshead Arena, Durham County Cricket (First Class Cricket), Gateshead International Athletics, Killingworth International Swimming Pool, Tourism projects, First Class Universities.</p>
<p><b>Choice Four</b></p> <p><b>ATTITUDE CHANGE</b>  Cohesion and collaboration, partnership working, embeddedness of supplier chain, greater expectations, mentally changed attitudes. No longer the feeling that manufacturing is the saviour.</p>
<p><b>Choice Five</b></p> <p><b>VARIED</b>  More SME start-ups. Well known beyond the region. Northern Ambassador scheme helps to ensure outsiders take the region seriously. Taken more seriously by Westminster. New products, processes and management practices.</p>

What is interesting in the data in the previous figures is how elites use projects in a very ambiguous sense to capture just about anything that encapsulates their activities, and proves that changes are being made. Elites travel extensively on business throughout the UK and beyond and when asked to say whether or not the region is

seen in a positive or negative light externally more than half of interviewees believe that outsiders have a positive view.

In answer to the question of which region is the keenest competitor for inward investment data revealed that Scotland, followed by Wales and Northern Ireland are the most prominent. These choices may be more to do with the glossy brochures emanating from regional agencies than from a true understanding of the external situation. Nevertheless elites do position the region in comparison with others.

When asked the question 'is the NE proactive in responding to external influences?' a resounding 91% who think that it is a proactive region. This high figure might be attributable to the continued elaboration of a regeneration agenda and a manipulation of symbols proclaiming it as 'the fastest growing European Region' or the 'future European Capital of Culture', because neither claims are substantiated by objective facts. These deliberate policies are aimed at resisting the charge of 'dependency', and more to do with enhancing power bases, as we shall see in the section that follows.

### **Agency involvement in regeneration**

Unlike the shallow politics of opportunism found in Manchester (Peck and Tickell, 1994: 55-78) and conflicts in Sheffield (Peck and Tickell, 1995: 16-46), a dominant business class lacking cohesion (Harding, 1991: 295-317) or the indolent groups only concerned with profit (Cooke and Morgan, 1993: 543-564), the autonomous actors who only act voluntarily to gain wider leverage (Bassett, 1996: 539-555), NE business elites have long been part of what Lipsky refers to as political opportunity structures, in which businesses choose an appropriate action repertoire that enables them to focus

on the critical factors needed for success, they develop frames of reference, mobilise collective support, and broaden appeal beyond the business class (Lipsky, 1968: 1144-58). Moore and Pierre (1988: 169-178) propose both public and private elites voluntaristically occupy political space created by democratic gaps in governance, and pragmatism overcomes ideology. Pragmatism has certainly overcome political ideology in the NE. Interviewees were asked to define the business class, and as can be seen from **Fig 4.7** it is much broader than in other regions, as it includes public sector and inward investors.

**Fig.4.7 Four categories of business class (identified by interviewees)**

Group one:	Traditional industrial capital, from the brewing, property, financial, media, sporting and culture agencies.
Group two:	Recent entrepreneurial capitalists, wealth created during the 1980s Thatcher years.
Group three:	Executives representing inward investment companies, such as Fujitsu, Nissan, Siemens.
Group four:	Individuals who would formally have been regarded as public servants, but who now act in a more 'business-like' fashion and are incorporated into business groupings (e.g. CEOs of the Utilities, CEOs of Universities, CEOs of Quangos such as TECs, UDCs). This is now referred to as a service class.

The business class is fragmented but most elites are represented on either the CBI, the Chamber or NBF, which is useful in diluting potential conflict, and transferring good practice. Both NE Regional Chamber and NBF have elites from non-commercial agencies, and this has been a deliberate policy to ensure transfer of knowledge, expertise and ability to draw on resources. There are many NE business led

groupings, e.g., Teesside Tomorrow, The Newcastle Initiative, as well as countless support agencies<sup>114</sup>.

Health trusts, universities, media, the voluntary sector and other sectors, referred to by Harding (1991: 295-317) as auxiliary players, are significantly represented on business forums. NBF, set up in May 1996 gave a co-ordinated voice on output, exports, education and training targets. It was a joint initiative by the NE Chamber and Northern CBI, and the Board is managed by a CEO, and an Advisory Body, which includes public sector individuals, e.g., Grant, Bridge, Wright, and Balls.

NBFs primary aim is to sustain learning between organisation, and multi-agency initiatives have been centred on the long-term health of the region, in crime, health, and IT. This broadened out the resource and skills base, as the CEO said:

*'We got as many people as possible to set targets for the region on, job and business creation, the types of skills and educational achievements needed, how much supplier chain activity was necessary and the types of new products required. It is no good having idealistic, outlandish aims and then failing to achieve them'.*

All NBF members, in particular its founding members, Wrigglesworth and Watkin believe that it has been a positive force in bringing together the regional 'business voice' and point to many successes. However the CEO cautioned that:

*'The idea that there is a common purpose or a shared agenda in the NE is an interesting question. I oscillate between agreeing that there is one but as soon as I try to get things done I find that the underlying tensions and politicking surface again and again. There's always a positioning, a jockeying for power, prestige and status (Johnston, CEO)*

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<sup>114</sup> There are so many that ONE is currently conducting an audit.

NBF and the Regional Chamber lack the organisational capacities of public services and the CEO cautions against accepting the altruistic views propounded by business leaders. As she suggests:

*'There seems to be a lot of altruism but in fact people are in it for what they can get out of it. Business leaders know that if the region succeeds they also benefit'* (Johnston)

The NE Chamber took on a high profile role, with members who served on a myriad of regeneration forums. Nicholson, a prominent Conservative businessman, was succeeded by Aviss, as Chair. It is the fourth largest in Britain, with a wide programme of networking, lobbying, and welcoming events for FDI investors. Northern CBI is not prominent in regional affairs, elites such as Wrigglesworth, Watkin, Aviss, and Nicholson are members, but it one of the weakest business organisation, with little obvious power and influence. Some powerful individuals have external political and business linkages externally; much of their power and influence is covert and difficult to determine.

Tomaney's and Amin's (1991: 479-487) claim that:

*'the North East's labourist and collectivist tradition is seen as a major cultural and social obstacle to entrepreneurial solutions.'*

Is not supported by the empirical data, because evidence suggests that entrepreneurial elites rotate between sectors, to transfer business and public/political ideas, knowledge and practices. There is limited evidence to prove that business elites are involved in activities purely to market the region, as they are involved in wide ranging decisions on investment priorities, infrastructure provision, in transportation and utility areas and in the growing informatics arena, locational decisions, target setting for educational and employment attainment, service and manufacturing outputs. The

advantages of having such broad involvement are obvious but the disadvantages are that many decisions are dependent on external funding to achieve targets because of the in built structural problems.

Elites collectively adopt a variety of different strategies and roles fitted to the institutional context within which they operate, so Bridge's function, role, purpose and strategy as CEO of NDC differs from the function, role, purpose and strategy that he adopts in his involvement with the NE Chamber, his membership of NBF or his membership of a university governing body. He pursues a particularistic agenda, a collectivist or organisational agenda, depending on which forum he is in, and knowledge of earlier corporatist forums, ability to transfer experience and expertise across activities, provides sustainability. The value of multi-purpose elites is due to the fact that they hope to achieve more, but conversely the effect can be that a few key people are involved in all decisions and all forums are saturated with similar personnel. Not only is this stressful for those involved, but it does not provide the opportunity for other voices to be heard.

Elites keep in touch by in touch daily by telephone, or meet at sporting or cultural events. This quote is illustrative:

*'We have always had a loose network, so that I will ring John (Bridge), he will ring Olivia (Grant), she will ring Pamela (Denham), and we keep in close contact' (Watkin)*

The geography of the region means that urban conurbations, especially Newcastle, act as focal points for interconnectivity to aid decision-making but across the region there are local and sub regional networks and partnerships where informal decision-making and exchange of information takes place:



*Decisions, which seem to be disparate and uncoordinated at the local and sub-regional level become, in reality, enmeshed in certain 'decision domains' and achieve 'coherence' (Wright)*

Planning meetings are held prior to an inward investment or large project for informal. Gill and Robson, respective leaders of Gateshead and Durham spoke with all regional local authority ED Officers, prior to Samsung's decision, about land availability, infrastructure, skills levels and utilities provision. Meetings then took place at NDC, GONE, NEA, EP, or some other business, sporting or culture venue. Various representatives were then drafted in, including executives from some of the earlier, successful FDIs. Involvement was as little or as much as the individual had time for, and they were asked to visit to foreign states, provide welcoming parties network and foster a positive image:

*'Networking at the Scottish and Newcastle Plate Day at Newcastle Races, helps us to stay effective. We may be small but we are effective' (Denham)*

*'We need to market the region because under the surface the old divisions are still there. There is still a pride in the working class history. Football is the great unifier, and any rivalry is good humoured' (Denham)*

*'Our last Newcastle Racecourse event involved 330 companies, and thousands of individuals. It was such a success that other regions ring me for advice' (Johnson)*

Wrigglesworth feels that these events:

*'help individuals who are starting out in business to have successful role models to emulate 'people like myself who have made millions are good role models, because we are driving the change. The opera, theatre and sporting events are all good networking venues, where we do deals with GONE e.g., this does not happen in other regions, you know. How many business people do you know in the country that are regularly approached by government ministers and senior civil servants and asked how can we*

*do? ... such and such. What are your views on? ... such and such'*  
(Wrigglesworth)

All is not always harmonious between the various sectors, despite the rhetoric, and Watkin, one of the most vehement anti-public sector business leaders (a self made working class entrepreneur, conservative supporter, CBI member and NBF founder) has a view that leaves us in no doubt about where he stands in relation to other elites:

*'I have fought the old boy's network all my life. We still have a strong establishment here, with Nicholson, and his inherited wealth, Iley, strong establishment, and decisions still made by a few. We set up NBF with a twofold agenda ... one, to get businessmen off their arses and two, to get control of the money so that the public sector doesn't get its grubby hands on it. We want to direct them because they don't know the meaning of the bloody word management '.*

Many elites are friends as well as colleagues. Two prominent Labour politicians, both leaders of large councils, claim (in jest) that:

*'all the major decisions on anything on the regional economy are, of course, decided between the two of us in Blackhill Workingmen's Club on a Sunday morning, over a pint!' (Robson and Gill)*

Patronage is still a feature of the regional scene, and:

*'There is still a lot of patronage, a class system, all the elites have learned to get along. They've had to. We have a top down, regional forum of decision makers. An elected one would be too bureaucratic and taken over by the Labour Party. Our Friends in the North, such as Sir Ian and Watkin, see themselves as acting with others to achieve regional objectives. We learn from each other. A body like this one (NBF) carries out the functional aspects of strategies decided at a regional level, between regional decision makers' (Johnson)*

Clearly patronage based on friendship ties means that the old boy network is still a prevalent feature of NE political life, thereby sustaining paternalism and a siege mentality.

Robinson (1990) found a lack of political conflict, and interview data shows that what conflict there is, 'managed' so as not to damage the 'cohesive and cosy' image that is presented to the outside world. This is especially crucial in inward investment cases, as disharmony was thought to be counter-productive. Despite disputes between authorities regarding the location of Samsung and Siemens, NDC, and Bridge, in particular strove to present a 'co-ordinated image' to foreign investors.

All Chairmen of NDC<sup>115</sup> have been regional spokesmen, and NE Assembly, is the longest serving voluntary consortium of local authorities in the UK (founded in 1986). It represents 33 local authorities, and produces an Annual State of the Region report in collaboration with NDC, GONE and the NE Chamber Commerce. It co-ordinates bids for European structural and social funds, liaises with Euro institutions, links with Kyongji Province and other states, and appoints individuals to regional sports, arts, tourism and heritage bodies as well as NDC, NA, the Northern Screen Commission, Northern Sights, the Alliance of Maritime Regions in Europe, the Assembly of European Regions and the Committee of Regions. The three key elites on NEA (Robson, Gill and McCormack) are also influential on other forums.

English Partnership was absorbed into ONE on 1 April 1999, but continued to work with local authorities, Urban Regeneration Companies and Sub-Regional Partnerships. Central to regeneration, it drew up a Corporate Plan in collaboration with GONE, property companies and communities. The limited mandatory constraints, lack of clarity on priorities, and limited personnel hampered operations.

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<sup>115</sup> Now merged into ONE.

The Senior Regional Director of GONE<sup>116</sup>, Pamela Denham, reported to four different ministries, and was criticised by Las for lack of transparency in determining SRB bids and regional policies. She had responsibility for all staff and expenditure routed through GONE and for ensuring that co-ordinating mechanisms to bring respective regional agencies together were in place. GONE drew together TECS, NEA, NDC, and the university heads to determine regional priorities, on skills and education. Denham's involvement on regeneration forums added credibility and legitimacy to elite activities. She participated in many formal regional forums such as the old Economic Planning Councils, local authority Standing Committees, TEC regional groups and the regional CBI, NE Chamber or NBF. As a high profile civil servant she featured high on the choice interviewees made regarding centrality to decision making. It was claimed that she was one of the most powerful women in the Northern region and networked and shared public and private platforms with other prominent women. This high profile network of senior public sector females, contrasted with more traditional male dominated forums demonstrates that things are slowly changing. This does not mean that there has been an overnight complete feminisation, rather it provides evidence that very strong female public servants, mostly who achieved prominence in the Thatcher era, are in particularly critical strategic positions to draw on resources and help to lobby with politicians. These females were functional and instrumental to regional aims, so obviously the macho political elites were happy to collaborate with them.

Denham, Wright, Balls, Dixon and Grant were singled out by interviewees as public sector entrepreneurs, drawn into regeneration activities because of particular skills,

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<sup>116</sup> Dobbie, who has since been replaced by Blackie, replaced Denham.

expertise, knowledge or resources. Indeed one respondent believed that a public sector managerial class rather than the business community was leading transformation. This need breed of elite was referred to as:

*'Feudal Barons protecting his/her own fiefdom'* (Balls)

Most sectors were represented in elite activities e.g. education (Ann Wright), retail and property (Sir John Hall), health (Liam Donaldson), automotives (Peter Dickinson, Nissan), public sector/quangos (John Bridge, Olivia Grant) politicians (Don Robson, George Gill), but the resources they could draw on were disputed:

*'Most government agencies are good at powers and finances, and most business people have sound business sense, and the only totally useless and moribund outfits in the region are the LAs'* (Balls)

Managerial and 'business-like' public sector entrepreneurs incorporated into business organisations, also represented civic and community life. Business elites were 'political', whereas political/public sector elites acted 'managerial and entrepreneurial'. Watkin, Nicholson, Aviss and Wigglesworth were political businessmen (with strong links to the national parties) and Beecham, Robson, Bridge, Wright, Balls, Grant, and Denham, were managerial and entrepreneurial public/quasi public servants.

Despite attempts to harmonise concerns remained over legitimacy and accountability:

*'We don't want the public sector controlling huge sums of money, only business can drive change. If we Robson his merry men to control the money they'll cock up the regional finances'* (Watkin)

Watkin went on to say:

*'Beecham wants to be in charge of Newcastle CC, and they're a waste of space. Come the Revolution I'd abolish it'* (Watkin)

Responding to Watkin's first comment, Robson claimed:

*'Business isn't capable of driving the change. The public sector has all the clout, because we have the sites, we move things, and we are a powerful lobby on such things as road and reclamation schemes'* (Robson)

Contrary to both views some interviewees believed that:

*'George Russell, Chair of NDC is brilliant, he doesn't let the business people take over, even though he is one of them'* (Gill)

*'We overcome parochialism in the interests of the region. Ideology is simply not allowed to stand in the way of pragmatic progress'* (Wrigglesworth)

*'There's an enormous amount of committed individuals who put in free time to make this region the proud region it deserves to be'* (Wrigglesworth)

Maybe, however, the apparent good working partnerships have a financial basis after all, as asserted by one respondent:

*'The public sector is good on ideas but it takes the business people to pump up with the cash'* (Richardson)

or as the TU and LA leaders suggest:

*'We are a very big family with one single determination'* (Mills)

and

*'People talk together in this region and we trust each other, no other region like it'* (Gill)

Elites may feel that they have been successful in collaborating, but there are still questions over how successful this working together has been in the overall reversal of regional fortunes.

One way that elites confirmed their successful activities was the flexibility they have used to merge initiatives and organisations and foster institutional learning. This came across in many of the interviews, for example:

*'We did a steep learning curve since Nissan, but it forced us into transferring good practice between agencies John (NDC) set up a Quality Initiative, BS5750, TQM, and ISO9000, and linked GONE, the Regional Industry Centre, Cowies Motors, the DTI Supply Chain, Regional Competitiveness initiative, to universities. We used central government policies for our own regional ends'* (Wright)

Denham confirmed that mixing and matching agencies, based on informality contributed to success:

*'We are a flexible region, one single organisation might become ossified, so we stay innovative and share objectives across the region. It helps to beat the competition out there'* (Denham)

Flexible, but co-ordinated negotiation on objectives has allowed elites to manage regional space, within external constraints.

Far from having a peripheral or auxiliary role the empirical data shows that universities were central to regeneration in numerous ways<sup>117</sup>. Benneworth saw a university as an animator or rejuvenating force for democracy whereas Stone (1999) saw universities as drivers of change (by making rapid responses to markets and technological changes, identifying regional skills, make local connections and networks of innovation and knowledge transfer). All are key to regional competitiveness and the NE RES placed education at the core of regional aims.

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<sup>117</sup> Lobbyists and devolutionists (Holliday, Wright, Liddle, Byrne), socio-economic planning forums (Townsend, Tomaney, Benneworth, Stone) RDA Board members (Fraser), Regional Committees (Cockerill, Charles, Hudson)

*'Universities can contribute to governance system, but they must retain a wider social purpose to inform individuals, citizens and debates'*  
(Benneworth, IPPP debate, Cork, May, 2000)<sup>118</sup>

All regional University VCs are prominent, on various,<sup>119</sup> and the five Universities have signed a concordat for regional collaboration (Chamber of Commerce, 1999). Universities are an important source of information dissemination with groups of academics working on regionally focused R and D in collaboration with many of the FDI companies. Universities made Japanese professional appointments and regularly held lectures and seminars for multi-sectoral representatives to attend.

Trade unions elites have always been central to regeneration, as some are very influential national players. They were represented on numerous boards, forums, and trusts. Mills OBE and Howard, the former and current Chair of the Northern TUC were the most prominent. The TU R&I Unit in Newcastle regularly commissioned research by Universities. TUs were represented on the Campaign for a Regional Assembly, and on artistic and cultural bodies, to which we now turn our attention.

Sporting agencies also have a central role in regeneration as interviewees testified:

*'The power of sport should not be underestimated. It is part of the social fabric'* (Kelly)

*'Sport is buoying up the common man'* (Beecham)

Football is a tribal obsession, and many elites are proud Newcastle United season ticket holders, with regular invites to the Directors' box (by Sir John Hall). All prospective FDI company representatives are welcomed, and sports metaphors

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<sup>118</sup> This author took part in this debate.

<sup>119</sup> E.g. Health Trusts, Chamber of Commerce, Common Purpose.



abound in elite discourse, and during interview every respondent mentioned it at least once, such as:

*'Newcastle Football Club's success is making us all feel positive'*  
(Bridge).

*'We used the The World Cross Country Championships in 1995 to trade e  
with the rest of the world '* (Frankish)

*'Getting first class country cricket gave an impetus to regeneration'*  
(Robson)

Media TV, radio and newspapers include significant elites who promoted the region, as well as serving on a myriad of Boards. Sporting personalities such as Steve Cram, Kevin Keegan, Brian Robson and actors, writers, performers, pop stars were regularly drafted on to regional forums<sup>120</sup>, such as youth and crime panels. Owners of manufacturing or commercial entities allowed sporting facilities to be made available for networking e.g. the Head of Tyne Tees Television is also Lord Lieutenant of Northumberland and allowed TTTV to be used and Riverside Park, home of First Class County Cricket became the venue to entertain inward investors. Most elites belong to Newcastle, Middlesbrough or Sunderland Football Clubs, Tyneside Sailing or Tennis Club, Durham County Cricket Club or Newcastle and Brough Park Racecourse or attends the Theatre Royal as a guest of Watkin<sup>121</sup>.

Utility networks have hitherto been taken for granted in discussions on regeneration. Notably they are part of the attraction for FDI, as the provision of such services was a

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<sup>120</sup> The Campaign for a NE Assembly is blitzing the media, sport and cultural worlds for support. Jimmy Nail, Sting, Tim Healy, Denise Welch have been targeted (January, 2002)

<sup>121</sup> Watkin entertains at his Northumberland home and French chateau.

vital element in relocation. The Chairman of Northumbria Water<sup>122</sup> was one of the foremost advocates of regionalism, contributed ideas to the elite debate and as he says:

*'Environmental and social issues are an integral part of regeneration'*  
(Holliday)

The empirical data supports the view that universities, sports, arts, TU s and utilities are central, rather than auxiliary to regeneration and this raises a number of questions. If they are so critical to success why is there so little recognition of their importance at national level, or little support made available? Many do not possess large staff or other resources, but yet became engaged in regeneration. This poses serious questions for the skills base, and organisational resources of local agencies, and also highlights the inadequacies of existing support mechanisms at regional level. Much energy has gone into business support, but little to support these vital agencies. This is a policy question for further attention.

TWDC and TDC were both second generation UDCs, established in 1987 with a life span of 10 years, set up to stimulate economic regeneration, in particular major tracts of land surrounding the riverside areas around the Tyne, Wear and Tees. £300 million pounds was pumped into to the creation of business parks, marinas, new housing, retail schemes and industrial development. High profile flagship projects such as University College in Stockton, or St Peter's Development were used to illustrate the successful reclamation of derelict areas.

TWDC and TDC, though set up to carry out similar roles tasks were very different in their styles of operation and rhetoric. Balls of TWDC and Norman of TDC, managed

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<sup>122</sup> Sir Fred Holliday, former VC of the University of Durham.

their agencies very differently and each was perceived differently by other agencies and local communities. TWDC sought legitimacy but TDC was managed in a more autocratic manner and the reluctance to involve local politicians or community groups not surprisingly led to continuous battles over planning, compulsory purchase orders and the siting of specific projects. Balls became a significant elite with a high personal and civic profile, who as well as being considered a friend to the business sector was highly regarded by other public or quasi sector elites, such as Grant, Bridge and Wright. He moved between commercial and political worlds, and gained legitimacy from GO and in communities, as a proponent of change. Policies were apparently more open to challenge than those of Norman, but as the case material shows TWDC was not entirely free from controversy and conflict.

Like UDCs, TECs<sup>123</sup> achieved prominence in regeneration, as key partners in formulating and delivering strategies across the region. Little is known about the exact operation of TECs due to unaccountability to local communities, secrecy and decisions difficult to challenge. Tyneside TEC, headed by Grant, was manned by a number of salaried civil servants, and an Annual Report and Corporate Plan, included data on training places, provision, costs or jobs found, were developed in collaboration with other elites and agencies.

Grant, a very charismatic and high profile executive, was drafted onto countless regional forums. She believed that:

*'Public servants must act responsibly on behalf of the local communities'*  
(Grant)

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<sup>123</sup> TECs were absorbed into Learning and Skills Councils and ONE . Grant led one of the NE Learning and Skills Councils, but has just been appointed as the Chair of Culture NE ( 24th January ,2003)

She was instrumental in setting up public/private sector forums to discuss educational training needs and skills shortages, and worked closely with FE and HE sectoral representatives.

The elites discussed in the preceding sections worked collaboratively, and gained support from civil servants, but by also acting as civic representatives they were able to determine innovative projects, adapting national policies to regional needs. Despite the claims to openness and transparency it is clear that many activities took place in secret, and in the next discussion there is an examination of the relative power and influence of the various elites and agencies.

### **Inter-agency politics and stakeholder power relationships**

In order to assess the relative power and influence of stakeholders and levels of conflict, interviewees were asked to rank individuals, and to discuss the findings it is important to have some understanding of stakeholder and power concepts.

The stakeholder concept emerged in the 1960s as a simple but controversial idea, and was popularised by Freeman (1984: 46) and defined as ‘any group of individual who can affect or is affected by the achievement of the organisation’s objectives’. The ambiguity and indeterminacy of the term has led writers to distinguish between the descriptive, instrumental, and normative aspects (Donaldson and Preston (1995: 65-91). It is accepted that the concept has been used mainly in the field of politics, with little empirical evidence to illustrate its economic or social advantages., and has been challenged because it is based on a pluralist premise that a multitude of actors with diverse and competing interests can be ‘managed’ by assessing, arbitrating and allocating resources. This creates an imbalance between those who are managing and

those being managed, implies a hierarchy, and is not always a means of getting from exclusion to inclusion, because it fails to deal with the structural reality of redistributive conflict between stakeholders' (Froud et al, 1996: 120).

A review of literature indicates that Freeman's 1984 definition is still considered by most scholars to be the classical norm, but six important additional conceptual qualifications can be identified, a legitimate claim on the organisation (Cornell and Shapiro, 1987: 5-14), (Evan and Freeman, 1988: 75-84), (Carroll, 1989). (Alkhafaji, 1989: 61-75, Hill and Jones, 1992: 131-154), formal contracts (Freeman and Evan, 1990: 337-359), direct or critical impact on survival (Cornell and Shapiro, 1987: 5-14), a moral obligation to make decisions for fair distribution of harms and benefits (Carroll, 1989, Langtry, 1994: 431-443, Donaldson and Preston, 1995: 65-91). risk-bearing, either financial or otherwise (Clarkson, 1994).

We find that in the NE elites have no absolute legitimacy to act on behalf of civic society, their activities are relational rather than contractual, and the level of direct and indirect involvement varies between projects. The moral basis, which guides behaviour, is not fully established but actors do claim to have social rather than financial gain as their main motive. The regularity of participation, the profile of actors and the ability to harness resources depends on many variables, not least mandatory or other obligations. Financial risk is minimal, because resources committed to regional activities are not of a personal nature, but elites were able to harness tangible (finance, staff, premises) and intangible (knowledge, information, stakeholder management, capacity to lobbying) resources.

The balance of direct and indirect power/interest changes over time, and depends on a specific project. Some stakeholders remain powerful in some circumstances but

become less powerful at other times. The unity, diversity, alliance or rifts between stakeholders changes in line with circumstances, and level, nature and frequency of communication impacts on strategic direction. The NE regime is sustained by its exclusionary nature, but it does have unity of purpose and frequent contact between elites.

Specific events often trigger off the formation of stakeholders (Johnson and Scholes, 1993, 1997), Nissan in 1985 was a good example of a critical incidence where formal and informal inter-connections galvanised stakeholder support for strategic aims. Rhetoric and symbolism were used to remove obstacles to change and to convince detractors that FDI was a good thing. Inward investment as a strategic aim has been rarely challenged, until very recently when high profile withdrawals from the region emphasised its vulnerability.

90% of interviewees saw NDC as the key agency, but supported by EP, NEA, The NE Chamber, GONE, and NBF (See Fig 4.8). Every interview, without exception, revealed that Bridge was the key figure in regeneration, though six businessmen (Sir John Hall, Karl Watkin, Sir Paul Nicholson, Sir Tom Cowie, Sir Ian Wrigglesworth, Llew Avis) were mentioned among the top ten elites two local politicians (Gill and Robson) and one quango head (Balls) also rated highly. Power and influence were determined on the basis of position, reputation, ability to draw on resources and information. Each elite acted in individual, civic or organisational roles, when necessary and depending on the project.

Sir John Hall was regarded as significant in terms of his personal, regional profile but was an elusive man who never featured in discussions with other elites. Neither was

he considered to be a civic elite, as he is not regarded as a 'network man'. Indeed not one respondent mentioned him, other than when asked to directly choose key people.

**Fig 4.8 Name five key individuals/agencies influential in regeneration (and whose role is central to decision making)**

*(Percentage based on percentage of all interviewees choosing five)*

76%	Dr John Bridge, RDA, formerly NDC
45%	Sir John Hall, millionaire
30%	Karl Watkin, millionaire
30%	Sir Paul Nicholson, Vaux Breweries
28%	Alistair Balls, TWDC and Centre for Life
24%	Don Robson, NEA and DCC
16%	George Gill, Gateshead MBC and NEA
16%	Sir Tom Cowie, millionaire
16%	Sir Ian Wrigglesworth, NBF and business
14%	Llew Avis, Siemens
8%	Reay Atkinson, VC University of Northumbria
8%	Ian Gibson, Nissan
8%	Kevin Keegan, formerly NUFC
8%	Sir Ralph Iley, Cookson International
8%	Dr Ann Wright, VC University of Sunderland
8%	Pamela Denham, CEO GONE
8%	Joe Mills, formerly TUC, now SAHA
8%	Olivia Grant, CEO, TEC
8%	Richard Maudsley, Newcastle Building Society
8%	Bill Minto, Cumbria County Council
8%	Sir Ron Dearing, former Chair NDC
8%	Sir G Russell, current Chair NDC
4%	Tom Burlinson, GMB
4%	Michael Bird, CEO, NE Chamber
4%	Kingsley Smith, CEO, Durham County Council
4%	Bob Howard, Northern TUC

- 4% Arthur Dickens. Dickens DIY
- 4% Adrian Smith, CEO NEA
- 4% Raif Carr Ellison, Lord Lieutenant
- 4% Frank Nicholson, Vaux Breweries
- 4% Ken Frankish, Director of Education, DCC
- 4% T Dan Smith (deceased)

All elites possessed what Linford (1999a, editorial) referred to as overt executive power (those who have proved themselves the most powerful in fulfilling contracts or doing their duties) and reputational power (the degree of respect they command) and cultural power (transmitted through ideas, active persuasion, through values, and codes of conduct that prevail). All were celebrities who had achieved credibility, or notoriety, in some cases. **Fig 4.9** shows the top ten stakeholders, based on centrality to decision-making and capacity to act. It also shows in what capacity they acted, and political affiliations.

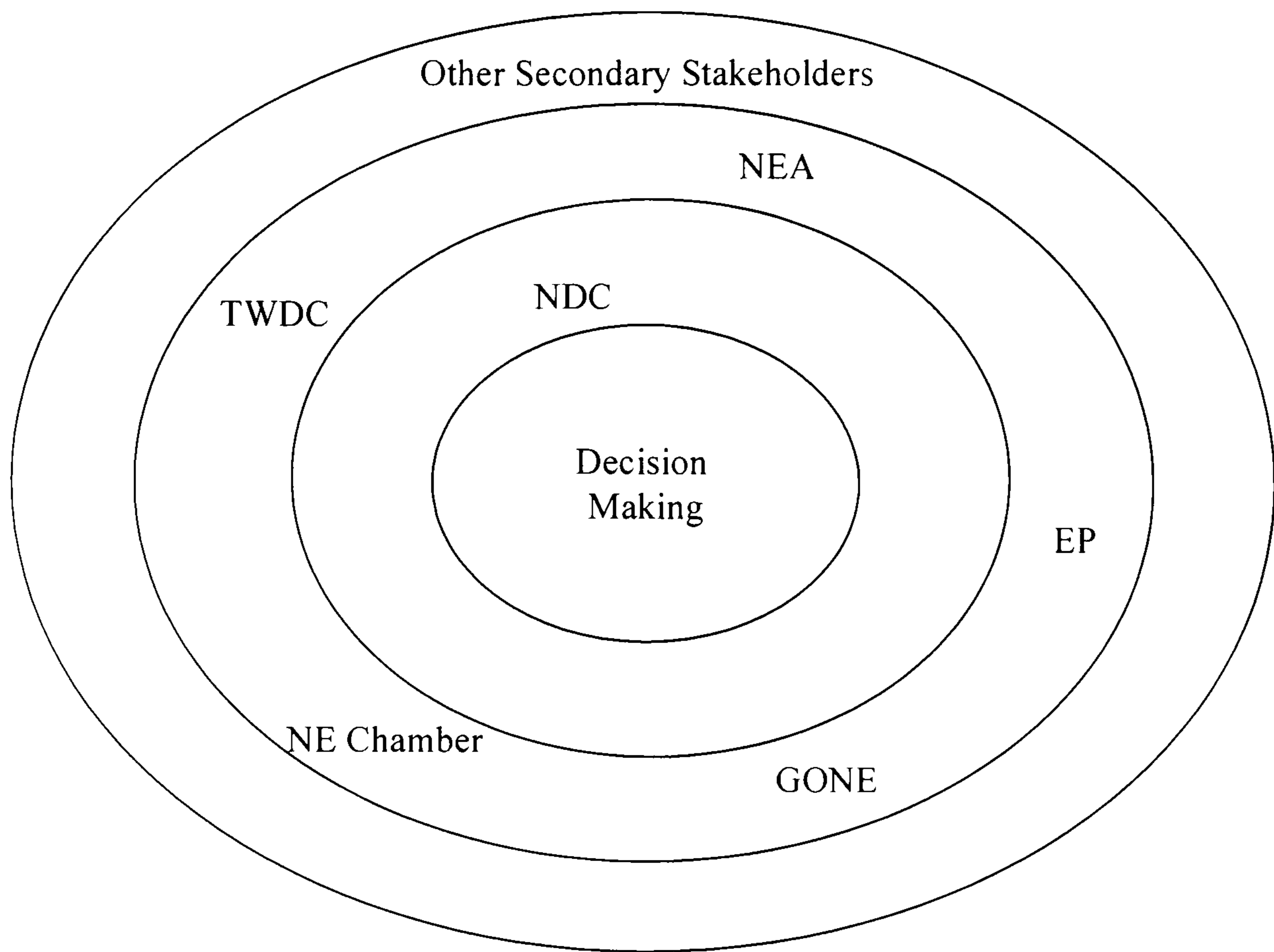


**Fig 4.9 Top 10 Individual regional primary stakeholders**  
**(Based on centrality and capacity to act, and identified at interview)**

Stakeholder	Centrality	Periphe- rality	Acting in Organisational Capacity	Acting in Individual Capacity	Acting in Civic Capacity	Political Affiliation
Dr J. Bridge	Yes	No	Yes	Yes	Yes	Unknown
Sir J Hall	No	Yes	No	Yes	No	Unknown
Karl Watkin	Yes	No	No	Yes	Yes	Conservative
Sir P Nicholson	Yes	No	Yes	Yes	Yes	Conservative
A. Balls	Yes	No	Yes	Yes	Yes	Unknown
D Robson	Yes	No	Yes	Yes	Yes	Labour
G. Gill	Yes	No	Yes	Yes	Yes	Labour
Sir T. Cowie	No	Yes	No	Yes	Yes	Conservative
Sir I. Wrigglesworth	Yes	No	No	Yes	Yes	Liberal Democrat
Llew Avis	Yes	No	Yes	Yes	Yes	Unknown

Interviewees were asked to determine which stakeholders (agencies) were central to regional regeneration, and their combined responses are shown at **Fig 4.10** .

**Fig . 4.10 Stakeholder agencies: centrality in regional decision making (determined by interviewees)**



On the basis of combined interview data **Fig 4.11** shows how each regional agency contributed to regional aims. It divides agencies into primary and secondary agencies( on the basis that primary = more direct and regular and sustained strategic involvement).

**Fig. 4.11 General Stakeholder Power Analysis of the Regional Regime**

Indicators	Primary Stakeholder								Secondary Stakeholder	
	NDC	NEA	GONE	EP	RCA	NBF	TWDC	TEC	Univ	Utilities
Observable DM	H	M	M	L	M	M	M	M	L/M	L
Past Performance	H	M	M	M	N/a	N/a	M/H	M	L	L
Accessibility to info expertise/ Knowledge	H	M	M	H	M	M	M/H	M	H	L/M
Profile at regional level	H	M	M	M	H	M	L/M	M	H	L
Control over/links with external world	H	M	M	L	M	M	M	L/M	M	L
Involvement in key DM forums	H	H	M	M	H	M	M	M	M/H	L
Closeness to strategic DM	H	H	M	M	H	M	M	M	M/H	L
Informal links	H	M	M	M	H	H	M	M	M/H	L/M
Control over internal/external resources	H	M	M	L	M	L	M	M	M	L/M
Mandatory role/legality	H	L	H	H	L	L	H	H	M/H	L
Freedom to choose	H	L	H	M	M	M	M	M	M	L
Power Legal/rational traditional/Historical charismatic	H	L	M	L	M	M	H	M	M/H	L
Resource capacity	M	M	H	M	L/M	L/M	M/H	L/M	M	L
Knowledge/ skills	M	M	L/M	M	M	M	M/H	M	H	L M
Status	H	M	M	M	M	L/M	M	M	M	L
Discretion	M	L	H	H	L	L	H	M	M	L

H = High M = Medium L = Low

All agencies with financial support from central government had a stronger power base than others, because of their strategic overview on personnel availability, and tangible and intangible resources. GONE, was therefore a very powerful agency with a strong influence over regional strategies. Historically NEA and NDC had achieved supremacy as each was headed by high profile and charismatic elites, with close links to the external world and capacity to draw on resources.

Individual business elites acted as regional spokespersons, out with the NE, but internally they coalesced around NBF, Regional Chamber of Commerce and CBI. Their level of influence grew after 1996, when NBF and the Regional Chamber were created, but influence was largely attributed to individual business elites who liked to be in the public eye. Business elites used their network to draw in other prominent people and resources. They also had access to information sources, as well as being active lobbyists.

UDCs, TECs, local authorities, property sector, universities, and other sectoral representatives had close interactions with GONE, NDC, NEA, and the business community, but because power changes over time and between projects, schemes or initiative, this was dependent on the level of specific finance, expertise or resources they could contribute.

Community or disadvantaged stakeholders do not feature in regime activities, other than representation through trade union, cultural, sporting or artistic agencies. This type of stakeholders is largely absent from regional affairs, in part explained by their inability to penetrate the decision-making forums.

Less powerful but interested stakeholders such as the media or local MPs were galvanised when necessary to support regional aims, as happened when Sir John Hall

worked closely with NDC, NEA, TDC. local politicians and local state officials to attract Samsung to Teesside.

NDC, NEA and GONE were considered to be the most central agencies with the most regular and continued involvement, they also had the most influential actors. EP NBF and the NE Chamber were important, but less so than NDC, NEA and GONE. NDC, GONE, EP and the Regional Chamber all have highly paid heads, whereas NEA and NBF did not, relatively speaking.

GONE was much larger and had the highest staff levels than the other agencies, and like EP had a much larger budget in comparison with other agencies. Individuals from NEA engaged in decision-making activities more than any of the other agencies, in particular NBF, which did not second many members. Individual business people did act in a personal capacity, rather than organisationally, but they did believe they acted on behalf of communities. NDC, NE Chamber and NBF all benefited from being housed in excellent facilities, and GONE was able to offer excellent support services, when required for regional efforts. The role played by Universities and other sporting, cultural and artistic agencies has grown, and their contributions to regeneration are well recognised..

GONE, NDC and the NE Chamber (RCA) were perceived as high profile with good links with the external world. NDC, NEA and NE Chamber (RCA) were regarded as close to decision making with other agencies, though utilities had limited level of involvement. GONE, EP and TWDC possessed the highest levels of discretionary power to act, and NDC, NE Chamber (RCA) and NBF representatives had informal more informal links than other agencies.

NDC, GONE, EP, and TWDC, understandably were the agencies with the highest mandatory control, but only NDC and GONE were regarded as having the highest control over resources and the freedom to choose when, and when not to commit their resources to regeneration initiatives. Other agencies scored medium or low in this respect. Power was derived from statutory powers, so GONE, TWDC or TECs had formal authority or powers vested in them to carry out specific regeneration tasks, providing they carried out tasks in collaboration..

What the aforementioned discussion revealed is that elites and agencies took primary and secondary role in shaping strategic decisions, they had direct or indirect involvement and the capacity to draw on resources and information to implement chosen policies. Activities were conducted in secret and excluded large number of individuals and groups. The result was that few challenges were ever made, due to the impenetrability of inter-personal connections.

### **Hidden levels of power?**

For Lukes (1974a), pluralists believed that the focus of power was determined by who prevailed in decision-making, or where conflict was observable, but these were inadequate mainly because the structures of decision-making determined the kinds of explanations and outcomes. His three-dimensional model of power identified, (i) overt conflict i.e. A has power to get B to do something B would otherwise not do, (ii) non-decision making aspects, identified by Bacharach and Baratz (1962: 946-952), and (iii) a radical structural view of decisive socialisation processes, in which A educated and persuaded B to accept an assigned role, and conflict was diffused. The latter, more insidious and unobtrusive type of power, or management of meaning allowed

power to be retained by dominant interests (Fulop and Linstead, 1999: 125). A fourth, relational dimension of power showed how each partner to the interaction is constrained by roles, contextually specific practices, techniques procedures and forms of knowledge routinely developed to shape the conduct (Fulop and Linstead, 1999: 126).

Interview data suggest that elites stage-managed decisions, excluded non-elites and secrecy and informality sustained this position. Decisions are also made up of a multitude of networks at various level of governance, so it is impossible to determine either interests and preferences or to find out how power and influence are distributed. The many unwritten agendas, and outcomes of decisions based on an agreed 'script', through rhetoric and ideology are so strong and forcefully articulated that it is almost impossible to get beneath them.

Introducing mobilisation of bias, by the use of coercion, influence, authority, force, and manipulation can help to show who confines and restricts the scope of decision making to relatively safe issues for discussion., and this two dimensional view challenged the idea that observable decisions are a true reflection of the reality, and NE findings confirm that many issues are kept off the agenda. The case studies in subsequent chapters highlight some of the numerous sub political or extra political dialogues that are characteristic of regeneration.

Both 'one' and 'two' dimensions of power adopt a Weberian analysis of individual will, and ignore collective forces and social arrangements (Lukes, 1974b). However, decisions are not only the result of individual decisions or behaviour but also result from collective views. Secondly, systemic aspects of decision-making are not taken in circumstances chosen by an individual, but directly encountered, given and

transmitted from the environment and the past. Latent conflict inherent in political and economic systems is an insidious form of power, and not readily observable. This 'third' dimension of power is borne out by the interview findings, showing elites who acted in personal, organisationally or civic representative capacities. However each elite claims to act for the interests of a broad segment of society, but in a region with a legacy of decline, there was a reflection of structural and systemic aspects of political economy, over which elites have little control. The circumstances, which have given rise to economic and social decline, are beyond the control of individuals or organisational representatives

The fourth dimension, or relational view of power was also reflected in the interview data because, rather than A having power over B, the quality of relationships between elites is of significance, here. Each elite was constrained by the role they played, whether it be as a representative of an organisation, civic society, or individually. These contextualised and shaped conduct, as certain routines, expectations and knowledge determined the types of decisions made. Clearly elites responded to decline, but the potential to change was a product of the socio-political system. How successful they were in articulating and implementing a set of strategies will now be considered.

### **Conclusion: Has the elite regime been effective?**

Means of measuring success on 'soft', socially and culturally desirable projects are difficult to substantiate on any hard, objective, economic basis. Much regeneration activity is never quite explicit or open, but instead governed by implicit and embedded social interactions and relationships. There is continued uncertainty on



solutions and secrecy surrounding policy formulation and implementation. Elites operate by their own rules and conduct; it would be difficult to discern real motives or outcomes of their efforts. As there are many hidden agendas, and unwritten or unspoken social conventions, practices and behaviours. This makes any assessment or appraisal even more of a problem, because of the 'slippery' nature of various elements. However, we cannot measure impacts unless there is demonstrable hard evidence to be seen.

Drawing the boundaries around a unit of analysis and looking for causal linkages is not a simple operation. Moreover, if boundaries could be drawn effectively, there is a problem in showing whether any changes that have arisen can be attributed to elite activities, or whether other extraneous forces are responsible. Who can ever say, with exactitude that  $a = b$ , and this is made even more difficult in complexity and ambiguity. No one knows whether outcomes, or accrued benefits would have arisen with or without elite intervention.

In an economics analysis we would point to elements such as jobs created, employment levels, SME business start-ups, turnover, or contribution and value added activities, to demonstrate success in regeneration. Questions arise when the activities are designed to meet social rather than economic aims. Elites make grand claims on how effective they are, and indeed the empirical data demonstrates a belief in the truth of these claims, but measurement of change and transformation prove elusive. How can we ever measure the economic impact of a set of social relations and networking activities? How could it be possible to gauge the economic benefits, or outcomes of many of these activities? What indicators might be used? Have elite activities stimulated growth, created new working practices, increased networking, or any other benefits? Has the existence of this regime improved the quality of life of local people.

altered their perceptions, attitudes, or aspirations? Clearly, these and many other questions show that outcomes or accrued benefits in regeneration are not open to measurement by conventional means. Traditional economic rubrics, have in-built problems, are ambiguous and contestable. There is the added problem of time, for when exactly should impact or outcome be measured? It may take years, or even generations for any real impact to be seen, or to determine whether these entrepreneurial interventions had any effect on the lives of people in the region. It is generally agreed that there are no quick fixes, this is a long-term project and that many of the activities are catalysts to stimulate further growth.

Measuring the key direct effects of activities, let alone the associated indirect, or knock on effects, or how and where to attribute value, is always going to be difficult. There is also no way of knowing what the gross, or total effect of many inter-related activities might be. It would be virtually impossible to arrive at definitive indicators or measures of success, not least because capturing social values, or identifying multiplier effects of social actions is not easy. Elite activities, based on social interaction and networking are meeting unmet needs by transformation, but political ambitions cannot be denied, as one very significant aim has been to place regional fortunes further up the national political agenda. Despite the claims made by elites on how successful they were, and how much improvement or transformation is going on in the region, the fact is that the region remains, on any economic indicators, at least as one of the poorest, disadvantaged and deprived areas of the country.

This is not saying, however, that we cannot make any assessment at all of elite activities. Nevertheless we must be cautious in any real assessment, lest we fall into the trap of attributing any successful, identifiable changes or outcomes to elite activities, when in fact they may have been only one, small contributing factor.

alongside a myriad of others. Confirming the absolute contribution of elite activities to regeneration in the region, or claiming causal connections, is obviously going to be open to counter claims and challenges. The fact is that we have no way of ever knowing, or establishing in any realistic sense, that an elite regime's existence has added value to regeneration. What is a more important question policy question, one that politicians or civil servants are unable to provide an answer to, is 'how much worse would the region be in regeneration terms, without the existence of this regime, or the activities that have been carried out?

Having cautioned against attributing too much credibility to elite activities, it is clear that there has been some regeneration of the region, during the past ten years, at least. Nevertheless the region does still lag behind all other regions in its overall economic performance, and this relative position has not changed over a very long protracted period of history. We can point to physical transformation of certain areas of the region and fine examples of high profile projects that elites have been intimately associated with (St Peter's Development and spin offs from Visual Arts are good examples here), but it is difficult to speculate on whether or not they would have happened without intervention, or indeed what the driving factors were. A host of other factors might be responsible for these types of initiatives, for example the availability of Eurofunding, government intervention, local government planning, property investors aligned with UDCs, community initiatives.

It is also claimed that 15,000 jobs have been created or safeguarded in the region (Bridge, December, 2001) and clearly elites were involved in many inward investment success stories, but it would be impossible to explain, or measure the impact they had on bringing the companies to the area, of whether or not the jobs would have been created without elite activity. Moreover the recent withdrawal of

high profile companies was not stemmed by the existence of a regime, despite the fact that many of them served on Task Forces looking for new buyers for the plants. The fact that manufacturing, and many other sectors are in terminal decline, and that SME development has failed to improve may be attributable to other factors. The existence of a cohesive group of elites has not helped much in reversing this dire situation, despite their best lobbying efforts.

Projects, has improved the quality of life for many people, but again without the jobs and associated incomes it might be argued that nothing much has changed. A huge amount of energy has gone into 'thinking the unthinkable' on diversifying the economic base and creating opportunities for non manufacturing growth, but despite much rhetoric, it is too early to say whether creative or knowledge based industries, tourism, sports and arts have the potential to fill the gap or make up the shortfall. Added to this we can't say exactly how influential individual elites have been.

Strategically, there is evidence of close collaboration and networking between key elites, but who can say, with certainty, that this has not been anything more than a bunch of friends getting together regularly to pat each others' backs, and 'sing from the same hymn sheet'? There are many strategic forums, some involving elites, others with broader representation across the region. It is impossible to say if they were stimulated by earlier regime activities or not. Maybe they would have happened anyway with the advent of RDAs, or to draw down Euro monies, but the scale of strategic bodies is staggering in the region. Not all of them have arisen because of central of European direction, because quite a lot are bottom up initiatives, such as Task Forces. The region is a 'region of forums', and though a lot of these are talking shops, some of them do actually achieve things. Personal experience on various forums, including the Regional Observatory Steering Group, indicates that they are

far from mere talking shops. The unique partnership approach, which merges all sectors, has many long term effects, but there is no way of knowing if it is attributable to elite regime activity. What is obvious is that elites circulate, and this facilitates knowledge and information flow.

Cultural change and raising aspirations are both worthy aims, but the region has a long way to go yet, so it would be very unwise to suggest that regime activity has changed much. Classical indicators still reveal poor educational, health and lifestyle factors, and the level of entrepreneurialism remains much as it has always been. Despite this, Newcastle and surrounding areas are buzzing with new initiatives, a thriving artistic and design community is beginning to develop, and in the urban areas, at least, some changes are being witnessed. There are hopes that the Regional Innovation Fund will increase business start ups<sup>124</sup>.

However, in the political sphere, there is more apparent success. Lobbying has been a contributing, if not the entire reason, for the establishment of RDAs. Bridge was a close advisor to Prescott and Caborn, so had an input into the structure and financing of these bodies. He also lobbied, with other elites to have RDA budgets increased, and the 'single pot' changes came into place in April 2002. The region is much higher up the political agenda than it was, and is expected to be the first region to have a Regional Assembly, once public opinion is guaranteed and a successful referendum held<sup>125</sup>. The Barnett Formula will be reviewed, after much pressure from elites, and

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<sup>124</sup> There is a thriving design community; in and around Newcastle, and knowledge based industries are growing.

<sup>125</sup> House of Commons meeting, December, 2001. LG Minister, outlined plans for Regional Assemblies. NE is anticipated to be the first region to establish one. Author was in attendance.

some backbench supporters in the House of Commons<sup>126</sup>. None of these political changes can be solely attributed to elites as others have long campaigned for change (including this author), but it is an unquestionable fact that elites have worked hard on raising the national and international profile of the region. Moreover, the political changes may result from factors, other than campaigning or lobbying. The regional media has filled many column inches over the recent past highlighting the plight of the region, European programmes have crucially highlighted the social and economic divide, and Scottish, Welsh and NI devolution are genies now out of the bottle. The region is now thought to speak as one voice, even though it is recognised that tensions and conflicts reside just under the very flimsy surface. Individuals and institutions have coalesced around a political banner, so the synthesis of a business community (articulated through the Regional Chamber), the political and local communities (Through CNEA, NEA, NECC and CFER), and the public and service sector communities (GONE, ONE, Health, Police, and other regional agencies) means that a united front is presented and regional voices heard. Elites have been an integral part of this combined articulation, over a protracted period.

Elites point to a more confident and self assured region, no longer dependent and looking towards a successful future. The rhetoric needs to be matched with realism, and Bridge recently cautioned that:

*'The **only** measure of success will be when we are no long reliant on public subsidy'* (December 2001)

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<sup>126</sup> Joyce Quin announced that she will retire from the Commons to take up the regional cause . She is a signatory to the 'Yes Campaign' (14th September 2001).

Clearly, the region is changing to some degree, and those elites, whose activities and power relationships have been outlined in the preceding chapter, are obsessed with bringing about more changes, as we shall see in the following chapters, containing examples of specific cases that illustrate just how they have aligned economic, social and cultural activities within global and other constraints.

## Chapter 5

### The Case of Siemens UK: The Regional Regime and FDI

*'The Tories closed the mines and the shipyards. Now the Blair government is standing by to see whether anything is left after the struggle for survival'* (Letter to the Journal Newspaper, September 1998)

*'It's a fragile economy that is based on inward investment.'*  
(Tomaney)

*'Inward Investment is a continuous thread through changing fads, fashions and ideologies. There is no uncritical acceptance that a branch plant syndrome is no longer a problem'* (Robinson, 1990, BBC TV)

#### Introduction

The earlier chapters set the historical and theoretical parameters of the existence of an elite regime and this chapter presents the first of three detailed case studies. In recent years a consensus has emerged on the need to build local and regional capacities to support and embed sustainable forms of economic development, and FDI has been regarded as one important form, in other words, 'regional actors need to attract FDI by creating an infrastructure of cultural collaboration, which is of equal importance to the physical needs. Interactions are informal and the social glue to foster cooperation.' (Kanter, 1995: 151-160)

This chapter provides an examination of the efforts of elites attract Siemens' to the NE, and then how they acted to try to ameliorate the effects of the withdrawal sixteen months of operation. It shows how central and local state actors inter-acted



with regional elites to develop coherence as the NE was pitted against other competitor regions. It brings into question just how much autonomy and legitimacy elites have, how they were drawn together to negotiate and bargain, and confirms that autonomy was constrained and contingent on funding decisions made by central government and the corporate might of Siemens''.

The decision is of interest because it illustrates the complex interplay of resources that each agency contributed, and brings into focus exactly how much power and influence regional actors wield in comparison with central government.

A short lived, high profile case, it did create institutional innovation and elite entrepreneurship in multi-sector agencies, as they came together to attract the company, but more importantly they were able to form a task force to cope with the closure decision sixteen months later. Siemens' did permit elites to redefine and validate their activities, but revealed how risky inward investment was as a core strategy is. It had the indirect benefit of concentrating minds on indigenous industries, and left a legacy of infrastructure and networks established for R&D in universities, clustering and supply chains, built up during the period.

Regional interests were never equal partners to Siemens' globally, or government nationally, but civil servants did help to legitimise activities, but lack of fundamental resources meant that without support from national government elites were not in a position to persuade Siemens to stay.

It concludes by demonstrating that no matter how effective elites were in developing regional capacities including PR, marketing and lobbying skills to embed an important FDI, the national and international flow of capital was outside of the control of regional elites. It demonstrates that despite exhortations for regions

to shape their own regeneration policies the rapidity and increased mobility of international capital leaves them neutered.

Many doubts have been expressed, documented and debated over recent past about the quantitative and qualitative impact of inward investment because of the rootlessness of multinational operations, lack of integration in the local economy, weak multiplier effects, quality and remuneration of 'screwdriver jobs' or lack of high level functions (Thomas, 1996: 225-240). There has also been concern about where companies should be located, and the degree of geographic imbalance brought about by clustering of plants in specific corridors throughout the UK. To add to these concerns, Barnett funding arrangements meant that substantial sums of money previously given through the Welsh Office and Scottish Offices was used to 'poach' new investment (Tomaney, 1998: keynote speech based on CNA pamphlet). FDI was not a panacea to solve all economic ills, though it was still of strategic importance for national, and regional economies (Thomas, 1996: 225-240). Inward investment policies between localities, over time was a reflection of a very complex mix of economic and political factors, and engendered a growing debate on whether it should take precedence over the development of indigenous industries (Collis and Noon, 1994: 843-849).

Siemens, one of the world's leading companies in the field of electrical and electronic engineering, employing 300,000 people worldwide, is German owned, and has been expanding for the past few decades, notably in Villach, Austria and Regensburg, Germany. It is well established in the UK and began to look for semiconductor markets outside of Germany. The scale of the investment worth an estimated £1.1 billion was anticipated to generate 1800 jobs, in the planned first

phase. The plant produced ASICs (Application Specific Integrated Circuits), for use in telecommunications, and the decision to locate in the NE was presented by the Conservative government as confirmation of the success of its regional economic policies. In the words of Ian Lang, policies that had contributed to *'a skilled and flexible labour force'* and *'excellent labour relations'* (on a visit to the region).

Important financial, technical, strategic and political issues were considered before North Tyneside was chosen in preference to other competitor sites, but the case does reveal how elites were able to demonstrate their capacity to strategically collaborate, since the arrival of Nissan, the prototype FDI in the mid 1980s. Bridge (NDC) gave a strong lead, supported by other elites who maintained informal and mutually reciprocal relationships; managerial and professional public entrepreneurs and politically astute business and other interests were drawn in to provide resources, personnel and information. Siemens' gave elites the opportunity to develop a common vision of transformation, dynamism and renaissance, and this coincided with the modernisation project that Government Ministers and civil servants were proposing for the region. What became evident, however, was that uppermost in the minds of Ministers was the political capital to be gained from such a high profile investment. Inevitably this top down strategy marginalized and forced elites into a secondary role at the "attraction" stage, but they still fulfilled many important roles, not least high level lobbying prior to the decision and drawing together resources, but the volatility and transience of global capital meant that no matter what Herculean regional efforts were made the plug was still pulled.

Crucially it showed that innovative and entrepreneurial strategies alone cannot rectify social and economic problems which rely on external forces, so once the

decision had been made to close the plant, elites went into overdrive by shifting strategies to provide personnel and information for a task force, lobbied government and overseas investors in an attempt to reverse the decision and find a new buyer for the plant.

## **Background to the investment**

In a rapidly changing semi-conductor market, in January 1995 an initial enquiry was made to IBB, DTI in London from Siemens concerning possible sites for a major wafer fabrication plant in the UK. The potential scale of the investment produced a rapid response in Westminster and Whitehall.<sup>127</sup> IBB immediately coordinated the process through English Partnerships (EP) and Bridge at NDC. EP began to offer sites from its UK portfolio, offer assistance on technical requirements, above all to satisfy the need for a level, vibration-free green-field site, with good access, electricity and water supply.

NE agencies were informed of the prospect of the investment, but at the very early stages there was no desire to have a competitive auction of contending claims as each region vied with the other. Elites began to lobby Siemens' executives and contending sites were narrowed down to Hadrian Business Park, North Tyneside (NT), and Springvale Park, Wolverhampton. Between June and July 1995, Siemens' executives visited both sites and at this stage regional agencies were drawn into the process.

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<sup>127</sup> The Deputy Prime Minister, Michael Heseltine, was actively involved from the earliest stages.

Senior executives from Siemens' visited the NT site five times between 16 May and 2 August 1995, during which they began to articulate how impressed they were with regional agencies for co-ordinating and bringing together high quality information that would inform their final decision.<sup>128</sup>

Until early 1998 the semi-conductor chip market was the fastest growing market in the world, valued at well over US \$200 billion, and there was a worldwide market for such a portable product with a very high added value. After a decade in which Siemens had made large losses in semi-conductors, the signs between 1995 and 1997 suggested that this particular area of their business was beginning to yield significant dividends.<sup>129</sup>

Siemens' needed to increase productive capacity, and the rapidly changing nature of the market accounted for the crucial importance attached to an expeditious decision making process. The UK alone represented a massive market for semi-conductors worth £3.5 billion per annum as one Siemens' executive confirmed:

*'we want to be close to that market'* (Siemens)

and

*'North Tyneside was an Anglo-American bridge into global markets'*  
(Siemens)

Labour costs in Germany in 1995/6 were a great deal higher than in many other parts of the EU, both in terms of hourly labour costs and also in non-wage labour costs, such as employers' contributions to social insurance, see **Appendix 5.0** The

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<sup>128</sup> Made on 4 August 1995 in Munich at Siemens' Board meeting.

<sup>129</sup> 7% of group sales and 14% of pre-tax profit (Siemens' UK Annual Reports 1993, 1994).

significance of this differential in Siemens' calculations was confirmed when interviewees considered the relative importance of factors in Tyneside's favour: it was consistently cited as 'a very important factor of crucial significance', the highest rating possible. In a capital intensive venture such as this labour costs represent at most about 15% of the projects total costs, this was still a significant enough differential to ensure that the NE's low wage levels were an important factor in the firm's considerations, as reflected in the following:

*'It was a political decision, because of non-unionised cheap labour. We used a worldwide criteria on which to base investment decisions'*  
(Siemens)

The NE's additional attractiveness for Siemens was also the fact that workers in manufacturing industry are paid considerably below the national average (see **Appendix 5.1**), a ready pool of labour was available to employers, NT's unemployment rate in October, 1996 stood at a rate of 8.9 %, with the bulk of this being male unemployment. **Appendix 5.2** A *Daily Telegraph* report showed that on the first working day after the announcement of Siemens decision, on Monday 7 August, over 3,000 telephone enquiries had been made to the employment centre in North Shields by noon. Another important labour factor which carried significant weight with the Siemens management team was the financial role that Tyneside TEC was willing to train the workforce required by Siemens.

Siemens' executives referred to the importance of the financial package devised by central government and the local agencies to offset some of the costs of land purchase, site preparation and buildings. Financial assistance alone did not sway the decision in Tyneside's favour, since the financial inducements offered by the Austrian government were greater in sum than those available in the UK. NT

qualified for Regional Selective Assistance (RSA), furthermore it became apparent to Siemens that more than just the RSA grant would apply. Although there were wildly speculative figures quoted in the press concerning the size of the financial package the findings indicate that the package finally offered was substantial but not excessive, and most importantly included a series of commitments that Siemens would get the new plant into production as quickly as possible. The RSA grant, the single largest component of the package, amounted to £30m, and was part of central government's sop to NE, in the hope that 1500 high tech jobs would be created, in the wake of the Swan Hunter closure. NT City Challenge fund and Tyneside TEC offered £15m for infrastructure development and training costs respectively. EP took financial responsibility for site preparation, a contribution of a further £15m, whereas NT Council contributed a further £150,000. Additionally, there was a comprehensive set of non-financial commitments to support the investment. Since the land was largely on enterprise zone land, it was mostly zero-rated. NT City Challenge altered many of its programmes to dovetail its infrastructure programme to meet the needs of Siemens'.

Grant, Tyneside TEC, was influential in using the agency as a conduit for substantial customised recruitment and training programmes, as well as holding a comprehensive knowledge base on the regional labour market. Previous inward investment experience was put to good use and Grant indicated that:

*'Siemens needed to be assured that we would listen and talk to them and be able to provide support for their demanding recruitment and training needs. In conjunction with the Employment Service we enabled Siemens to come to a decision.'*

Siemens' executives indicated that this comprehensive support package has been 'invaluable' in the recruitment process.

A variety of technical considerations also made the NT site particularly suitable. The production of ASICs required excellent ground conditions, completely level and free from any subsidence or vibration. Although mainly former farmland, concern was expressed on the fact that parts of the area had for the previous 200 years also been part of the coalmining heartland. Despite the fact that there were old pit shafts on the site, the vibration tests, carried out by consultant engineers *Over-Arup*, proved it to be vibration free.

Another essential technical requirement was a plentiful supply of pure water. Holliday, Chair of Northumbria Water, an environmental specialist, had high-level discussions with Siemens' to confirm that water available would meet their stringent quality criteria. Wafer-chips cannot be manufactured without a ready supply of high quality de-ionised water. The company also took into consideration electricity costs and the quality of service offered by the local supplier. These compared favourably with the electricity services available at the five other main competitor sites, interviewees attributed an 'excellent' grading to the suitability of the local electricity supplier.

Siemens' were also concerned about recruiting a sufficient number of skilled graduates in electronic engineering or other disciplines, so Siemens executives were introduced to representatives of all local universities, in particular Wright of Sunderland and Wright of Newcastle. **Appendix 5. 3** shows that the region had a large number of graduates and post-graduates entering the labour market equipped



with the requisite skills. The following quote is illustrative of many comments at interview:

*'We have good infrastructure, large adaptable and potentially productive workforce, low costs, excellent FE/HE provision and excellent communications'* (Wright)

German companies prefer the flexibility of British engineers who receive a more generalist training to their German counterparts who tend to be highly specialised.

The universities became involved in a number of other ways; Northumbria and Newcastle provided training in conjunction with Tyneside TEC. Siemens' also provided funding for a number of research studentships. Balls, TWDC, secured funding to create the *Siemens' Chair of Micro-Electronics* in the Electronic Engineering department. Professor Anthony O'Neill, the first incumbent, was a leading academic in this field, who was involved in persuading the company to choose the NE.

The NE, although an area with a strong tradition of trade unionism, has never been an area noted for industrial militancy, and interviewees commented on the good labour relations. Officials and leading lay members of the Northern Regional TUC and the largest Unions are mainly 'moderates'. The decline of the traditional industries in the NE has meant that the largest trade unions experienced a decline in membership, and a consequential competition between unions to win the right to organise in many of the inward investor plants. Disputes in these companies are virtually unheard of.

A positive picture of labour relations, and co-operative relations between companies and the mainly Labour local authorities of the region, was confirmed by

interviewees from the Siemens management team, one who wished to remain anonymous claimed:

*'Analysts have questioned the sense of the initial investment, given that the micro chip market was already falling, but in my view North Tyneside was a speculative investment, only one part of global operation, and it was a wake up call to German workers, because of their high wage demands. NDC and the other partners in the region were able to push things along very quickly without much trade union opposition, and this conveyed a strong message to trade unions and the Board back home.'*

Siemens also had discussions with senior managers of inward investment companies, facilitated by Bridge of ONE and Denham of GONE. Siemens' management team was with Mr Reinhard Schutz, Managing Director of the NT plant of Freudenberg Technical Products, a large manufacturer of fluid hydraulic seals, who attended a lunch. He spoke in very positive terms of his experiences in the region, in particular the quality of the workforce, the supportiveness of local agencies, and the high quality of life in the region.

The existence of an efficient road network, a relatively low level of corporate taxation, and the ease with which profits could be remitted to the parent company were factors in the NE's favour. Siemens executives' were asked to choose the most relevant variables in the decision to locate in NT and to assess each site in turn under various essential criteria, as can be seen from **Appendix 5.4**. It is clear that NT and the UK possessed a distinct competitive advantage over the other sites considered.

After the decision to close it became evident that:

*'NDC and the regional partners gave a very slick performance, but the decision to close was really a domestic one back in Germany where the internal Board politics had the old guard, von Perrier pitted against Ulrich Schumacher'* (Anonymous interview)

Schumacher was appointed Chief Operating Officer and second in command in the Siemens' Board in October 1997. The NT plant became a white elephant when the price of DRam wafers began to slump in late 1996, and early 1997. Hyundai and Lucky Goldstar went to South Wales, but Siemens had heavily invested in NT, especially in capital costs of \$100m per wafers produced per week, and the industry standard of 15% labour costs. One executive commented:

*'Hyundai and Goldstar were already aware of the gross over capacity in production, but unlike Siemens they decided not to equip their factories or take on many staff'* (Siemens)

Siemens was unable to diversify its portfolio to produce logic wafers, which would have been more applicable to other consumer goods (existing D Ram AISICs were circuits for front ends of computers, and had no other use) because they did not have either intellectual property rights or designers capable of converting the North Tyneside plant. Added to this:

*'At the time West German workers were producing half the productivity that NT workers, and NT products were much more appropriate to market demand, so the closure made no commercial sense whatsoever. NT did have massive overheads, and £600m had been invested, but it was easier for the Board to make the decision to close NT, get out of the semi-conductor market than it was to close other parts of world wide operations'* (Siemens)

As investment dried up, the price of chips fell dramatically the closure decision was taken:

*'To satisfy shareholders, West German workers, and the in-fighting at Board level, rather than on commercial viability' (Siemens)*

In June 1998 Siemens suffered its worst ever losses, and Von Perrier, the CEO was:

*'Being barked at on all fronts to do something to appease shareholders. Schumacher, the Young Pretender, was the most vociferous critic. Von Perrier came up with a ten-point plan of action' (Siemens)*

Executives from NT were called to Munich, told the news, and as one, anonymous source claimed:

*'I was told to sit in the decision for three days in Germany, and think about how we could exit from NT with dignity, given that there would be a political furore. We agreed that it would shut on August 10<sup>th</sup> 1998, and that Schumacher would be the hatchet man who would stand up in front of 500 workers and tell them that, despite better technology and superb production, the world market for chips had fallen to such an extent that there was no option but to close.'*

£6m of debt was written off and the closure cost £20m in redundancies and related payments, but what the NT workers didn't know was that:

*'the secret they weren't let in on, was that Schumacher's reward from the Board in Germany, for handling the closure was his own spin off semi-conductor company, Infineon' (Anonymous)*

The Siemens plant, in the words of one executive, became:

*'The biggest piece of real estate in the world' (Siemens)*

And, as we shall discover in the next section, the scale of the investment, which elites initially hailed as a beacon of hope in the region's fortunes, turned quickly into an albatross around their necks, as they had to consider contingency action after

the closure announcement. Before assessing how they dealt with closure plans we examine the exact activities and inter-relationships between elites in the attraction and closure phases.

### **Activities and Power Inter-relationships**

The Siemens' case permitted elites to redefine their roles, activities and inter-relationships because it was a critical incidence in the regional story of modernisation and transformation. It was therefore regarded as a catalyst for new thinking, in particular in response to the vulnerability and continued dependency, not only on foreign inward investment but also on the national state. This became an appropriate time for elites to start considering other strategies that might enhance the social and cultural life of the region, as the cases in chapters six and seven will confirm.

In terms of the activities and power inter-relationships interviewees were asked to determine which individuals and agencies were powerful or influential in the Siemens case. **Fig 5.0** is a composite illustration of the resource base that each agency brought to the case, with individuals ranked according to their profile, centrality to decision-making, and capacity to harness relevant tangible and intangible resources.

**Fig 5.0 Resources each agency contributed to Siemens case**

Indicators	NDC	EP	Universities	Utilities	NEA	Business Community	LAs	TWDC	GONE	TECS	Central Govt (IBB)
Involvement in choice of site.	M	H	L	M	M	M	M	L (Low)	M	L-	H
Financial support	L	M	L	L	L	L	M	L	M	L	H
Technical support	L	H	H	M	L	L	M	L	L	M	H
High Profile Actors/Image Planning permission	H	L	H	L	H	H	H	H	H	H	H
Knowledge and expertise on regional stats etc	H	H	H	L	M	M	H	M	M	H	M
Links with other Inw Investors	H	M	L	L	M	H	H	M	M	M	M
Political influence	H	M	L	L	M	M	M	M	H	M	H
Good will and non financial support	H	M	H	H	H	H	H	H	M	M	M
Provision of skills base	L	L	H	L	L	L	M	L	L	H	L
Resource capacity (i) People	L	L	H	L	L	M	H	L	L	L	L
Resource capacity (ii) Finance	M	M	M	M	M	M	-	M	M	L	L
Status	H	L	H	L	M	H	H	H	M	M	M
Size of organisation	L	L	L	M	L	M	L	L	M	M	H
Size of staff	L	L	L	M	L	M	L	L	M	M	M

Despite regional input, the Major government had set the overall economic framework within which the investment took place. and the level of corporation tax was as a key factor in the decision, as was the provision of a financial package. The Deputy P.M., Heseltine, was held in high regard for his negotiation skills. DTI and IBB commissioned research, recruited technical consultants and provided grants, data and expertise. Siemens' executives in the UK and in Germany were in a relatively influential position in the early stages because of their knowledge of UK workforce and the business situation, and when the decision was taken to close the plant, it became obvious they had ultimate power.

Interviewees could not agree on whether EP, NDC or GONE acted as the lead body. EP, but what became clear was that EP acted as the conduit organisation and coordinated all the various regional bodies. As the following quotes demonstrate:

*'We didn't have to manage conflict, there was none. It was a team effort, all the agencies will claim credit, but we had the lead.'*

(Bowman, EP)

*'We had no political axe to grind, all we had to do was get them to come here'* (Bowman, EP)

*'We let NDC so the red carpet job; IBB was good at paperwork but we excel at the technical aspects and without good water, electricity and vibration Siemens wouldn't have chosen us. We put together a package of sites in a glossy brochure and then engaged the consultants. We were the main contact with Siemens in Germany. Don't let Bridge tell you otherwise, NDCs role was quite minimal'* (Bowman, EP)

*'The business sector didn't have much of a role but we let them think they were important'* (Bowman, EP)

A contrary view from NDC:

*'They would never had come, had we not taken the initiative'*  
(NDC)

And a business view;

*'Business in this region is so well organised, and helpful to new investors that Siemens knew they'd be made welcome'* (Wrigglesworth)

The aforementioned quotes confirm the importance placed on consensus, despite the recognition that political infighting is a fact of life. PR and marketing were an essential ingredient to overcome some of the divisions because continued reference to the ideology convinced even the most vehement detractors that it would be in everyone's interest to articulate a common vision.

EP carried out a traffic impact study, ground investigation, magnetic influences, wind data, topographical surveys, procurements, contracts, infrastructure assessments in the period leading up to the plant opening. In collaboration with NTBC they found temporary accommodation for all the contract workers; this transpired into a logistic headache. Siemens' executives praised the strong support offered by:

*'John (NDC), and his Chief Officers'* (Siemens Executive)

Bridge:

*'Was very focused, rational and instrumental in bringing Siemens here'*  
(local authority)

*'Personable, able and experienced. He's also a confidante of Ministers, which does us no harm'* (Robson)

*'Has strategic control of the media and ability to see the big picture; these are his best strengths'* (EP representative interview)

And he and Balls are:

*'Skilled operators. Whenever there's a northern view required they are both wheeled on to the media stage. They are both good with the national and regional media'* (EP)



This demonstrates the functional and instrumental nature of elite activities because FDI can bring fresh resources into the region, but only if elites continue lobbying and PR efforts. These activities, not only legitimised the chosen strategies, but also had the effect of securing resources above generalised national expenditure. There was a hope that Siemens' would validate the clustering policy, benefit R&D, provide direct and indirect employment, but stimulate infrastructure development. NDC worked with TWDC, TECs, business and other agencies, and clearly the ability of Bridge and other elites to lobby at senior levels was a crucial factor in the success. Denham and other civil servants were pivotal in helping to make the business case, on behalf of the region. She became a lynchpin between the NE and Whitehall, with responsibility for keeping EP/IBB/DTI informed of progress. All elites, including Denham used existing political, business, and personal networks to lobby central and European governments in the phase leading to the decision to locate, and in the withdrawal phase. In particular, the business community and NDC/NEA used what influence they could to pressurise MPs, MEPs and any one else of import, who could have effect the final decisions. NDC, through its Ambassadorial Scheme, and NEA, through the Brussels Office, obtained information on European grants, and both became useful avenues to look for suitable buyers after closure. The Task Force created once the company decided to withdraw is an example of what elites do best, using networks in a crisis situation. No matter how smoothly such processes run, it means little if they have 'no teeth', and clearly in this case the Task Force did not have much power, but members would claim that they were instrumental in finding a new buyer.

Bridge, an economist with a long history of working at NDC, had excellent lobbying skills and a sharp understanding of how the NE relates to the political economy.<sup>130</sup> He did not act alone as it was vital to draw on as many resources as possible to persuade Siemens to relocate, so Denham represented GONE, Robson, Gill and McCormick represented local authorities and NEA, in setting up meetings and venues for Siemens' visits. Many leading business people, such as Wrigglesworth, Midgley and Watkin, became involved and:

*'It was the socialising and informal nature of the links we made that could have swung it in inward investment terms'* (Robson)

Robson, Gill, McCormick and Bridge (as well as North Tyneside BC, Regional Chamber of Commerce and NEA) allowed ED and R&I staff to be available for establishing sources of finance, procurement opportunities, labour market information and land availability.

Regular and informal communications between elites meant that NDC and EP held vital information on local supplier base and very extensive links into the business, public sector and other agencies. This facilitated a speedy response to queries from Siemens' executives and they were able to draw on specialist expertise on finance, marketing, skill levels, and utilities, land availability, as necessary. Officers from NEA and local authorities were seconded as secretarial support. The Regional Chamber, NDC and GONE offices would be used as venues, at other times executives were taken to sporting events, cultural or artistic venues and wined and dined by groups of elites, as this commentary confirms:

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<sup>130</sup> A planned one-hour interview with Bridge lasted for almost four, as he explained comprehensively the NE relative global positioning.

*'We go to theatre or football I have a Director's box there, and horseracing. After the traumatic closures of the past we've put energy and a corporate philosophy into getting inward investment'* (Watkin)

Together elites provided an overview framework of regional resources and able to present Siemens' with a watertight portfolio of key considerations. In this way the company, like earlier FDIs, became part of the overall portfolio of economic activity, an adaptation of national policy to regional needs.

NTBC, TEC, and the universities, headed by Bridge, Denham, Gill, Grant, Wright, Robson, Balls and Wrigglesworth, commissioned or allowed their own organisations to carry out research into labour costs and availability, consultancy charges, employment trends. A skills directory for Inward Investors was produced for Siemens' executives, by NBF, to make better-informed judgements, and as the following quote shows, elite actors also involved civil servants in their activities:

*'We had a learning tool route map for new investors, run by a DTI secondee and Nat West bank, and a bank of knowledge that we share on good practice companies'* (NBF)

LAs, through NEA, worked with other agencies to make resources such as finance, officer time, facilities or venues, and officers available in the planning and welcoming stages. Networking between universities, development agencies, industrial and commercial sectors and public/service sectors, allowed representatives to be drawn together at different times, for example Denham was used on financial and political issues, given her regular visits and contacts with Whitehall. Grant advised on training. Wright on university business, and Mills and Howard on trade union issues. Gill and Robson met with, or spoke with, all Directors of ED across the region to establish land availability, infrastructure, skills levels, utilities provision. Utility Heads and TEC, TWDC, University CEOs were included in these connections, and presentations

were made to the Germans on various features of regional skills and resources. The whole exercise was a strategically planned, self-congratulatory validation of elite activities, as they knew that the significance and scale of the case would raise the profile of the region, but such a large coup would enable them to deflect criticism from those uneasy about 'putting the regional eggs in one basket', in other words a heavy reliance on inward investment.

NTBC appointed a specific officer to run the Siemens Project and:

*'Took a lead role due to the importance of the investment and Foster, the CEO was happy to provide officer time' (Bilson)*

As well as giving financial advice, because:

*'It was on a City Challenge site so we could advise Siemens' on any finance that could be drawn down' (Pellow).*

*'The site was on freehold land owned by NTBC but TWEDCO had the lease so we had to negotiate on Siemens behalf' (Pellow).*

At different points in the case, elites from NDC, NEA, TWDC, TEC, Universities, TUs and GONE acted as brokers in managing networks, such as bringing together indigenous and inward investment companies. As senior strategists with an overview of the region Denham, Wright and Bridge were in positions from which they could call on regional expertise, resources and R&D facilities. It was useful for them to connect Siemens' into regional initiatives such as the Regional Competitiveness Project, Manufacturing and Service Challenges, supply chain networks, benchmarking and best practice clubs as soon as possible, not only because it might benefit the company, but the indirect benefit was a large investor company gave the 'NE manufacturing way' a stamp of approval.

As well as acting individually and on behalf of their agencies, elites acted in this case as civic spokesmen e.g. Gill and Robson represented their wards, business elites, such

as Wrigglesworth, expressed the business voice, and at the preliminary stages of the investment. The critical need to minimise conflict between competing local authorities of Gateshead and NTBC as both battled over where the plant should be located, meant that a compromise had to be achieved, as Gill asserted:

*'We've never been the same with NT since the demise of Tyne and Wear County, so we knew we'd have a battle on our hands. It got quite nasty, but we had to pull together in the end.'*

It was the role of elites to negotiate, bargain and resolve such conflicts, more especially after the closure announcement when it became evident that NTBC could do nothing alone. Elites provided the critical information link between local and regional levels by maintaining a continual dialogue and exchange of personnel between levels. Conflict inevitably also arose between competing rural and urban demands, between the needs of SMEs, vying to supply Siemens, as well as social and economic factors. Elites resolved as many of these conflicts as they were able to, so that reconciliations to the many demands across the region were agreed upon. FDI was a regeneration field with a multitude of competing agendas.

The rapid-response task force that was assembled once closure was announced acted quickly to provide DTI with information on existing personnel and other available resources. Bridge set it up on 3 August 98, only three days after the announcement. It consisted of Dobbie (GONE), Bridge (NDC), Blackie (EP), Avis (Siemens), Grant (TEC), representatives from NEA, Stringfellow (leader of NTBC, ONE Board member), Price Waterhouse, TWEDCO (Tyne and Wear Development Company) and DTI/IBB officials. All were invited to join, primarily because of their international links, and because the objective was to:

*'Package the plant to world wide buyers'* (Siemens)

*'Sending sales and marketing materials to embassies and foreign consuls, demonstrating the assets of the plant, and workforce skills. The aim was to sell the plant as a total, going concern. Consultants developed a video and internet link so that the message went around the world. Tyneside TEC set up a job club on site at Siemens and NTBC, set up a job search forum'* (Gill)

Two years were spent trying to find a buyer for the plant, and even an MBO attempt, fronted by the Production and Finance Directors was:

*'Thwarted by Schumacher, as it would have been in direct competition with his new company'* (Anonymous interview)

Formal bids were received from Chinese companies, but the Chinese government would not give assurances to underwrite any debts, so that bid failed. Task Force personnel made countless visits around the world and in early 1999 efforts to secure a new buyer seemed limited but by 8 September 2000 it was reported that Atmel, an international semi-conductor manufacturer based in San Jose, San Francisco, had proposed a joint venture with Siemens. Atmel was the third US Company to negotiate over the site in 18 months. Byers, the Secretary of State for Trade and Industry took the proposal seriously, asked the company to make a written submission, on the basis that any partners to the joint venture would commit £250m investment. There was no evidence to suggest that jobs created would match the 1,100 lost from the closure but the proposal was:

*'Welcomed by the investment support team of ONE'* (Bridge).

It was regarded as a:

*'Bargain basement price, of £74m'*

With the guarantee of £28m state aid. The company currently (mid 2002) has 320 employees but is hoping to create 700 more by the end of 2002, as the market for microchips has improved. However, as a company spokesman said recently:

*'In the aftermath of September 11, we'll need to key an eye on how well the sector performs in global markets'* (telephone interview, January 2002)

## **Conclusion: Effectiveness of the regime**

The decision by Siemens UK to locate its semiconductor microchip plant on NT was of major significance to the NE economy. It was hailed as a success by a Conservative central government as it gave credence to their policies. The belief in the power of the market to solve economic ills meant that the attraction of a large multinational company gave force to central government's argument that could reduce regional support.

Regional elites were happy to secure national resources, above and beyond generalised expenditure, and they were able to claim that this high profile inward investment would show that the region had reached a turning point and was now a site for large- scale investment. It therefore confirmed that the region was modernising, but elites also validated and confirmed the legitimacy of previous activities and processes. Regional policies such as clustering, supply chain, benchmarking and others were validated by the arrival of Siemens. Elites were able to redefine their activities and inter-linkages because it was thought that Siemens was a classic catalyst for change.

In the regional story it rates alongside Nissan as a critical incidence. The elite constellation was functional and instrumental as they all hoped that this success would create a new infrastructure, add to the R& D basis of the region, improve direct and indirect employment opportunities, as well as various spin off activities. In this way it was part of the traditional ideology of long termism and sustainability.

Resources and people were drawn together through formal and informal mechanisms and the ideology of growth was articulated by use of the media and any conflicts were managed so that future investments would not be jeopardised.

Elites negotiated with, and lobbied central government, and Siemens executives, by using Denham and other senior civil servants to lubricate some of the bargaining meetings. Ultimately, despite the effectiveness in drawing on regional resources, elites could do little other than to assemble a task force, given the volatility and transience of global capital. Herculean efforts to save the plant were useless.

On a more positive note, Siemens did mark a shift in thinking, as regional elites began to articulate the plight of the region and think more deeply about the dependency on inward investment as a sole strategic aim. Many benefits had accrued from Siemens, such as the development of technical know how, a skills base, R&D and organisational capacity, and none were entirely lost once Siemens withdrew. There is now an even greater bank of knowledge and information, and Siemens demonstrated that elites can work effectively together, but that support from external sources needs to be forthcoming. New innovative and entrepreneurial thinking, policies and practices cannot alone rectify the multitude of social and economic problems.

It was a short lived, very high profile risky strategy that brought about institutional innovation and individual entrepreneurial activity across a wide range of agencies, but at the end of the day decisions were being taken outside of the region and no amount of effort could alter that.

Elites felt let down by central government, and the Siemens withdrawal gave a greater impetus for elites to articulate the unfairness of the Barnett Formula and to begin in earnest with demands for a Regional Assembly. Siemens was therefore a catalyst to greater political lobbying for the region to be allowed to determine its own destiny.



In the next, very different, case we see how some of the skills and expertise developed by elites over the years in attracting inward investors were put to good use in an artistic and cultural project. Visual Arts is an example of how regeneration can be used to meet unmet social as well as economic need.

## Chapter Six

### The case of Visual Arts UK 1996: the Regional Regime and Arts

*'We learnt so much that we can pass on from Visual Arts, that perhaps we can turn the Siemens plant into a huge museum or gallery. It could be a state of the art microchip plant of the 1990s. We're very good artistic things, but we seem to be having a problem with industrial plants'* (MCCormick)

*'Our greatest ability in the region is that people and institutions can harness existing resources, and work in partnership towards shared goals. Visual Arts demonstrated this beautifully'* (Collard)

#### Introduction

In the previous chapter the findings illustrated the main influences over Siemens' investment decisions were related the company's need to reach new markets and the British government's macro promotion of inward investment. Elites had a secondary, though important role, however Siemens, like its predecessor Nissan gave elites the opportunity to redefine roles and activities, improve networking, information sharing and resource deployment to achieve a strategic approach. This ability to learn from past experiences has implications for future projects and, and within culture-led strategy the existence of a strong intra-regional regime has potential to avoid the fragmentation characteristic of earlier programme –led approaches. Cultural projects can raise the profile of a region, as well as maximising social benefits and minimising the disadvantages of fragmented approaches.

In this spirit Visual Arts 96, a regional project firmly rooted in the social system is introduced as a good example to illustrate how elites manipulate symbols and strategic rhetoric to foster an ideology of change. This was a locally based, bottom up initiative with a strong, existing institutional framework and very strong information flow from the grass roots to the regional, national and international levels. It was crucial to obtain financial support from the Arts Council and international sources, and commercial and industrial support in the early stages. Unlike the Siemens case this grass roots initiative engendered a strong sense of ownership from elites and community based actors. Elites were able to influence the project in much more significant ways than they had been able to influence Siemens' investment decisions. The level of autonomy they had was significantly greater than in the Siemens' case and demonstrated a flexible and innovative approach that allowed elites to enhance, maintain and enlarge their power base. The Arts Council originated the idea but once the bid was secured the power and influence of regional and sub regional elites to affect the overall success and outcomes of the event was vital.

It is also a classic demonstration of civil servants and local state officials drawn in to legitimise activities, resources drawn together to harmonise social and economic need as elites adapted and shaped a national initiative to play to regional strengths.

## **Background to Visual Arts**

Property development and economic forces have dominated regeneration and social regeneration has been largely ignored. We cannot ignore physical aspects because people need houses, schools, roads and leisure facilities but the social costs of under development has tremendous costs. There are questions on how much impact or bene-

fit to community's cultural and arts-led regeneration can have, or whether or not they are focused on raising the profile in the external world.

In the last two decades arts and cultural activities have become dynamic aspects of regional economies (Griffiths et al, 1999: 257-264, McCarthy and Lloyd, 1999: 264-8), and there are positive economic, social and symbolic benefits that might accrue, as well as a strategic approach to bring together the linkages, connections and networks.

**Appendix 6.0, 6.1, and 6.2** give some indication of employment in the cultural sector in the UK.

There is nothing new about art and creativity being used as a tool for regeneration as civic improvements in 19<sup>th</sup> century British cities, quite often funded by industrialists keen to show their wealth and prestige<sup>131</sup> Town halls, public libraries and galleries reflected civic pride in the booming industrial cities, and today government is investing in developing public arts such as the Tate Modern, and the Lowry Centre in Salford. Art is seen as a catalyst of cultural renewal and economic development, but there is debate over whether this is a viable strategy. Undeniably arts can bring people together and raise spirits but some artists believe that it is pious to assume that they will create urban renaissance. Without market prices it is impossible to fully appreciate the impact, though Throsby (2001) sees aesthetic, spiritual, social, historical, symbolic, authenticity or originality value as significant and Johnson and Thomas (1992) assessed revenue created and the multiplier effect of a museum. Few studies show the benefits of art, nor do they capture network development, awareness of the role of arts in people's lives, image change or spatial and historical information flow.

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<sup>131</sup> Some of the magnificent art galleries, museums and other buildings in Newcastle, Sunderland and Middlesbrough are good examples.

There are countless positive impacts of cultural regeneration, but there are also disadvantages. It can unlock creativity, imagination and innovation but there are concerns that it does not make up the shortfall in manufacturing activities. Not everyone believes that the time, personnel and other resources and costs devoted to cultural activities will bring the promised benefits. When questioned, elites believed that Visual Arts would raise the profile, stimulate the economy, create dynamism and bring local talent together. The theory was that cultural role models would help communities to become involved in arts, and a knock on effect would be possible world-class projects as magnets to property development. The Baltic Arts development has already attracted a large, popular property development scheme.

By nurturing world-class talent elites shared a vision that confidence would improve, relationships would be established and lessons learned would transfer to other activities. Moreover, as well as helping to stimulate investment there was a belief transport and other infrastructure improvements would add to sustainability and competitiveness. The need for cultural renaissance in the NE is embodied in the NE Cultural Strategy (2001), and the management of Visual Arts and the intra-regional networks that developed as a result played an important part in the success. (**Appendix 6.3.** reflects the complex institutional and policy framework surrounding the NE Cultural Strategy).

Competition for funding has intensified the need to justify the rationale of artistic projects, with post evaluation more prevalent. The Angel of the North generated more media exposure in its first year of its life than the £800,00 it cost to build (Tyneside Vision, 2001). Usherwood et al (2000) refers to this period as one of 'creative ferocity', with one hundred and eighty public sculptures established.

Mega events like the Winter Olympics at Lillehammer had a modest economic effect, and only the tourism industry really benefited. The long term economic benefits were certainly out of proportion to the huge costs of hosting them (Spilling, 1996: 321-343). The problems were the structural legacy and size of the economy and the disappearance of the ‘industrial intermezzo’ of temporary, short term and entrepreneurial activity after the event. An important lesson for the NE is that costs outweighed the benefits.

Interview data revealed that elites wanted to sustain the cultural and economic benefits long after VA came to an end, as reflected in this comment:

*The region is excellent and we need to invest in cultural elements (Hewitt)*

*Visual Arts brought about image change and we wanted to harness the dynamism and energy. NA has led the national Arts movement as we have some vibrant cultural areas (Hewitt)*

**Appendix 6.4 shows tourism figures for the NE.**

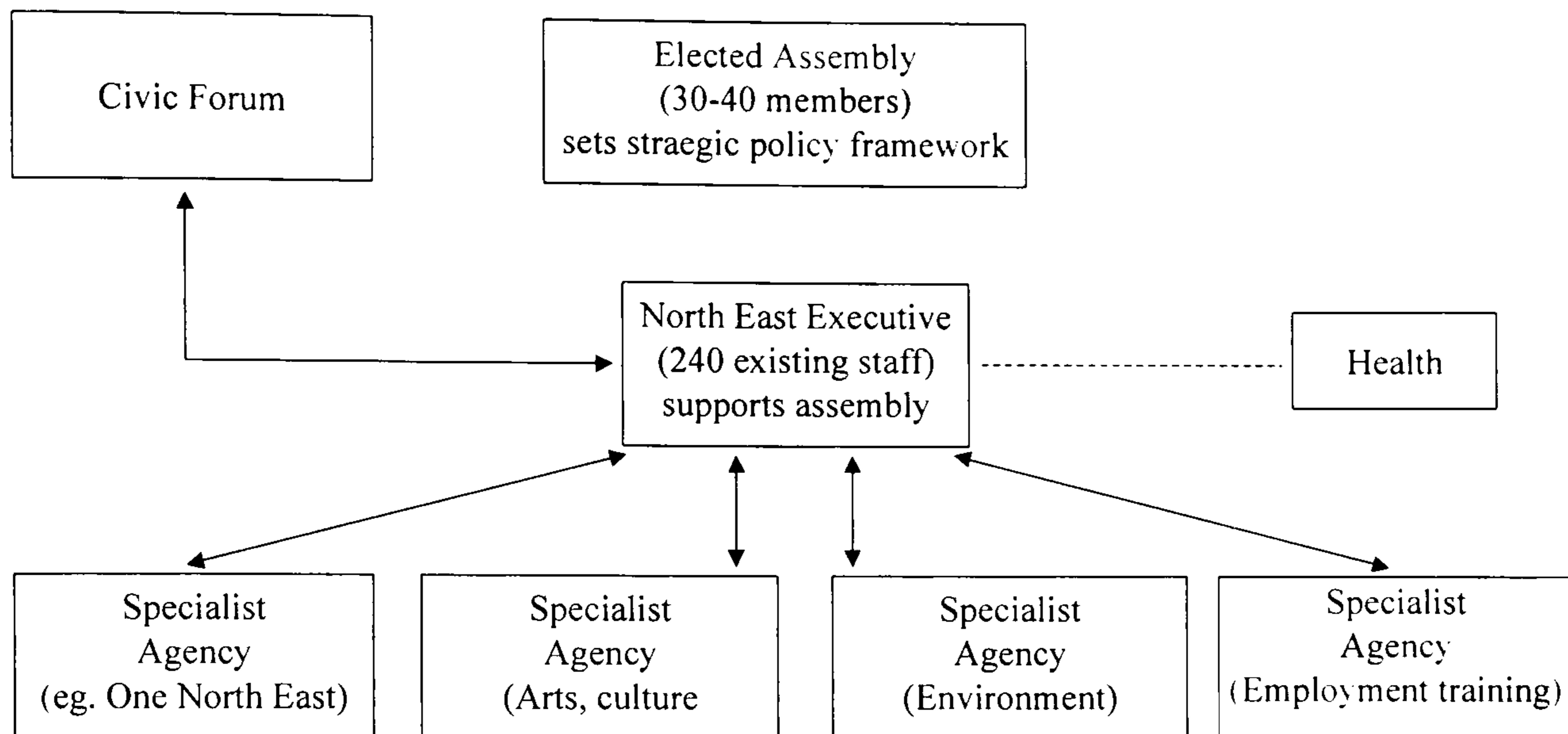
Furthermore there was a deliberate attempt to create an institutional framework and culture of sustainability and transformation, as the following quotes reveal:

*‘We had to re-invent an artistic culture because of the decline in the Arts industry’ (Hewitt)*

*‘We must keep arts graduates in the region’ (Dixon)*

ONE is relying on clustering as the strategic approach, to link regional, intermediary and local level networks. **Fig 6.0** shows how arts strategies fit into a proposed Regional Assembly.

**Fig 6.0 How arts strategy fits into a proposed Regional Assembly** Source: Culture Strategy NE, GONE



All interviewees agreed that VA UK 96 should focus on changing the perceptions, as Hewitt suggested:

*'Visual Arts was set up to change the perceptions, and business and politicians are keen on cultural affairs' (NA)*

But it was also a mechanism for a broad range of elite activities, with interconnections and multi-agency linkages across the region, as the examination following shows.

### **The Bidding Stage**

In 1991 the Chairman of the Arts Council, Lord Palumbo launched the Millennium project Arts 2000 Initiative which aimed to celebrate a different art form in a different part of the country each year between 1991 to 2000 and towns, cities and regions were given the opportunity to bid to host each annual event. The North of England won the bid, and elites worked in collaboration to shape policy and blend resources to develop economic and cultural activities. Competition was very strong across the UK.

The NE with its long established informal arts associations under the aegis of Northern Arts, became a strong contender. Other parts of the country made the decision to apply as towns or cities but the NE decided to bid to stage the event across the whole region. VAs triggered off the formation of new elite groupings that became absorbed into existing groupings, and the levels of influence they had changed over the eighteen months duration of the event, some elites and groups. Some elites were more influential in the bidding stages and others became influential once the event was underway.

In the bidding stage a multi-agency effort was vital so that a composite review of skills and resources could be determined. Northern Arts, NEA, NDC, GONE and other agencies had long experience of putting together competitive bids, made easier by the strong links NDC had into to the business community. Northern Sights, the body set up to run the event, worked with local artists and local communities, while LADAs (Local Authority Development Agencies) held a data base on local artistic expertise. In the initial stages it was decided that a good institutional structure would benefit overall success. Stark (NA) spoke with Gill and Robson (NEA), Denham (GONE), Bridge (NDC) to strategically analyse how regional artists, educational institutions, tourism, media and business resources could be drawn in. **Fig 6.1** is a composite review of agency involvement and resources used.



**Fig. 6 1 Resources each agency contributed to Visual Arts**

Indicators	Northern Arts (incl. English Partnership rep)	Tourist Board	NDC (incl. Trade Unions)	LADAs Com- munity	NEA	Business Commu- nity	Northern Sights	TWDC	GONE	ME- DIA	University and Colleges
Involvement in Bidding Process	H	M	M	M	M	M	-	L	L	-	-
Media links	H	L	M	M	L	M	H	M	L	H	L
Financial support	H	M	H	H	M	M	-	M	M	-	L
High Profile Actors/Image	H	L	H	L	H	H	H	H	H	L	H
Knowledge and expertise on community	H	M	M	H	M	M	H	M	L	H	M
Artistic links	H	M	L	H	M	M	H	M	L	H	M
Political influence	H	L	H	H	H	H	L	H	H	M	H
Good will and non financial support	H	M	H	H	H	H	H	H	M	M	M
Links with external environ- ment	H	H	H	M	M	H	H	H	M	H	H
Resource capacity (i) People	L	L	L	L	M	M	L	L	L	L	L
Resource capacity (ii) Finance	M	M	M	M	M	M	-	M	M	L	L
Status	H	L	H	L	M	H	H	H	M	M	M
Size of organisation	L	L	L	M	L	M	L	L	M	M	H
Size of staff	L	L	L	M	L	M	L	L	M	M	M

H = High, M = Medium, L = Low

£250,000 was needed to formulate the bid and to operate Northern Sights. so NDC secured sponsorship from businesses for start up costs and £750,000 for marketing, whereas ERDF, local authority finance, private sponsorship and lottery money made up the remainder. An estimated overall budget of £6 million pounds escalated to £25 million, but luckily:

*'Seed corn funding of £25k came from the Arts Council but they were so impressed that this figure was increased to £1million' (Collard)*

Stark (NA), a strong figure in public are convinced elites that the region had a strong competitive advantage due to its decentralised institutional framework of LADAs , and its innovative processes of commissioning artwork. They were pivotal in feeding artistic initiatives upwards to regional level, and to disseminate information and expertise. N.Sights, with Collard as the CEO, restricted personnel to five people, to create an 'information base', as the scaffolding thought necessary for future projects, thus:

*'We wanted to leave behind expertise and a framework' (Dixon)*

Stark had been a key figure in Garden Festivals in the UK; experience had taught him that large staffs and bureaucracies could not be sustained. Normally once a Festival ended people and their expertise disappeared.

## **After the bid**

*'What was good about V. Arts was the linkages between institutions, NDC, NEA, LAs, Northern Arts, Tourist Boards and the private sector. We did this formally and informally' (Hewitt)*

This comment gives an indication of the importance of creating inter-linkages both formally and informally between individuals and agencies. The Arts Council, as the

main funder, had an influential role but elites lobbied in London by using existing business sponsorship as leverage, to ensure they were well briefed beforehand; Col-lard and other elites made regular journeys to London. A Business Sponsorship Incentive Scheme (BSIS) in which central Government matched pound for pound was used in The NE to provide strong evidence that regional businesses were supportive. As one of ten Regional Arts Boards, NAs, Acted as the focal point and clearing-house for funding, co-ordination and advice.

NArts was financed from different sources, such as the Arts Council, British Crafts Council and British Film Institute, but raised finance from sponsoring LAs, business sponsors and local universities. Local area initiatives were given special status to draw in LA, Euro and lottery funding and specialist agencies such as Folkworks, Artist Agency, New Writing North, Northern Screen Commission and the Arts Marketing Company worked with grass roots artists, at strategic level, NDC, NEA, GONE, local authorities (through LADAs), the Sponsors Club, Regeneration Agencies, Broadcasting Companies, Media, Tourist Agencies, and universities and colleges were involved very early so that the bid could demonstrate cross-sectoral support, and thereby convince civil servants of its worth. As in Siemens', Denham and Bridge lobbied at national and European levels, in particular with the Department of National Heritage<sup>132</sup>, the Arts Council, the Crafts Council and the British Film Institute. NAs also worked with sports, heritage and tourism sectors to bid for Lottery Funding and LA s and the two UDCs made substantial funds available. £50 million was accessed from European sources so NAs worked as the focal point in funding applications.

Extensive networks between the artistic community and public and private sectors were evident in the 'Case for Capital', which was fully supported by NDC, NEA,

GONE, TWDC and other agencies to secure sponsorship. The media was used as free promotion for the event; Tyne Tees TV allowed one minute of airtime every evening for a project entitled 'My Favourite Object'; The Journal newspaper carried a daily arts league and commercials for regional artists; there were MPs briefings, Northern Electric Arts Awards, regional 'What's On' and a 'Northern Review' to sell the message, as well as :

*'Asking artists they wanted'* (Dixon)

And because of the:

*'Strong link between the sub-regional and regional institutions'* (Deane)

LADAs met with public arts officers, museum officers and other cultural groups to identify specific projects, thereby benefiting networking linkages. Northern Arts was organised around performing arts, publishing and broadcasting, visual arts, finance and resources, lottery and regional development

Cumbria and Northumbria, two of eleven RTBs with handed the task of promoting the region, but they were constrained as they only had £2m, the smallest proportion of national funding in the UK, to promote event. What they did make use of, however, was a well-established distribution network and translation service, to distribute brochures more widely. Both Boards promoted the region across national and international networks. Special holiday deals on hotels and travel, brought more visitors to the region, and in one particular deal Observer newspaper and Great North East Rail paid for a family to travel at low cost from any destination to the NE. .

Bridge, Gill, Robson and other elites worked closely with arts and tourist boards informally, but formally through N.Sights to plan and execute the project.

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<sup>132</sup> Later to become the Department of Culture Heritage, Media and Sport.

N.Sights, set up by the five organisations that led the bid (NEA, NDC, NAs and N&CT Boards) was formed as a charitable company limited by guarantee with the primary aims of devising, developing and delivering the artistic initiatives throughout the year. From inception it was designed to shape arts, generate funds, marketing and carry out PR activities. Though it was a focal point of activities, and had many elites on its board, it had no grant awarding powers. Membership was drawn from a wide selection of agencies, and rotating secondments facilitated knowledge and information transfer. As the budget holder for funding grass root artist's activities were channelled through it. No artwork was commissioned by Insights; instead this was left to local arts development officers and the artists themselves to initiate new ideas. This deliberate policy was designed to engender a bottom up approach. As an example, Gateshead artists in the Borough were invited to a meeting to suggest ideas for community arts projects, and Local Arts Development officers from Gateshead MBC determined the level of funding the local authority was prepared to finance, how much was likely to be forthcoming from NAs, and N.Sights acted as the conduit agency.

Co-ordination was essential as elites used the event as an innovative project that would:

*'Have the same effect as Glasgow and Barcelona's cultural growth had by changing the outside world's view. It was a long term aim' (Collard)*

And it was regarded as:

*'Part of a ten year strategy, a catalyst for the future. Not only would it show the region off to the rest of the world, attract visitors, and secure economic success, but it would demonstrate that the NE has the social capital that improves quality of life' (Collard)<sup>133</sup>*

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<sup>133</sup> Collard moved to the Festival of Arts and Ideas in New Haven, Connecticut after VA, but returned to lead the NGL, and the bid for European City of Culture 2008.

LAs were given a month in the calendar to profile local artists and N.Sights helped to promote them. TWDC, also allocated a week to profile existing or new work, was a key agency in Visual Arts. Balls, the COE, was:

*'A great supporter of the event, as its important to have arts in communities'* (Balls)

N.Sights as a Press Officer, on secondment from NAs, and continued to work closely with VA to ensure a cross fertilisation of ideas between the organisations and to develop a pool of expertise for future projects. He helped to shape perceptions and deflect criticism, as events caused considerable public debate:

*'When we put a controversial artwork in some public place, we knew the press would be on to it. The local press officer got as much publicity as we could, and then I would use that in our dealings with the London, and beyond audiences. It was all good exposure'* (Collard)

Conflict was resolved between businesses and local authority representatives by Local Arts Development officer who approached local companies for sponsorship: The following comment confirmed this:

*'Who would you trust the mavericks we have in local government here? I certainly don't'* (Watkin)

N. Sights developed as an arms length agency operated on a format that business could understand, and Collard wrote directly to business complainants to deflect criticism. As a short-term organisation everyone knew NS s purpose, and there was a deliberate attempt to make it different to multi-purpose local authorities. N. Sights therefore gained credibility.

Bridge took a strong lead and allowed NDC to contribute tangible and intangible resources, because its credibility and reputation, its longevity and capacity to manage alliances were considered to be critical to success. Having information on regional resources was an important factor. It had limited involvement in the bidding process

but gave office space for N. Sights, and seconded a Marketing Officer. NDC's promotional activities were mainly used to stimulate business involvement:

*'We know the business community well, and can contact them directly if need be'* (Bridge)

It was also recognised that cultural activities could benefit the economy are reflected in the following comment:

*'Japanese managers would ask why Newcastle was better than Cardiff or Birmingham, and we had to have evidence?'* (Robson)

*'A strong artistic and sporting/cultural life can be the deciding factor in whether they want to come here'* (Avis)

Bridge hosted dinners and social events, and the Inward Investment Unit held a database of international companies and the International Trade Office used VAs to promote the region. Wrigglesworth, and others saw VAs as a vehicle to achieve sustainability, thus:

*'There was a definite aim to try out new ideas in Visual Arts and pass them across sector'* (Wrigglesworth)

*'All the ideas learned were passed on to St. Peter's and Baltic Flourmills'* (Laurie)

As usual all agencies saw this as capable of regenerating the region, and VA personnel used all available data-bases. Bridge, McCormick, Robson, Gill, Denham, and Balls worked with Tourist boards, the VC s of Universities and colleges and NAs did a SWOT analysis of existing resources across the region and assessed the region's distinctive competitiveness against competitors to achieve a strategic fit needed:

*'We all have a keen sense of where we fit in relation to other regions, but we just need to know how to sell our strengths'* (Denham)

Research facilities were made available to VA organisers, and the existing skills directory used in FDI was a useful source to identify regional artistic groups. NDC drew

together specialists from the commercial and artistic world, links to the universities, and other service/public sector agencies were used to ensure that everyone knew as much as they could about the event, but could also offer their facilities to host installations, as this comment confirms:

*'We mounted exhibitions here in Sunderland and they were very successful. It also did the Media and Arts Department no harm to show what they could produce'* (Wright)

*'Reg Vardy, the car dealer is an excellent friend to the arts'* (Balls)

TWDC, through Balls, looked for high profile public art, flagship projects and VAs and St. Peter's Riverside Development were good examples. VA was timely for TWDC to market and raise the profile on existing initiatives, and officers drew on expertise in communities as well as channelling information to the general public, community representatives, and councillors. More especially LA officers, NDC, NAs, and GONE. TWDC was able to channel central and European finance that had been removed from LA budgets and establish links with the business community for sponsorship, thus:

*'We got KPMG to sponsor previews of artists' work and give finance for leaflets and brochures'* (Collard)

Balls provided £50,000 and office space at TWDC to house the secretariat, and though personnel were not seconded they contributed time in facilitating working groups and forums for community art. This became a crucial link between communities and the strategic level. Every LA invested in VAs, either by sponsorship through NEA or NAs, or in either creating new visual arts facilities or refurbishing of existing ones. All LADAs Arts and ED officers were involved in planning and review meetings, but more importantly a NEA Officer group had links to the Department of National Heritage Officer Group and the Regional Planning Guidance Steering Group.



They used the opportunity in meeting civil servants to continually negotiate and bargain for greater levels of support. There is no explicit evidence that this was forthcoming, but interviewees did confirm that the NE was regarded as a model of good partnership in Whitehall circles.

The officers group also made appointments to various regional bodies such as NDC, Northern Arts, the Northern Screen Commission, N.Sights, the Alliance of Maritime Regions in Europe, the Assembly of European Regions and the Committee of Regions. Each appointment was chosen to maximise lobbying activities, and the linkages allowed elites to locate sources of finance not available from other sources, and publicise event across Europe.

NEA contributed officer time and facilities, but more importantly held a huge database on local authorities personnel, venues, and important networks. VAs was useful in allowing the agency to achieve its objectives by promoting economic and social well-being, but it had the added benefit of enhancing lobbying activities. Each LA gave finance through Local Arts Development Agency (LADA) and Arts Development Officers, who were responsible for initiating and promoting cultural and artistic events and established strong linkages to NAs, N.Sights and NEA. Annually LAs bid for arts money from NA, and in doing so conduct a SWOT analysis to prioritise. A negotiation process follows this where NA s considers all business plans and a decision are made on the level of funds available to local authorities. NAs is therefore a useful mediator role between the Arts Council at the national level and local authorities at the local community level. During this process Denham, drew elites and agencies in to forums where objective setting and strategic plans were formulated on behalf of the region. A mix of formal and informal means as usual arranged this, but the evidence shows the strategic importance to the regional objectives that Denham and

her directors were continually and intimately linked into decision making throughout the year. She knew that the potential that for VA to aid sustainable development was a key consideration:

*'I drew on the support of universities, TECs, TWDC, and other bodies, so that we could make it a success, but as the main contact between the region and central government I also had a duty to keep Ministers and senior civil servants informed of how public money was being used' (Denham).*

This comment illustrates the fine line that was drawn between central state and communities, and shows how political this 'entrepreneurial' civil servant had to be to satisfy the many competing constituents she had to respond to. It confirms that her role was pivotal in negotiations between the national and local state and other interests, in the interests of drawing in any available resources, but also in keeping the NE profile on the political agenda.

Commercial organisations were significant players, in giving substantial financial support and other resources, but goodwill, and intangible resources, in some cases were more significant to achieving the objectives. Many projects that might otherwise have been unworkable due to financial or operational constraints were developed, with the goodwill and support of many hundreds of organisations. Business elites were able to draw in technical skills and experience, as well as appropriate knowledge and information.<sup>134</sup>

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<sup>134</sup> Great Northern Railways provided first class carriages and free rail tickets for journalists and artists; promotional packages, and displayed posters in every UK railway station. Air UK gave £50,000 cash sponsorship and free flights. A European Air Gallery was linked to the Japanese Kite Festival. Scottish and Newcastle Breweries and Newcastle Football Club had a £100,000 marketing campaign, linked to Nexus Passenger Transport Executive. Newcastle Supporters mounted photography exhibitions. Northern Electric and BT gave generously. e.g. A Time capsule in a pit village and arts exhibitions in small village shops. Universities held a National Jewellery Conference and National Blacksmith's Exhibition.

## Activities and Power Inter-Relationships

Denham and other multi-agency elites worked in close collaboration with Stark (NA) and Collard (N.Sights) to develop an overview of regional capabilities, because it was agreed that this event would showcase the region to the external world, but also satisfy the twin objectives of social and economic regeneration. It was important to appraise which initiatives would benefit the whole region and panels of people were drawn in to achieve this task, to co-ordinate and bring together programmes, avoid duplication, as the following comments reveal:

*'It was decided early on to have a fundamental review of our regional capabilities. Bridge and NAs did this but we had local arts officers, and then drew in museums and art galleries'* (Hewitt)

*'We asked 'what can we achieve, who will be the best people, how can we keep it going of a year, how will everyone buy into it?'* (Bridge)

Each elite did an assessment of resources in their own agencies, and was asked to commit available ones to VA. Such a huge initiative required excellent co-ordination, if it wasn't to descend into chaos. Many informal events and hundreds of networks in

artistic and economic development fields came together to share experiences, and this allowed elites to initiate new ideas, and entrepreneurial ways of addressing problems. The fact that so many artistic and creative people were involved enhanced the flow of information and knowledge, and there was a deliberate attempt to market VAL as one that every person in the region could have a stake in, and one that could go some way to dispelling outdated image of cloth caps and whippets, to one that would be seen on the national and international scene as significant then the knock on effect would be sustained success. Artists from the world of TV (Byker Grove actors e.g.), film and music (Sting) were brought together at specific initiatives to maintain the high profile. Elites gave their own time, but contributed organisational resources <sup>135</sup>. Wrigglesworth used networks to obtain financial and non-financial resources sponsorship, Bridge persuaded NDC board members to sanction finance, personnel and office space, Balls encouraged officers to spend time on community arts forums, Howard (TUC) gave sponsorship money and attended high profile meetings. Throughout the life of VA elites from NEA, TWDC, Universities, TUs, GONE, NDC managed networks, alliances and negotiated and bargained on behalf of the event. All elites had been drawn together in the bidding stages, in the operational stages and in the final stages when the event was winding down, it was even more important the stakeholders, because there were so many things that might have gone wrong, if they had been unable to activate their informal linkages. Robson and Gill (NEA), Grant (TEC) and other meets with NAs officers prior to the bid to ascertain what levels of finance or other support might be forthcoming from the respective agencies, Wright (University) was involved in numerous meetings to determine how the universities could pro-

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<sup>135</sup> Wright sat on University forums; Balls gave media presentations; Bridge was central to the bidding process.

vide facilities for venues where exhibitions could be mounted, Bridge (NDC) and Balls (TWDC) both acted as media presenters but at the end of VA each of their organisations allowed personnel and finance to be made available to produce a book about the success of VAs.

In a bottom up event it was essential that strong links developed between sub-regional and regional levels, so civic and organisational representatives from the sub-regional represented various constituent groups at the regional level. Under-represented groups were able to engage in VAs much more than they had in Siemens, and there were many examples of art being taken to remote communities in Northumberland or Weardale. Many new networks were created; some stable and cohesive for short time periods, but fluid and adaptable enough to be sustained after the event. Collard, a key figure was chosen by elites to front this initiative because his expertise on previous projects had been recognised, and Stark (who has since moved onto developing the Baltic Flourmills project to regenerate Gateshead) was very influential. It was claimed that :

*'Visual Arts gave the impetus for us to have community art and other initiatives are sustaining the gains made'* (Nordgen)

The need to encourage cross-sectoral flow of expertise, information and knowledge became so vital to the success of VA that on regional forums that culture-led strategy was in danger of overtaking FDI as a key element of regeneration. This was because it was thought to be a valuable way of reconciling commercial and social needs, and of ensuring sustainability, but:

*'Conflict was never far away, but it was managed. Gateshead Council had to fight the RSPB who wanted a bird sanctuary where we wanted artistic events. We won'* (Laurie)

Conflict, as was seen in the Siemens' case always lurks beneath the surface in any NE initiative, but elites are very skilled at diffusing any potential discord, by appealing to the 'regional interest'. In this way many of the disputes are managed out of existence and kept behind closed doors. Years of working with national and local state officials have created a cautious mindset, and a need to negotiate from a position of strength, rather than weakness. An apparent cohesion works well in central/local relationships.)

Elites resolved conflicts between urban and rural needs, thereby ensuring that projects were evenly spread across the region, in the remotest parts. Different issues across the region meant that a delicate balancing act between competing agendas had to be achieved. Elites were keen to achieve cultural and attitudinal change and glossy brochures were used to sell the message, as well as some nationally known projects, such as:

*'Symbolic icons of change like the Angel of the North gave us national profile'* (Laurie)

Changing the mentality and cultural heritage of dependency, with slogans and high profile projects helped to get the message across that the region was a thriving cultural and artistic capital. This clear remit to change attitudes drove the corporate philosophy.

At national and international political, business and artistic forums elites attempted to lobby external actors and this resulted in visits of high profile politicians, artists and business people, during the 18 months of VAs to speak in support of the initiative. There was a deliberate strategy to involve Far Eastern companies, such as a very successful sponsored Kite Festival, which was opened by a Japanese dignitary, and attended by his company representatives. Wright (University), Balls (TWDC). Grant

(TEC) and Wigglesworth (business) used established links with executives from inward investment companies to gain sponsorship for such events, and invited individuals who would receive media coverage.

### **Conclusion: Effectiveness of the regime**

Overall Visual Arts was hailed by elites as a great success, a region with few art galleries became the focus for international interest, and public perceptions and expectations of the role of art improved. All thirty two local authorities in the region joined the Visual Art cause, and individuals who had never had any connections with the artistic world initiated projects. Major companies were persuaded to sponsor the event, and it became the biggest ever sponsorship out side of London. The success created the confidence to bid to be the European Capital of Culture in 2008, but it was a catalyst for other projects, such as The Tall Ships Race, The Angel of the North, the £23 million Baltic Centre. VA, like the bid for European Capital of Culture which followed to:

*'show that the region is undergoing a transformation, physically and culturally, with the growth in urban villages on the north bank of the Tyne, the Baltic Centre for Contemporary Art on the south of the Tyne, and dance companies, art galleries and orchestras, designers and artists*  
(Journal , 24<sup>th</sup> December 2001)

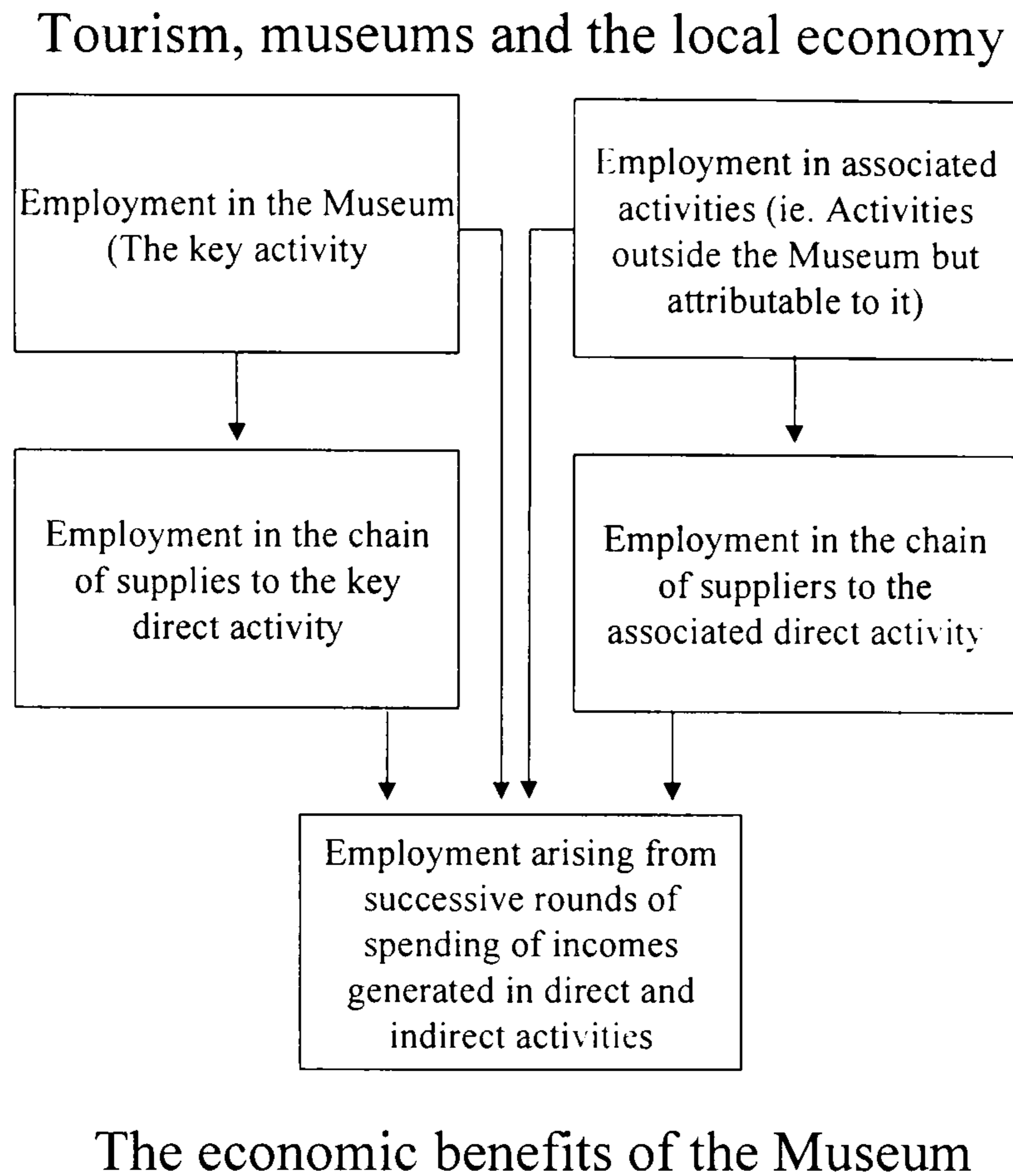
VAs 96 was a success, when measured independently by Harris research, as shown at **Appendix 6.5**. And it raised public awareness of the arts in general, and of VAs UK, in particular. NDC's own research showed similar findings. The event was a financial success, it achieved some of the economic, artistic and social/cultural regional objectives that elite actors had expected, but the ultimate objective of using it as a vehicle to make the NE a leading region in Europe for Arts has yet to be achieved. However, politically and commercially the national and international profile of the region was

improved as a result of the initiative. Politically it had a bearing on the White Paper establishing RDAs, as it is cited as evidence of good partnership practice. It was a good example of strategic culture-led regeneration, and Chris Smith, Minister for Heritage in a speech at Christmas 1997 hailed VA Year as an outstanding success in addressing unmet economic and social need were being addressed. Northern MPs and Cabinet Ministers, including the PM, became associated with the Arts in the region, as a result of VAs. Hewitt (NAs) and Bridge (NDC) argue that arts in the region has moved up the political agenda as a direct result of the success of VA.

The model developed by Johnson and Thomas (1992) to assess the direct and indirect economic impact of Beamish Museum (shown at **Fig 6.2**) can be usefully adapted here to measure the success of VA, although many of the hard figures and data upon which to base an analysis are not readily available. This leaves us with softer measurements, such as increased confidence; spin offs, such as The Glass Centre, and the International Centre for Life, media coverage, stimulus and catalyst to other activities.



**Fig 6.2 Economic Impact of Beamish Museum: direct and indirect costs.**



Source: Johnson and Thomas (1992)

Elites believed that VA was successful because of the high profile it generated, and the Baltic Flourmills Centre for Contemporary Arts has brought international recognition. Stark, one of the key players in VA works as a freelance consultant based at Gateshead Civic Centre and is now responsible for co-ordinating the regeneration of the South Bank of the Tyne, which includes a £46 million pot of money to develop the Arts Centre. There are plans for many other projects, due to the success of VAs.

It is more difficult to show effective elites were in this Project, but the interviews did reveal that much of the activity that enabled VAs to be successful was as the result of informal linkages between them, and the fact that they were used to good effect by bringing people from diverse sectors together. Added to this a strong institutional framework was developed as a catalyst for future endeavours, and elites believe that this long term, sustainability is crucial to regional success. They wanted to be associ-

ated with a high profile event, that linked the region to its international community, and if visitor figures and if media coverage is any measure, then this was achieved. VA was used as a shop window to the world, and as a vehicle to bring about attitudinal and cultural change, but all are difficult to measure by objective measurements, and arguably the event may have succeeded without elite their input. Elites and other individuals involved, were socially embedded in their locales and were able to negotiate and bargain to draw on regional resources and information to support VA. Information and informality were used to lubricate interactions very effectively, and harnessing a broad constellation of individuals to negotiate with civil servants and other local state officials helped to formulate and implement the strategy. Elites were again able to legitimise their activities by appealing to symbolism and rhetoric, within wider socio-political structures and traditional hierarchies. They operated in the poorly institutionalised field of cultural-led strategy to develop an innovative and entrepreneurial project that raised the profile, but also helped to include community actors. It was, therefore, not as exclusionary as the Siemens' case.

There is hard evidence to show that the event was a successful one, but giving concrete evidence on how successful the elite intervention proved to be more elusive. There have been some useful networks developed for the future, and it might be argued that without elite intervention these would not have happened. However, there appears to have been some useful networks created, which should allow cross pollination of ideas between sectors, skills were learnt on obtaining sponsorship and other valuable lessons to be passed on to St.Peter's Development, the case which follows in the next chapter.

## Chapter Seven

### The case of St Peter's Development: The Regional Regime and Development

*'We have developed our own model of regeneration, it aligns the needs of capital with social needs, not like the one dimensional approach you see in some USA urban regions. We have learnt from their mistakes. Our distinctive form of regeneration is multi dimensional, we have a clear strategy, and we encourage cross- sectoral learning, and aim to have community involvement. This is what we did with St Peter's Development'*  
(Wright)

*'In the absence of a manufacturing sector, we know we must move into the service sector. The National Glass Centre will employ 100 glassmakers within two years. So the service sector can rejuvenate and resurrect our declining manufacturing sector'* (Sidaway, Leader, Sunderland CC )

*'We have a moral obligation to help the disadvantaged and make their quality of life better, not Micky Mouse jobs, but real jobs that improve quality of life'* (Denham)

#### Introduction

The earlier chapters have shown that regeneration in the NE is not solely based on economic objectives, and important as FDI is to regional development, elites have attempted to take a broader view of regional needs and to strategically plan more diverse and socially significant initiatives. This chapter provides data on St Peter's Development in Sunderland, a phased development project, in which elites refined their activities, and by networking and information sharing were able to learn use collective wisdom to pool resources and affect change. A strong institutional framework and

strong simultaneous connections of multi-agency representatives across FDI, artistic and cultural projects at sub-regional and regional levels of governance were harmonised to formulate and implement this property development.

Many of the initiatives under the St Peter's umbrella would have been impossible without negotiation between the various levels of governance and without the coordinative efforts of key individuals and agencies. It was another example of the way in which elites identified projects to enhance the profile, and used lobbying skills to pressurised Ministers and civil servants to secure resources, in doing so they struggled for legitimacy and autonomy. It is a classic example of the way that elites aligned social and economic needs, but does illustrate how conflicts were managed in the interests elite objectives. It also confirms that regional and sub-regional elites have a level of relative autonomy, but that the local and national state have ultimate power and influence. However, the significance of business like public entrepreneurs and politically minded business interest was critical to this, and earlier cases..

### **Background to St Peter's**

St Peter's Riverside Development, on the River Wear in Sunderland and is part of the 30 miles of Tyne and Wear derelict land left after cessation of shipbuilding and closure of deep mine collieries at Westoe and Monkwearmouth. It covers a large area, overlooked by the historic 7th Century Church where Venerable Bede studied. The site was one of TWDCs flagship projects aimed at creating a "Sunderland Quayside" to bring new resources of learning, arts and leisure and strengthen the commercial business and research capacities of the City of Sunderland. The development was an overall investment of £180 million, of which £55 million was provided by TWDC.

It was a phased project over several years, included a University Campus with the first £13.2 million phase opened in September 1994 and the second £15.5 million phase in September 1996. The campus caters for 8000 staff, students and houses a learning amenities centre, nursery and conference centre. Initially it was anticipated that 1000 direct and indirect jobs would be created. A Business Centre provides space for commercial and business needs and 500 new homes were built, and the National Glass Centre, highlighting past glass making on Wearside is a business centre and tourist attraction<sup>136</sup>. Finance came from ERDF, TWDC and Lottery money and a Board that includes city council and university representatives, TWDC and business representatives, runs the Glass Centre as a Charitable Trading company. The cessation of TWDC created land disputes and speculation over which bodies would take over ongoing projects. Lottery funding was used to fund restoration of a historical Exchange building, a £1 million Marine Activities Centre, a new Yacht Club, International Dolphin Watch, inshore lifeboat House, a riverside promenade and cycle track.<sup>137</sup>.

When it was created in 1988 TWDC had no legal obligation to consult councillors or community representatives about projects but each Chief Officer was asked to establish the feasibility of plans. Alistair Balls, the CEO knew that his appointment had been contentious and that there was likely to be some opposition from Labour and Liberal Democrat councillors, who believed that:

*'TWDC is an imposed Quango. It is not a proper partnership as it devalues the consultation process'* (Lennox)

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<sup>136</sup> A Glass Cluster Development Officer is now the link between artists, businesses and funding agents, and glass products across the world (Journal, 26th December, 01)

<sup>137</sup> These were part of a large dock restoration scheme.

Balls felt that :

*'local people resist and outsiders like me coming in to effect change'*  
(Balls)

Chief Officers were therefore instructed to consult as widely as possible with the local community and local authorities, as legal problems arose mainly in the implementation phases when TWDC had to impose its planning powers and compulsory purchase powers taken from local authorities. The four local authorities within the boundaries of TWDC are Labour dominated and TWDC, regarded as a Tory creation led to a number of very high profile conflicts between Balls, and local MPs and members, as reflected in the following:

*'Bob Clay, MP, and Charlie Slater the leader, argued that Thatcher shut the shipyards and closed the pits. £40 m had been paid to British shipyards to no avail so TWDC had to change the usage as there was no way that river edges were good for marine use'* (Balls)

This comment confirms the deep hostility still felt in a region, where people believed that central government had let traditional industries down. The battles culminated in Balls and the Labour MP Bob Clay (who was later de-selected by his Party) facing each other in court over personal allegations. Despite the political opposition data suggests that Chief Officers from TWDC had relatively cordial relationships with local authority Chief Officers and community groups involved in Monitoring Panels. The media ran many stories of two public organisations apparently at loggerheads, and tensions did rise.

TWDC was in direct competition with all other UDCs throughout the UK for funds from the DOE and Euro sources so it was essential to be seen to be transforming the physical infrastructure quickly. This meant that Balls was in a critical position to secure extra funding for the area, and he was a very persuasive and highly political pub-

lic servant. He instructed all his Chief Officers that projects had to be identified rapidly so that the brand image of TWDC could be enhanced. The media was used to raise the profile of flagship projects, easy targets for redevelopment in good locations were found where there would be few opponents and no major infrastructure reclamation. The guiding principles were therefore, high profile flagship projects and ease of implementation. Balls, like other UDC heads had the backing of central government, intent on an ideological battle with local authorities, so he occupied a strategic position between central and local government and the regional and local area.

Bridge, Balls and other elites worked with TWEDCO, Northern Offshore Federation, the local authority, the university, the TEC s and the Chamber of Commerce to host receptions and arrange visits for Koreans, Japanese, American and other foreign clients, and:

*'I'd bring along Ann (Wright), Pamela (GONE), John (NDC), Olivia (Grant), Sir Paul (Nicholson), and others to give them (investors) the works' (Balls)*

These friendships cemented a united front, which provided evidence that a constellation of interests were capable of transforming the region, and this sent out a clear message to the many civil servants and Ministers who visited the various projects developed by TWDC. The body had been criticised in its early years for seemingly favouring Newcastle over Sunderland in its development of high profile projects. The historical rivalry between the two cities, exemplified in tribal behaviour whenever the local football teams compete, reached new heights when the media ran an aptly named campaign known as TWDC (**The Wear Doesn't Count**). Partly as a result of this campaign, and in line with TWDC 's strategic objectives prospective developments in Sunderland were considered on the basis of feasibility.

British Coal and British Shipbuilders had owned much of the land, and after the closure of collieries it became evident that British Shipbuilders were experiencing problems in gaining orders. The British government and the EC came to the conclusion that unprofitable yards should close, despite the local opposition. DTI created an Enterprise Zone and British Shipbuilders were instructed to dispose of the yards. Only one reasonable bid was put forward from a Greek Shipping Consortium, supported by one of their directors, MP Bob Clay, who had political enemies:

*'what can you expect from Labour politicians, they're always involving themselves in grubby little deals, and they call themselves representatives of the people. Tosh, they're only out for themselves!'* (Lennox)

The Lib Dems and Labour Party were in opposition on SCC and constant battles; this was one of many, led the Lib Dems, in frustration, to use the local press to highlight Labour Party (apparent) misdealing.

A Business Plan to utilise three redundant shipyards was rejected by DTI and British Shipbuilders, who sold off all assets and were requested to sell them to TWDC, who had identified contingency strategies in the event of being offered the land for redevelopment. Throughout 1992/3 year many meetings and discussions were held with interested parties such as the University of Sunderland, City of Sunderland Partnership and local community groups, as Wright showed:

*'Alistair (Balls) and John (Bridge) kept me fully informed, and in fact the University was a key agency'* (Wright)

To maintain consultation and fend off any opposition TWDC created a Community Development Section and Chief officers conducted monthly meetings with local groups, at which councillors were rarely in attendance. Financed by TWDC, the objective was to test the feasibility of projects, and allow communities to use Commu-



nity Monitoring Panels to resist plans they did not agree with. Robinson and Shaw hailed the panels as:

*'representing the best practice we have encountered of any UDC in Britain'* (TWDC, Annual Report 10 years, 1996)

However, a cynic might legitimately argue that by resourcing such activities central government was as guilty as TWDC in securing compliance to very unpopular plans. Opposition was bought off with the use of public funds, and understandably local representatives were unhappy about this situation.

The East Docks area had fallen into disrepair so TWDC had to decide what to do with it. A hotch potch of land use meant that there were 50 occupiers of scrap yards and timber yards scattered along the mouth of the river, on a combination of freehold and leasehold ownership. The dock walls were collapsing with little sea protection for properties in the area, and the lack of planning and treatment of this area allowed TWDC to receive bids from developers, made all the easier as it had taken over planning and compulsory purchase powers from the City Council. According to a Chief Officer of TWDC:

*'The local community wanted us to do something positive with the eyesore but they did not want to have council member interference'* (TWDC)

Leisure and marine activities were created to benefit local communities. The canoe club, the river police, RNLI boat house, Sea Scouts, the Yacht Club, promenade landscaping, cycle tracks all had representatives engaged in discussions on appropriate land use (but **not** council members). TWDC knew that profit was imperative but the Dock Users Group, a highly vocal community group were adamant that councillors should be kept out of any discussions. Elites had to negotiate and bargain with these groups to carry out their strategies to redevelop the area, and it was obvious that TWDC had to attempt to legitimise its activities by seeking to show that SCC mem-

bers were incapable of articulating their interests. This bargaining required very astute political skills, as well a good understanding of the local population and their main areas of concern.

Protracted community discussions led to TWDC being given permission by DOE to set up the Marine Activities Centre (MAC), headed by a chief officer of TWDC, as a charitable company. A Board including TWDC officers, community representatives, LA chief officers, business representatives and the Port Manager ran it. At the express wishes of the community representatives there were **NO** council members on the Board, and income from MAC came from renting out pontoon berths and mooring and berthing licenses.

As the St.Peter's development grew elites from multi-agencies became more or less significant. Also the media was used extensively by TWDC to market activities and legitimise decisions that were made. NEA was involved because Robson and Gill collaborated with Sidaway of the City Council, and this cemented the linkages between sub-regional and regional governance. Bridge had an arms length link because in the early stages he offered advice to Balls on how to market the project as attractive area for further investment. Promotion and marketing of flagship projects were initially handled by NDC ,but in others TWDC took the lead among other agencies.

**(See Appendix 7.0 for TWDC Record of achievement).**

The Port Authority, a pivotal player represented by City Council members, provided expertise on marine management, and worked in collaboration with many of the pressure groups who needed advice to challenge TWDC. NAs had very strong links with TWDC throughout the development of St Peter's and seconded staff, provided finance, expertise and information on local artists/sculptures and community groups.

A strong set of community networks in the artistic and cultural field as well as in the maritime representation enabled TWDC and other agencies and groups to circumvent council members and speak directly to local people. TWDC used the local press extensively to publicise local meetings and illustrate the changing physical landscape, in this way Balls and other elites were able to manipulate symbols of change to legitimise strategies. TWDC assembled sites, and arranged construction work to reclaim land.

TWDC had a number of strategies, and artistic events were integral to those strategies, as Balls suggested:

*"The regeneration of Britain's major urban areas is critical to our success as a nation. Successful regeneration is achieved through more than just physical renewal. It is about integrating the environmental with the economic, the physical with the philosophical and the artistic with the architectura. "* (Balls)

TWDC had tangible assets, funding was mainly from central government grants, but it had the property and land rights of 300 hectares of land and it had the statutory powers of compulsory purchase, town planning and the awarding of grants. The importance of funding meant that Balls had very close and cordial relationships with Denham and other regional civil servants. Intangible resources such as experience, expertise, knowledge, information, reputation, leadership and culture were also regarded as very significant to success. TWDC had 40 core project staff covering all professions but called on external specialist consultants, when required, and the organisation began to change, because:

*'When TWDC was created in 1989 it was a traditional, hierarchical, bureaucracy based on finance, business development, engineering and operations, project planning and marketing, but a new Director with extensive experience with the Scottish Development Agency changed the structure* (TWDC officer)

Scally, a forceful character, re-designed the organisation to reflect four project areas (Newcastle, Sunderland, North Tyneside and South Tyneside), and the personnel were able to transfer between project teams. Like Balls, he was in a powerful position and engaged with many individuals, and community groups to by-pass the City Council.

City of Sunderland Partnership represent a multi-sectoral agencies and comprised the City Council, Chamber of Commerce, TWDC, the University, the voluntary sector and TEC. Its aims were to promote the city in strategic terms regionally, nationally and internationally and ameliorate economic restructuring brought about by the loss of traditional industries such as shipbuilding, engineering and coal mining. The Partnership originated from the City of Sunderland Forum, and aimed to see Sunderland as the:

*'Advanced Manufacturing Centre of the North'* (Wright)

Sunderland CC provided the secretariat SCP, and an officer group supported it. Prior to the development of St Peter's the City Council already had plans for developing the riverside, however, after the shipyards closed only a small amount of reclamation work had been done. During all planning and implementation stages of St.Peter's City of Sunderland and University senior people were involved in decision making, as Wright explained:

*'I'd be invited by Alistair, so I'd take my Heads of Estates and Personnel to meetings, when we'd meet with environmental groups such as the Wear Estuary Management Group, community groups such as the Dock Users group, Wear Boating Association, the Ferryboats man's Association, and local business groups'* (Wright)

SCP and other local groups provided personnel, small amounts of finance and venues for meetings, and officers from SCC and TWDC worked in partnership to:

*'Bring their experience, expertise, knowledge, information but because they had a good reputation of leadership, culture and trust' (Balls)*

The University had a vested interest in the development, as it was expected to stimulate a massive increase in student numbers over the subsequent 20 years so it presented TWDC with a Strategic Master Plan, phased over four periods. As Wright suggested:

*'The decline in secure funds from PCFC meant that I, together with my senior executives needed new sites for expansion. As a Board member of TWDC, I was able to present a good business case for redeveloping the University facilities' (Wright)*

And

*'I was also a Board member of SCP and the NE Chamber of Commerce' (Wright)*

She, like Balls was an influential and political public entrepreneur who used networks and lobbying to secure resource to support projects, and these comments illustrate the multitude of memberships elites hold. In this way she was able to legitimise activities, by obtaining support from regional and national state officials, from other elites and from the communities where initiatives were sited.

The University development St Peter's housed North Sands Property and Business Park, built by English Estates for SME starts ups, St Peter's Church a listed building that could not be changed in any way, and housing and property development of 500 executive homes and other business facilities. Wright, central figure in establishing the £16 million National Glass Centre, in June 1998, recruited the Director Timandra Gustafson, who was seconded for a specified period from Northern Arts (Journal, 18th April, 98), thereby ensuring that regional expertise was utilised in the sub-regional activity. It was set up as a Charitable Trading Company with various funding sources, the University as landowner was a major Board member, but the board also

included the Council, TWDC and business/community representatives. Initial start up costs were pump primed by TWDC, University and City Council finance was supplemented by lottery and ERDF finance, but future finance was expected to derive from fees for the exhibition centre and museum. Negotiations continued between local, state officials and this broad constellation of interests, to ensure that a co-ordinated effort achieved the aims.

The National Glass Centre caused tremendous controversy and conflict. The first Director of the Centre, Shiona Airlie resigned, had been replaced by Ms Gustafson, following a highly public difference of opinion between the Board members, in particular Wright and the outgoing Director. The underlying tensions and disagreements were centred on whether or not a National Glass Centre should be a socially desirable and important aspect of local history and culture or whether it should be driven by commercial needs. Shiona Airlie, as an artist was adamantly on the side of history and heritage, whilst the Board, directed firmly by Dr Wright disagreed. The disagreements became so public and irresolvable that Ms Airlie felt that her position was untenable so she resigned in a blaze of publicity. This brings again into focus the social/profit dichotomy, prevalent in the Balls/Clay fracas<sup>138</sup>. Obviously Wright, like Balls, walked a 'political' tightrope as she negotiations such activities, because on the one hand the National Glass Centre had tremendous appeal as a socially desirable and regionally significant project, but on the other hand she, as the Chair of the Board knew that it had to be profitable. This illustrates the dichotomous position that public entrepreneurs hold, given that they are accountable to many audiences.

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<sup>138</sup> Wright was a very high profile, managerialist VC, who attracted publicity, and who on many occasions was in conflict with academics in the University over her controversial business ideas. She was a member of the Regional Chamber and sat on many economic forums.

Sunderland CC participated in a wide range of regional and sub regional regeneration forums, as it had officers and members who served on NDC, NEA, Northumbria Tourist Board and GONE, thereby creating the crucial link between the levels of governance, but it also forged partnerships with other government agencies and business and community groups. These linkages and connections validated and confirmed the legitimacy of actions but also had the benefit of incorporating central and local state officials into sub-regional agendas. Much of the finance that the council was able to draw from European and central government funding (such as SRB) was an essential ingredient in stimulating these regeneration partnerships, and which is why TWDC seemed more of a threat to members, than to officers who seemed to have more cordial relationships with Ball and his TWDC officers.

There were many heated exchanges between labour members and Balls but in the main it was restricted to a few prominent members, and officers and individual community representatives were mainly positive in their perceptions of the work of TWDC. The physical changes that were instigated as a result of St Peter's Development were generally regarded very highly:

*'We are happy with the physical transformation of the dock site and the opportunities to encourage business development'* (ED officer, SCC)

In addition to providing meetings venues and other expertise, the council also managed the various alliances and networks, such as the monitoring panels. SCC Officers worked in collaboration with TWDC officers to develop new processes community consultation. This helped in defusing political conflict and the fact that these capacities, and formal and informal linkages were in place allowed information transfer between the Council, SCP and other agencies, without which objectives might have been difficult to achieve.

Sunderland TEC, like other TECs was, a primary funding body for training and other initiatives to fill local business skills gaps. There was always a cordial relationship between the TEC and other agencies in the town, because the TEC CEO had membership of SCP, forums across the University, TWDC and St Peter's Development forums. St Peter's Development, sited on an area of very high unemployment with many traditional skills needed for coalmining and shipbuilding industries, required large scale retraining packages. The TEC worked in close collaboration with the Employment Service, and the University and City Council, as two of the areas largest employers. TEC provided officer time, information on local labour markets, and set up recruitment and selection procedures and training for the long term unemployed.<sup>139</sup> The TEC managed its relationships, and was congratulated for its innovative methods of recruitment and selection, with strong positive discrimination in personnel practices to enable long term unemployed from traditional industries to find work.

The business community was represented on the Chamber of Commerce, NDC, NBF and the Northern CBI, and individual business people were involved in City wide initiatives. The establishment of TWDC had created a forum for prominent business people to find a voice and they were well represented on the University Governing Body, the TEC, SCP, The National Glass Centre and were important players in the Monitoring Panels. When the Marine Activities Centre was being planned and built many business representatives were invited to decision-making forums, and TWDC and the City Council deferred to their commercial expertise, so:

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<sup>139</sup> Wright introduced a policy that any new recruits to the university, other than for academic staff, would be retired shipbuilding and coal mining workers to demonstrate commitment to the local community. This starkly contrasted with commercial decisions on the Glass Centre, and controversies with academics.



*'Nicholson, a TWDC Board and CBI member, was useful as he has fingers in many pies (Bridge), he can call on regional , high profile people when necessary' (Sydaway, SCC)*

## **Activities and Power Inter-Relationships**

Interviewees were asked to say what how the various agencies contributed to the success of St.Peter's and **Fig 7.0.** shows a composite of responses.

**Fig. 7.0. Resources each agency contributed to St.Peter's Development**

Indicators	University of Sunderland	TWDC	City of Sunderland Partnership	SCS	NDC	Business Community	TECs	Northern Arts	Media	Local Community
Financial Support	H	H	L	L	M	M	L	M	L	L
High profile actors	H	H	M	H	H	M	M	H	L	L
Knowledge and expertise	H	H	H	H	M	M	M	H	L	H
Political influence	H	H	M	M	H	H	L	H	L	L
Good will and non finance	H	H	H	H	M	M	M	H	M	H
Links with external world	H	H	M	M	H	H	M	H	L	L
Resource capacity (people)	H	M	L	H	L	M	L	L	L	H
Resource capacity (finance)	H	H	L	M	L	L	M	L	L	L
Status	H	H	M	M	H	M	M	H	L	L
Size of organisation	H	H	M	M	H	M	M	H	L	L
Size of staff	H	L	L	H	L	H	M	L	L	L

H = High M = Medium L = Low

Unlike Siemens and Visual Arts, St.Peter's was a sub-regional project that nevertheless had regional importance and involved numerous regionally significant elite actors, some of them were central to the earlier two cases, but in different ways. Whereas the interview data on Siemens showed that Bridge (NDC) was the most central figure who worked in collaboration with other regime elites from a broad range of sectoral agencies, including the business community, he was also influential in VAs, and developed close working relationships across regional and sub-regional networks, notably with Stark (NA), Grant (TEC), Balls (TWDC), Wright (University), Robson and Gill (NEA), Denham (GONE) and others. Bridge was involved in St.Peters but only in a peripheral role, and was mainly used for his expertise in inward investment and marketing. There were reciprocal secondments between NDC and TWDC, and very cordial relationships established. The key elites in this case were undoubtedly Balls (TWDC), Wright (University), Nicholson (TWDC and business), but other actors had direct or indirect involvement over the duration of the initiative. Interview data supports this, and also revealed that at various points during the lifetime of the project elites, and other actors would be drafted in whenever their particular skills, expertise or resource base were required, much in the same way as they had been in the two earlier cases.

The networks developed during Siemens and VAs, as well as already established regional and sub-regional networks and partnerships were particularly useful in the St. Peters case, as it was one that combined economic development and leisure/tourism and artistic aims. The experience gained by elites who had knowledge or membership of hundreds of earlier networks gave them a bank of contacts and connections. Interviewees considered there to be no reason to 'reinvent the wheel'

or start from scratch when earlier networks were considered to have achieved economic objectives (Siemens) and social and cultural objectives (VA).

As in the earlier cases resources and expertise were pooled in the interests of achieving the overall objectives. Sometimes this pooling was organised on a regional basis by regime actors (e.g. NDC provided personnel for meetings or presentations to inward investors, NAs volunteered expertise on artistic ventures or gave instructions on how to tap into artistic resources, NEA provided European information from the Brussels office for funding sources) and at other times actors from sub-regionally agencies worked together (SCP offered personnel, expertise, or facilities, the University provided research or know how, TWDC had expertise on project management and media management). There were many instances of pooling resources and sharing risks and the business community, either as individuals, as representatives of their organisations or as members of sub-regional or regional forums were as significant in the contributions they could make as the public sector and voluntary/community agencies.

The University, TUs, TWDC, NDC, NEA, GONE, and many of agencies managed networks and alliances during the lifetime of this project. As in Siemens and VAs it was a critical aspect of the successful completion of St Peter's. Representatives were brought together in many forums during the planning and implementation stages (TWDC set up monitoring panels, and the City Council conducted consumer satisfaction forums) and elites had to be aware of who were the best people to second to manage the various alliances. This initiative was a very political and sensitive one, given that there were many instances of change of land use so officers were selectively chosen for their skills in dealing with stakeholders. Being able to

deal with communities and the media as a reflection of those community interests was a prerequisite for success.

The existing databases across regional and sub-regional agencies were fully utilised in the interests of achieving up to date and appropriate information on which personnel could be deployed. The type of people and information needed varied depending on requirements so for example Wright (University) used data bases at the NE Chamber of Commerce for economic and social data and NBF for business people for presentations and media appearances, Balls (TWDC) and his officers were able to liaise with NDC on information appropriate to developers and had staff seconded for specific purposes, the universities and councils had their own data bases and research facilities, and experts who could be used as and when required, and NAs was a useful source of artistic data and provided names of people, facilities and other data. All these networks of activities were powerfully used to legitimate strategies and validate the worth of St.Peter's as a feasible project. The negotiation and bargaining that elites were engaged in allowed them to act innovatively and entrepreneurially within wider socio-political structures and traditional hierarchies of governance.

The sub-regional nature of this development did not negate the very real regional importance attached to a flagship project as part of overall regional economic and social objectives. It was apposite to maintain continual interactions and interrelationships that had built up over the years, and some elites had served on countless regional forums, in individual, representative or civic capacity.

There were many conflicts evident in the findings, some of them resolved at sub-regional level but others where a regional solution was more appropriate. The bat-

ties between TWDC and MPs/and Sunderland CC took place at the sub regional level but were of regional importance, given that TWDC covered the Tyne as well as the Wear Riverside area. The conflict was widely reported by the regional press, and had implications for other projects. It was also interesting to note how often the press made comparisons between Balls and his Teesside counterpart, Norman. The battle between Wright (University) and the Director of the Glass Centre was also fought in the full glare of regional publicity. The resignation of the Director of such a high profile facility, and one that had been hailed as an exemplar because of the possibilities it gave for aligning social and commercial objectives, meant that quick action was necessary to deflect criticism, minimise publicity and find a replacement Director. Other conflicts remained at the sub-regional level, especially those between boat owners, the council and TWDC, but they did attract regional publicity.

The high profile nature of St Peter's and the large-scale capital investment meant that media attention was continually focused on any success or failures witnessed during the planning and implementation phases. There were many occasions when elites were invited along to meet national and international dignitaries, accompanied by journalists or other media reporters. At every opportunity there was a deliberate projection of St.Peter's as a symbol of the regional transformation. It helped to confirm, in the minds of elites at least, of the regional success story. It also allowed them to lobby national and European government officials, and a constant stream of politicians, royalty, actors, European MEPs, or other officials were invited to witness, or open certain facilities, always fully widely reported in the press. They also used this opportunity to involve civil servants, who would accompany the Ministers or Euro Officials, invited to check on how well funding had been used:

*'We had the Regional Policy Directorate people from Brussels, and Bruce Millan paid a visit at one time'* (Balls)

Elites capitalised on the results of the May 1997 General Election, and quickly invited some prominent Cabinet Ministers for photo opportunities. In this way there was a deliberate and rational strategy to involve people in high places, not only to escalate lobbying activities nationally, but ensure that the regional success story, was available for regional consumption.

Japanese and other foreign executives and visiting academics were invited to act as dignitaries for the opening of specific phases of the project. Some were made honorary professors of the University, others had sculptures or Halls of residences named after them. Chairs in honour of certain Far Eastern company representatives were created. A deliberate strategy to create links between indigenous companies and newly arrived foreign investors, between SME s and large companies, and between commercial and public sector agencies was considered to be an essential prerequisite for harmonious assimilation. Interviewees also felt that this was vital for regional regeneration efforts to have such cultural and knowledge transfer, so:

*'The successful Annual Kite Festival and Air Shows we put on are always well supported by Nissan and other companies, so we made sure that St.Peter's would be a similar opportunity to involve our inward investment. You never know what can result for this type of thing'*

(Officer, SCC).

## **Conclusion: Effectiveness of the regime**

It is clear that St.Peter's Riverside was physically transformed, as evidenced by the many photographs showing the run-down sites before TWDC came into existence and many large-scale projects are now completed. St Peter's Development is one of the many physical and other acclaimed successes. Elites wanted it to symbolise that the City of Sunderland had moved away from a dependency on heavy industry to one focused on research, education, cultural, artistic and leisure facilities.

Elite networking and transfer of information and resources, between the collaborating elites and their agencies, were much refined in this case, and interview data demonstrated that many lessons had been learned and transferred from Siemens and Visual Arts. Learning over time was a critical factor in elite's strategic thinking and all elites agreed that this case had allowed this to happen.

There was a recognition that sustainability and long term impact needed tangible resources such as finance, land and property and statutory powers to be aligned with less tangible elements such as tacit knowledge transfer, information sharing and expertise. Elites saw this development as one that could give a strong marker to the regional, national and international world that the NE was transforming, and the cultural change was in progress. It was therefore a useful validating and legitimisation of activities.

VAs had demonstrated that elites wanted to clearly articulate that a pool of artistic expertise could be sustained in the region, and used for future projects, and St Peter's gave further confirmation to this strategy. Many elites spoke of the need for permanent changes in attitudes, alteration to existing practices and a continuance of effective networks and multi-agency relationships. St Peter's and the National Glass



Centre gained a high national and international profile, in the same way that VAs 96 had done. The University Campus received numerous architectural awards, demonstrated by the hundreds of entries received from architects throughout Europe who wanted to design the National Glass Centre.

One specific example success with communities was the Sculpture Project, a collaborative venture between TWDC and the Artists Agency, led by an Sunderland based initiative to place artists in social and industrial contexts across the region. It received a mixture of financial support, but in supporting this initiative TWDC facilitated a wide network of local people and agencies, and the community involvement brought further national and international finance. Artistic and organisational control of the project remained in the community and some local groups. Residents who had no initial interest in sculpture became interested and the physical and aesthetic context showed marked improvement. The lessons learned from this community based project in terms of finance, support, research and management became a benchmark for other projects across the region as the ideas were transferred. New groups and networks that were formed enhanced the existing institutional framework and improved the capacities and skills bases of local community representatives. St .Peter's unlike the two earlier cases was an attempt to involve disadvantaged and excluded groups in some, although not all activities. However strategic decisions still rested with elites, but they were constrained by global or other constraints so could not achieve all of the strategies they wished to set in motion.

Riverside Sculpture Project attracted visitors from other parts of the region and UK wide and interview data showed that this type of initiative had the capacity to contribute to the well-being of the community, largely elderly and long term unem-

ployed. TWDC spent £15 million (6% of its regeneration budget) on arts in the region and also levered in external sponsorship from national and international companies.

The St Peter's Riverside Project engendered a number of local political struggles, which was perhaps inevitable given that TWDC was regarded by the mainly Labour councillors as a Tory creation as having been set up to neutralise Sunderland CC. Bob Clay, a Labour MP and prominent councillors such as Charlie Slater were in the earlier stages vociferous in their condemnation and campaigned to retain the shipbuilding industry. The social history and political make up of the city was such that it would have been unusual had they not campaigned but the initial suspicion and scepticism of TWDC, in general and Alistair Balls, in particular, were replaced by acquiescence and complacency as opposition to many of the plans subsided

Many of the key players in St Peter's Development were also serving as representatives on premier regional bodies such as NDC, NEA, the NE Chamber, CBI, ensuring regional as well as local significance. If the project had failed there would have been ramifications for regional elites.

The key role played by Wright, a high profile figure on national and regional forums ensured that St Peter's retained a political importance. St Peter's Campus became the venue for events such as: "The Health of the Region", "Lifelong Learning" Conferences, "Opportunity 2000" Conferences; with invited guests such national MPs, international speakers and other regional notables and with an underlying objective to raise the image and profile of the City and its surrounding region. Prior to, and after the 1997 General Election the region was awash with Labour MPs (including Cabinet Ministers) at one event or another e.g. Tessa Blackstone was invited to

unveil the "University of Industry" with Sir David Putnam installed as VC. This prototype Virtual Reality University links up St Peter's Campus. The Stadium of Light SAFC, the Institute of Public Policy and many educational training and social and cultural organisations. Sir David Puttnam's arrival was accompanied by a week long showing of his films and a satellite link to Ridley Scott (who was born in Sunderland) in Hollywood, an event quite unlike any other staged in the region, and owed more to Wright's political acumen and PR skills than to anything else. Dr. Wright captured the thinking behind such a fanfare event in interview when she said:

*'If important that film directors like David are prepared to associate themselves with the region, then we must be in transformative mode, mustn't we?*

This quote cements the view that transformation is underway, and inviting high profile stars to the region gives further validation to elite activities. It also helps to deflect any criticism and fosters a growth and change agenda.

The chapter confirms that in the NE regeneration is not restricted to satisfying economic objectives, and important as FDI has been in the past ten years elites have taken a broader view of regional needs to strategically planned more diverse and socially significant initiatives to benefit local communities. Many elites and other individuals in complex sets of networks and partnerships to achieve commonly agreed objectives learnt over time and across traditionally distinct organisational boundaries to share information, draw in resources and use collective wisdom to sustain changes. A strong institutional framework was developed which was critical to regenerative efforts, despite conflicts that inevitably arose between commercial and social needs this case demonstrated that a successful and balanced outcome was

achieved by a mix of business like public entrepreneurs and politically minded business interests who negotiated and bargained with state officials.

Many of the initiatives under the St Peter's Development umbrella would have been impossible without an existing framework of community-based organisations. The strength of the informal and formal mechanisms for sharing information and capacity building is shown by the success of the St Peter's Monitoring Panels, the maritime groups and business led forums involved in the setting up of the Marine Activities Centre, the artistic and cultural groups involved in the National Glass Centre and the St Peter's Riverside Sculpture Project.

Much of the good practice apparent in the partnerships and networks in the Siemens and VAs cases were absorbed, learnt and transferred across space and time and this enabled sustained effort. Forums for community and local involvement were already in existence during VAs but in St. Peter's they became the useful stimuli to the formation of others. Specific events, such as these can be the trigger for alliances and improve social and cultural as well as economic performance.

Some elites did not initially appear to be significant stakeholders in St Peter's Campus, but in actuality there was close contact and involvement. Different elites took the lead role in this initiative but nevertheless a regional focus was still apparent. The ability to manage regional and sub regional networks, to ensure that information is passed across and up and down the region, and the ability to harness institutional capacity between sectors, formally and informally, is a key to the sustainability and learning across the region. This is the social glue that holds regions together. It was strongly evident in St Peter's Development.

By having a strategic overview of how regional projects such as FDI, VAs and St Peter's Development elite decision makers were able to see how they dovetailed from community level upwards. Key regional personnel were in close and continuous communication at regional and sub regional levels, it was therefore possible to have a comprehensive and global picture. Over a period of time between projects the regional regime of elites redefined the strategic approach and improved the networking between the respective agencies.

## Chapter Eight

### Conclusion

At the beginning it was suggested that there has always been an elite regime within regeneration, but that its nature and characteristics have evolved in response to national policies and global shifts. Incorporatist researchers have become embroiled in sterile debates, because contemporary regeneration has much broader agency involvement, and the notion that business is incorporated into state forms is open to challenge. More recent urban and regional research has added more sophisticated descriptive typologies, included motivations and power relations between actors, but few have explained the crucial need to develop a socio-historical perspective, or how external forces affect regime activities.

Urban Regime Theories and existing partnership and network approaches are invaluable as starting points, but neglect socio-political and cultural aspects. It is acknowledged that they go some way towards explaining aspects of policy processes but provide narrow categorisation, and are weak on explaining the linkages between the various elements within regeneration. Those of us interested in explaining urban and regional change need to be very clear about how we do this. This research is a critique of existing literature on systems theory, networks, Urban Regime Theories those bringing together politics, management and geography but fail to explain micro power relations, while other approaches fail to explain the macro environment. Meso level forms of analyses, based on assumptions that state agencies incorporate other actors /agencies into change processes are flawed, and it has been argued throughout this research that the characteristics and nature of state forms have undergone massive

reform. State actors are urged to behave more business like, but yet they are not like a business. Public agencies are no longer large, monolithic entities as fragmentation and hiving off of many activities have dramatically altered their processes and practices. Existing categories of business no longer fit the fragmented and disparate commercial world that has also changed in many ways. As a consequence of global, European and national shifts neither public or private entities readily fit into specific categories and the interactions between what were traditionally referred to as 'public and private' sectors are blurred, with indistinguishable boundaries, shared responsibilities and multiple accountabilities. Levels of resources that agencies and actors contribute to any common objective are difficult to define with precision, which means that linkages between agencies are often impossible to disentangle. Moreover existing literature takes as a given the idea that elites have profit as their primary motive. This research provides empirical data to confirm that NE elites believe their activities are socially as well as commercially motivated. They operate in an experimental form of governance, characterised by inter and intra-organisational negotiation within an ambiguous external environment to deal with unmet social and economic needs. The entrepreneurial regime emerged from the poorly institutionalised field of regeneration and elites have taken responsibility for identifying particular projects.

Recent writers performed an invaluable service to this field of enquiry as they caused us to re think our traditional ideas. The introduction of concepts such as institutional thickness, un-traded interdependencies have improved understanding of urban and regional change processes, but attempts to apply Regulation Theory to local and urban levels remain unhelpful abstractions. However, the importance of extra-institutional dimensions between the formal institutional and informal relationships have improved our understanding of the way that elites negotiate and bargain within wider socio-

political structures and traditional hierarchies to formulate and implement strategies embedded in the social system and part of the history of change.

Global, European and national changes have increased uncertainty and turbulence and hastened the need for entrepreneurial action. They have allowed elites to accept that external sources of assistance have never really solved the problems, so they have found their own strategies for regeneration. Fragmentation has made identification of key variables problematic. These, and other weaknesses led this researcher to propose a methodology capable of synthesising more valuable elements of existing theories with elements taken from systems theories, strategy and stakeholder power models. The broad principles underlying this approach are that it is unwise to make assumptions on either categorisation of regime actors, their inter-relationships or how power is distributed or realised. In advancing an understanding of local, sub regional and regional change it is vital to use as many sources of data as possible to triangulate explanations and understandings, and support the main hypothesis.

The researcher's own subjectivity was acknowledged in chapter two, as was the responsibility for constructing the research design, to interpret and present the results as they are recorded. The desired aim, which has been achieved and demonstrated throughout this research, was to conduct research in a systematic and rigorous fashion, to achieve objectivity and act as a catalyst between broad theoretical constructs and abstract frameworks. The objective was to use concrete empirical data on social practices, in a specific place, and over time. The meta level is where trust and co-operation, civic engagement and the 'social glue' are located. The research has confirmed that regeneration is difficult to reduce to a single universal theory because the variety of phenomena are difficult to capture. Having stated at the outset that the interest was in the formal and informal political and social interactive



processes this analysis shows how multi-agency elites have operated over time, across space, and between projects. Existing literature never fully explains how regimes were established, or changed over time, and as a consequence they are located at the descriptive, rather than explanatory level of analysis.

This conclusion addresses a number of broad questions in the light of the three case studies (i) how useful is a fusion of theories, and what do they show about the existence of a regional regeneration regime of elites ? (ii) has the research illuminated an examination of regional as well as sub-regional and local change processes? (iii) do the cases allow me to make inferences and draw conclusions about the usefulness of Urban Regime Theories, other meso level theories, and managerial and political strategy and stakeholder frameworks? (iv) what future studies can this research suggest?

Urban Regime Theories were essential components in helping to shape this research, after adaption to a regional level of analysis. They helped to identify important variables of urban change and in a region with a strong identity it was much easier to draw identifiable boundaries around the regional, sub-regional and local units of analysis. Weaknesses in Urban Regime Theories do not entirely negate their usefulness, because the framework allowed variables that might have been ignored to be identified and explained by the combination of other theories.

Meso-level theories are notoriously difficult to operationalise because located as they are in the middle of a political/economic system they fail to encapsulate how micro level decisions are made. This perennial dichotomy between structure and agency is the stock in trade of social scientists and can never be solved by using 'one best theory'. The result is that more adaptable and flexible frameworks are sought in a

quest for greater understanding. Definitional squabbling, and more elaborate and descriptive typologies, move us no closer to explanation and prediction.

The main problems with URT are underlying assumptions on incorporatism, state leadership, minimalist business involvement and insufficient or robust defence of such claims. No existing research provided evidence to support any of these assumptions, and it is this researcher's contention that earlier analyses were as flawed as the theories they were seeking to correct. The faults, however, do not lie with URT because they do provide adequate descriptive typologies but a major problem has been that they became embroiled and mixed up with other macro theories of the state. Debates on the role of the state were seamlessly absorbed into URT, and incorporatism as one form of explanation was accepted as received wisdom. The wholesale adoption of incorporatism meant that few challenges were articulated. These explanations remain unconvincing because the exact role of the state, especially in its present form has never been fully explained. Similarly there are incomplete pictures drawn about the concomitant role of business, or the failure to fully examine how social relationships, history and the external forces, beyond state forms, alter the way elites negotiate and bargain within socio-political structures and traditional hierarchies to develop projects for growth. Pivotal to this negotiation is the absorption of civil servants and local state officials into political and managerialist forms of governance to formulate and implement strategies. This process is a useful way to validate and legitimise activities, and symbolism and manipulation confirms the ideology, thereby resisting criticism and conflicts.

It would have been easy to let the theories drive the research but a central purpose of this research was to interrogate existing theories. All theories are useful mechanisms for gathering data but they become more problematic when they deflect the researcher

from looking 'outside the box' of their own understanding. It would have been very difficult to explain formal and informal inter-actions without using existing theories as a starting point for analysis. However, none of the existing research provided fundamental pointers or comprehensively explained what I was trying to understand, although some recent writers have begun to address the post democratic world in which formal institutional and informal interactions are contextualised. It is very easy to bias research by collecting data to support a theory rather than letting interviewees shape the process, so a fundamental driving force was the need to allow elites to tell their own story, with an acceptance that some of these stories would inevitably be biased. This was countered by triangulating stories to ensure accuracy and validity.

Concentrating on certain core elements of theories help to elucidate certain factors but this is always at the expense of others, of perhaps more importance. A lot depends on an individual researcher preferences and how theory is operationalised. There was a determination to move beyond existing theoretical frameworks, whilst accepting how risky a venture it would be, and the ability to reflect on a huge amounts of literature, mostly of a contradictory nature, was of significance.

URT identified critical factors, but recent researchers found them so inflexible that they either dispensed with them altogether, or aligned them to other frameworks. The empirical evidence presented in the three cases confirms that useful as some elements of URT are, it does not test the overall veracity of the model. Macro theories of the state are broad, abstract and lack precision on categorisation. This research has synthesised some macro and systems theories, drawn from the local dimensions identified in Regulation Theories, applied some of the aspects of meso level typologies found in URT and partnership and other network approaches to a regional level, and in doing so has produced a more comprehensive and robust framework that

also combines strategy and stakeholder power models located at the micro level of decision making. The particularistic nature of URT failed to describe changes at the meso and macro levels, whereas structural theories not able to fully explain all the forces which shape local, sub-regional and regional decision making.

Regeneration involves multiple parties, where diverse informal relationships are fluid, and the boundaries between state and non-state agencies, and democratic and business decisions are indistinguishable. Power and influence are difficult to determine because the strength and potency of power relationships depends on a number of internal and external factors. Traditional forms of decision-making are becoming obsolete, and history, social interaction and routinised practices were found to be significant factors in driving change.

This research suggests that it is valid to consider how all multi-agency elites incorporate state actors into decision making, and the key issue is not which sector incorporates the other, rather how resources, personnel and information are drawn together to satisfy objectives and legitimate activities. Clearly the fusion of roles, responsibilities, budgets and policies is the key to regeneration, as it is now a multi-level activity and no one agency can solve the problems.

Political science and management models broadened out the analysis to develop the concept of a regional regime. They highlighted the difficulties and complexities of decision making and the inequality of power relationships and revealed that 'managing' regional space excluded many disadvantaged groups from decision making forums. Managerialist models do not take account of history, power relations and informality, and though political science models proved useful, they have limitations. Existing managerialist frameworks, used in conjunction with classical and

contemporary political science models, elucidated some observable and unobservable aspects of the inter-relationships between stakeholders. Synthesising in this way helped to understand inter-relationships between elites.

It is accepted that this combined framework is not without its own weaknesses, but the use of the three distinctive cases allowed a focus on regional sub-regional levels, and demonstrated the longevity of regime activity. It showed the dynamic interplay between levels, and learning across space, time and regeneration projects. The fact that elites move between agencies over time, has allowed social networks and a formal and informal architecture to be sustained, both have helped to identify socially desirable projects.

The proposed, synthesised model includes elites and agencies involved in change, structures, power relations, history and social relations. It also attempts to encapsulate how external forces impact on regime activities. In no way does this synthesised model fully explain all changes but it is anticipated that findings will be of use to policy makers within regeneration at a time of devolutionary change. Recent administrative changes such as RDAs, SRPs and LSPs are seemingly incapable of solving the problems, and have been criticised for lack of accountability, shortage of resources, and central control. This regime, based on formal and informal connections, and democratic and non democratic input is a pragmatic attempt to solve intractable problems of decline, but is by no means an ideal solution to a very complex problem. The regime is also unaccountable, and devolutionary demands are growing in the region.

The chapters confirm that the context of regeneration, and the continued reform, structure and culture of both private and public services and pressures on vital

resources in part explain why multi-agency elites need to network more effectively and innovatively to identify projects capable of meeting unmet social and economic need. The elite regime has a strong strategic approach to regeneration, appeals to the rhetoric of unity and harmonious relationships, and blends organisational resources and information to achieve regional objectives. Critically state officials have been core elites who validate activities, and act as the bridge between the region and national state.

It has been argued that in the NE there has always been an elite regime of actors from multi-sectoral agencies who adopted a "managerialist" approach to problem solving by merging political and managerial objectives. This has been a deliberate policy, and the existence of a strong regional identity made the research much easier than it might have been in other regions without such distinctive boundaries. Historically the nature of elite regime membership has changed. In the late nineteenth century and early part of the twentieth century aristocrats, coal, mine and ship owners were the key actors involved in forums for regeneration. From 1945 until Nissan was attracted to the region the regime evolved to include other corporatist members, but since the mid 1980s membership has even broader than in past regimes. It now includes individuals from across a range of public/private and other sectors of economic activity. The regime is stable but draws in other individuals and resources, as necessary. It is therefore an adhoc grouping capable of adapting national policies to particular circumstances by identifying specific projects for regeneration, but there is a continual struggle for legitimacy and autonomy as elites look for more flexible and innovative ways to regenerate the region while at the same time maintain, enhance and enlarge their power base.

Elites are seen as significant, due to their cultural and reputed power, high profile, capacity to engage with, and lobby external actors. Relationships are based on longevity and friendship ties, and by informal means they are able to continually update regional knowledge, and sustain the regional story. As many of the community power and elite theorists found in the past, it is very difficult to gauge with real accuracy, what the levels of power and influence are, and often we must rely on the stories that are told. What is clear, though is that the NE regime is exclusive, does not involve excluded groups, but elites have a strong belief that close proximity to civic society makes them able to act on its behalf. It is impossible to discern where this belief came from, but it is universally held. Activities are not always open to debate, or rarely challenged because many decisions are made in informal and secretive forums. As a result wider social influences have little impact.

The NE elite regime shares many of the characteristics of urban regimes, in the US and with governance arrangements found in other parts of the UK, but despite the exclusivity it does have some female representation, all the more surprising in a macho region like the NE. There are some very strong female characters who lead regional agencies, and who have their own part to play in the regional story of regeneration. They have been pivotal links between the regional and national state.

Interview data confirms that the closeness and geographical smallness of the region facilitates informality. However, this is not to say that there is an absence of conflict, because there is a stage-managed attempt by elites to create the impression of harmony, especially when dealing with external actors. The messianic drive to be harmonious and cohesive is confirmed with rhetoric and symbolism. The discourse is a chosen method to foster an ideology of transformation. There are many examples of turf battles and high profile in-fighting, but stage-managed cohesion deflects any

criticism and allows elites to sustain this impression, because of the fear that to air regional differences might be detrimental to future funding. Many projects are unachievable without external sources.

However, though the regime exists there are difficulties in analysing the motives of various elites and their levels of voluntarism in any regeneration initiative, it is inappropriate nowadays to speak of a distinctive business class, or to speak of a public sector because the escalation in the pace of change, has dramatically altered their roles, purposes, operations and strategies. The social context and space for collective action is now enlarged and the potential for ambiguity on legitimacy and autonomy has grown. The uncertainty of a dynamic environment means that elites have to adjust more flexibly to each other. Over time there has been an alteration in the nature and extent of political engagement and there are many reasons for these changes. Participants in regeneration act through many different channels of expression and engage with the political processes in diverse forms.

Far from being auxiliary players in regeneration, elites from Universities, media, TU and other social and cultural organisations are prominent players who are drawn in to supply resources, expertise or information. Each elite exemplifies a synthesis or composite set of values, depending on the sphere of activity, and the objective to be achieved. They act through various means and will simultaneously share individual, organisational or civic values.

In creating a strategic framework elites have positioned themselves to assess activities across many diverse regional initiatives and there is a deliberate attempt to harness as many regional resources as possible in the interest of the whole region. The regional story continues to be enacted and articulated at all levels, and there is a shared



recognition that no single organisation possesses or has access to all requisite resources and have, over the years, come to depend on informal relationships based on trust and mutual dependency.

Elites carry out numerous tasks, individually and in collaboration in the interests of the region. In addition to the strategic approach to attracting inward investors they ensured that relevant services and aftercare services were in place, they meet formally and informally to welcome FDI executives, allow facilities and resources to be made available, and ensure that all regional resources are utilised to the full. Regional data bases are pooled and shared in regional efforts, as well as staff secondments between agencies. Research is shared, and most elites lobby and act as ambassadors for the region by fostering links with other regions and nation states. The determination to create and sustain supply chain linkages is an attempt to link SMEs and large inward investors. To facilitate this elites are involved in many regional forums and initiatives.

Longevity and informal networking have been an important aspects of regime success because communication has allowed transfer of ideas, and secondment between agencies and rotation of elites has confirmed this. The success of this regime lay in the ability to balance a range of competing and variable aspects of regeneration; the activities of constituted agencies with informality between key actors, traditional practices with more innovative and flexible approaches, social and economic needs, corporatist arrangements with a broader and adhococracy of players, and regional versus sub-regional needs. In achieving this balance regional elites gained an understanding of what might be possible within mandatory constraints. The space between what agencies or individuals are legally obliged to do, and what they can innovatively and entrepreneurially achieve by other means is of primary importance to elites and they were able to choose which initiatives would be beneficial to regeneration, given that

resources need to be devoted to any new initiative. Indeed the cases presented illustrate that concerted efforts to support initiatives resulting in social and economic benefits, were as important as raising the regional profile with the external world.

In other UK regions the importance of rhetoric and image boosting to change attitudes is the same as it is in the NE, but one major difference is that there is not the same level of hostility between sectors as those evidenced in places like Manchester and Sheffield. There is not the apparent fractures between sectors, instead there is a deliberate and consciously thought-out plan to merge sectoral activity and allow cross fertilisation and harness resources and information from all contributing sectors. The complex nature of regeneration has long been recognised by NE elites who are used to operating in fluid situations with shortage of resource, and in which communication and transfer of knowledge, pooling of information, and sharing both tangible and intangible resources is critical.

Informality needs to be created in other regions but in the NE informality is a way of life, and built into existing social relations. Formal mechanisms of regeneration are well established and institutionally NDC (now absorbed into ONE) and NEA were regarded as the primary agencies, but business representation has always been very strong. There is no clear evidence to support the view that any one sector has ever dominated regeneration, indeed the involvement of central government and European civil servants has been a central feature. By engaging central officials, historically elites have been able to develop their own 'bottom up' solutions as an attempt to resist the 'top down' solutions that central government regularly imposes. A process of negotiation and bargaining greets any new administrative or political fix, as the establishment of NDC, NEA or ONE illustrated. The governance regime therefore exemplifies 'adaptable efficiency' rather than 'allocative efficiency'.

There is strong evidence in the NE to indicate that public bureaucrats regard themselves as entrepreneurial and business representatives are highly political. The findings show that this has led to the marrying of managerial and political values, and increased the capacity to work collaboratively. The acceptance that certain agencies and elites take the lead on initiatives, a strong strategic approach with socially and economically desirable goals at the core, not only minimise conflicts but ensure that regional interests are placed above individual, organisational or other interests.

Elites are proud to seek local solutions to regeneration policies because the shared view that the central state has neglected regional interests, created a 'go it alone' mentality which runs very deep in the psyche of elite actor. National solutions have consistently failed and the evolution of the regime over the past century is a testament to this; they feel let down by central government. As a consequence political lobbying within and outwith the region, and achieving a high profile is regarded as a valuable elite skill.

The Siemens UK case was of major significance to the NE economy, and gave credence to national policies. It showed how elites able to secure national resources, above and beyond generalised expenditure, and confirm that the region had reached a turning point in its modernisation. It also validated and confirmed the legitimacy of previous activities and processes. Elites were able to redefine their activities and inter-linkages because it was thought that Siemens was a classic catalyst for change.

The regime was functional and instrumental as they all hoped that this success would create a new infrastructure, add to the R& D basis of the region, improve direct and indirect employment opportunities, as well as various spin off activities. In this way it was part of the traditional ideology of long termism and sustainability.

Resources and people were drawn together through formal and informal mechanisms and the ideology of growth was articulated by use of the media and any conflicts were managed so that future investments would not be jeopardised. Elites negotiated with, and lobbied central government, and Siemens executives, by using Denham and other senior civil servants to lubricate some of the bargaining meetings. Ultimately, despite the effectiveness in drawing on regional resources, they could do little other than to assemble a task force, given the volatility and transience of global capital.

On a more positive note, Siemens did mark a shift in thinking, as elites began to articulate the plight of the region and think more deeply about the dependency on inward investment and many benefits accrued from Siemens, such as the development of technical know how, a skills base, R&D and organisational capacity, and none were entirely lost once Siemens withdrew. There is now an even greater bank of knowledge and information, and Siemens demonstrated that elites can work effectively together, but that support from external sources needs to be forthcoming. New innovative and entrepreneurial thinking, policies and practices cannot alone rectify the multitude of social and economic problems.

Elites felt let down by central government, and the Siemens withdrawal gave a greater impetus for elites to articulate the unfairness of the Barnett Formula and to begin in earnest with demands for a Regional Assembly. Siemens was therefore a catalyst to greater political lobbying for the region to be allowed to determine its own destiny.

The Visual Arts case was hailed a great success, by elites and by independent research, because a region with few art galleries became the focus for international interest, and public perceptions and expectations of the role of art improved. Local authorities and businesses were galvanised into working with elites to initiate or

sponsor projects. The success created the confidence to bid to be the European Capital of Culture in 2008, but it was a catalyst for other projects, such as The Tall Ships Race, The Angel of the North, the £23 million Baltic Centre.

The event was a financial success, it achieved some of the economic, artistic and social/cultural regional objectives that elite actors had expected, but the ultimate objective of using it as a vehicle to make the NE a leading region in Europe for Arts has yet to be achieved. However, politically and commercially the national and international profile of the region was improved as a result of the initiative. Politically it had a bearing on the White Paper establishing RDAs, as it is cited as evidence of good partnership practice. It was a good example of strategic culture-led regeneration to meet unmet economic and social need.

It is difficult to show effective elites were, but informal linkages between them were put to good effect, and the critical input from business like public entrepreneurs and political business interests added to a strong institutional framework, and there is an anticipation that long term, this sustainability will achieve success. If visitor figures and if media coverage is any measure, then VA was very successful, but bringing about attitudinal and cultural change, will be difficult to measure. It is arguable that the event could have succeeded without elite input. However, the fact that they were socially embedded in their locales, able to negotiate and bargain to draw on regional resources and information to support the project were significant. Elites negotiated with civil servants and other local state officials helped to formulate and implement the strategy, and legitimised activities by appealing to symbolism and rhetoric. VA was not as exclusionary as the Siemens' case, because community groups were involved in various activities, however the strategies were determined 'top-down'.

It would be difficult to give concrete evidence on how successful elite intervention was, but some useful networks created were created for learning and ideas transfer. Valuable lessons were learnt from both VA and Siemens' and St.Peter's case.

St Peter's was claimed as a physical success, and elites wanted it to symbolise that the region had moved away from a dependency, and could be focused on a post – industrial project involving research, education, cultural, artistic and leisure facilities.

Elite networking and transfer of information and resources, between the collaborating elites and their agencies, became refined and many lessons learned and transferred from Siemens and Visual Arts. Elites were able to harness resources and information, and the project gave a clear sign that the NE was transforming, again validating and legitimising elite activities. It further enhanced the networks and multi-agency relationships.

St Peter's and the National Glass Centre gained a high national and international profile, in the same way that VAs 96 had done. The University Campus received numerous architectural awards, and communities became involved in specific projects that were used as benchmarks for other projects across the region. St .Peter's, unlike the two earlier cases was an attempt to involve disadvantaged and excluded groups in some, although not all activities, however strategic decisions still rested with elites, who were constrained by global or national constraints.

Wright played a key role, but interacted with with other local and regional elites to raise the profile of the region. The chapter confirms lessons have been learned from earlier projects and this was a classic example of using collective wisdom to sustain changes. A strong institutional framework was developed which was critical to regenerative efforts, despite conflicts that inevitably arose between commercial and

social needs this case demonstrated that a successful and balanced outcome was achieved, in negotiating and bargaining between elites and state officials.

Many of the initiatives under the St Peter's Development umbrella would have been impossible without an existing framework of community-based organisations. The strength of the informal and formal mechanisms for sharing information and capacity building was evident.

By having a strategic overview of how regional projects such as FDI, VAs and St Peter's Development elites were able to see how they dovetailed from community level upwards. Key regional personnel were in close and continuous communication at regional and sub regional levels, it was therefore possible to have a comprehensive and global picture. Over a period of time between projects the regional regime of elites redefined the strategic approach and improved the networking between the respective agencies.

The cases and the more general findings showed that elites have always felt it necessary to lobby central government, due to the cyclical nature of industrial activity and the changing nature of central policies detrimental to regional fortunes. The traditional uncoordinated responses to regeneration and the poorly institutionalised field have left gaps where elites have chosen co-ordinated, planned and strategic projects. This has created the best conditions for regeneration.

Elites regard regional space as one where demands are to be shared rather than argued over and where regional distinctiveness is articulated. The mixture of democratic and non-democratic representatives who interpret nationally determined policies, and adapt them to suit specific regional needs. All previous regional policies aimed at ameliorating the decline have been problematic and that setting up of RDAs may have

been the result of elite activities as they lobbied for greater support. Insufficient time has elapsed to make a proper evaluation of the effectiveness of the RDA, but as an administrative, rather than democratically controlled body there are inherent weaknesses and evidence from other regions reveal that they have never really fulfilled the desired role of facilitating self-sustaining and innovative economic development.

This regime has plugged the democratic gap as an undemocratic grouping based on informality and secrecy membership excludes large numbers of individuals who live and work in the region. Many campaigners in the region argue for more democratically elected forms of decision making, not least to reduce this type of self help regime that has historically evolved to attempt to solve regional decline. The RDA includes a number of elites who have been involved in earlier activities, but this administrative fix is still regarded as an inadequate response from central government to ensure that the real needs of people in the region are met. It is a totally inadequate mechanism for regeneration and many believe that the only forward is to have control of resources and local democratic control.

The frameworks introduced here could be further developed to appreciate the nature of power and influence in the region, and linkages ascertained. A large-scale survey of a much broader cross section of the region could ascertain other significant projects, and how strategies are formulated and implemented within the wider socio-economic system and traditional hierarchies. It would also be illuminating to identify how resources and information create power bases. By reference to some of the power models a typology to include civic, individual and organisational categories might be a more scientific measurement of elite activities and motivations could help to assess formal and informal relationships.



The NE is in a similar position economically, as it has been for many years, so this begs the question 'if elites have been successful in regeneration projects why is the position unchanged'? On all criteria it is the most disadvantaged of the English regions, hence the demands for a political solution to the divisions. The fact is that while structural and global factors impact on elite activities it is almost impossible to achieve regeneration from within, because there is little autonomy to fund projects. It is difficult to say what the situation might be without these elite activities, or without lobbying to demand action. It is almost impossible to socially and culturally desirable projects in the same way that we might measure economic impacts. The regional question is undoubtedly further up the political agenda than it has been for decades, and despite some successful inward investments these are difficult to sustain in the face of turbulent and dynamic global pressures.

There has been call centre growth but mainly low paid jobs, many parts of the region have been physical transformed, cultural and creative industries in a more flexible labour market, and the flat caps and whippets mentality is receding. It would be unwise, however, to say that the elite regime has been an outright success, because there is still a dire lack of business start up, an inability to encourage indigenous development; both would be good measures of growth in the economy. This is not to say that there is a lack of entrepreneurialism, because the findings show the converse picture. The region has had support from the public purse, but many of the resources are directed into the wrong avenues. Innovation and venture capital funding from central government could be utilised more effectively in a region where networking, informality and lobbying are prized. Government policy might be better directed into mapping the informal aspects of regeneration, or setting up intermediary, broker institutions to harmonise individuals, agencies, resources and information to achieve

regional objectives. This would require training in networking and mapping of informal activities for project realisation, as existing policies on clusters and entrepreneurship are flawed, nor those aimed at encourage business start ups and indigenous growth. Funding should be made available to lubricate multi-agency approaches to problem solving, ones that embedded in the meta level between the institutions and individuals. They are numerous ways that this could be achieved. Secondees from one sector could be usefully deployed in other sectors, as identified already in Durham County Council's Economic Development Strategy. One North East also needs to consider very carefully how to fund cross- sectoral networking, and use existing local, sub-regional and regional networks to establish others.

Artistic and creative networks were shown to be an important aspect of the Visual Arts case so maybe growth could be investigated in this sector, but current formal mechanisms for achieving this are not working. ONE and GONE have absorbed the cultural sector into an economic cluster, which is totally inappropriate for this type of activity. Likewise farm diversification, artists, designers, cultural and creative industries could be energised by networking and collaboratew orking.

The characteristics of NE networking are quite different to those found elsewhere. given that most of them have a strong familial and historical basis, and a strong regional identity. Negative perceptions of dependency from external sources do not help to stimulate growth, so mechanisms for networks to flourish need to be found. Most educational provision is not tailored to the specific needs of either the individual, the organisation or indeed the civic, so innovation funding could be better used in setting up opportunities for people to network more effectively.

There is little doubt that the NE region is vibrant and significant part of the national economy, but this research supports the view that a number of policy gaps create, at best inconsistent perceptions about the needs and characteristics of the NE, and at worst militate against growth. The lack of a real understanding of the region inevitably leads to fragmented, and un co-ordinated policy making, directed toward the wrong areas by civil servants who often pay rare visits. These case studies have shown how elites with a sense of history and identity have developed mechanisms to choose projects that meet unmet social, cultural and economic, but that are constrained and contingent on factors outside of their control.

## Appendixes

### Appendix 2.0 QUESTIONNAIRES

#### Questionnaire: A Strategic Analysis of the Northern Region: Key Individuals and Partnerships for Regional Renaissance

Questionnaire Date:

##### Personal questions on respondent

Name:

Organisation:

Age range:

Position in Organisation:

As well as working in the North, do you also live in the North?

Location (which part of the region) ?

How long have you lived in the North?

Do you travel outside of the region on business? YES/NO

If yes, how often do you travel:

Outside the region, but within the UK

To other European states.

Outside Europe, ie, internationally

Do you belong to any professional association, locally, regionally or nationally?

On a personal level do you belong to any groups, associations, political parties, clubs locally, regionally or nationally?

Are you a Board Member on any Quango, either personally or as a representative of your organisation? (e.g., TEC, NHS Trust, Sports Council, Arts Council)

Is it local, regional or national?

##### Images of the region

Define the Northern Region. (Prompt ... boundaries)

In your business travel outside the region what would you say was the perception of the region by others?

Is the North:

A good place to live in? Why?

A good place to invest in? Why?

Is the North a region dominated by:

Small scale capital

Large scale capital

Public sector organisation

Other

Can you identify and name FIVE large firms that have relocated in the region in the last three years?

Can you identify any small to medium size firms that have relocated or been set up in the region in the last three years?

Is this region:

Dynamic

Optimistic

Looking forward to a positive future

Or

Keen to maintain the status quo

Rooted in the past

Pessimistic about the future

Has the North aspirations for growth and change or not?

Is the North proactive in changing or is it responding reactively to external influences?

What are the external forces? (Prompt ... Europe, National Government, International competition, competition with other regions in the UK or in Europe)

Which region in the UK is the most like the North?

Which region in the UK is keenest competitor for Inward Investment?

How does the Northern Region compare to other regions as a basis for Inward Investment?

Does the North relate to any other regions (UK or Europe) in any way? (ie Strong links, competition, collaboration, etc.)

Can the North be described as homogenous or is it divided along class, religious or ethnic lines?

Is there a strong sense of regional identity in the North?

What explains this enduring regional identity?

Is it stronger than in other regions of the UK? Why?

What are your views on a Regional Assembly?

### Regional Regeneration

Would a Regional Development Agency aid or frustrate the regeneration process? (Probe)

Do politicians have much influence on regeneration?

Is there political cohesion?

Do politicians sink their differences in the interest of the region?

We are all in it together (an oft quoted phrase). Do you agree that this is the general feeling or is there conflict on a regional basis?

Is regional regeneration/renaissance a collaborative/coordinated process in the North?

Would the position change with a change of central government?

Would a Labour Government bring any further benefits for this region? (Probe, what would they be?)

Is there evidence of strong public/private collaboration? Give examples of good practice.

Does any organisation dominate the regeneration process?

Name FIVE key agencies/organisations influential in regeneration/renaissance.

Name FIVE key individuals influential in regeneration/renaissance

## Governance of the Northern Region

Does the term “Governance” mean anything to you?

Is there a new Governance in the North? If so, who dominates the process?

Business, Politicians, Public Sector Officials, Quango reps/officials, Some other group/individual

Is there an identifiable sovereign group?

Why, on European issues does the North have a “go it alone” mentality?

## Change/Transformation

Has there been a transformation in the North? YES/NO

What accounts for any change?

Is change top-down or bottom-up?

Who is driving the change?

Organisationally, Personally, Other representation

## Regional Elites

Are you able to name TEN key individuals in this region who could be regarded as significant figures in raising the profile of the region and thereby aiding regeneration/renaissance?

Why are they significant?

How have they achieved such prominence?

Where do each of them work?

Business, Politicians, Public sector, Quango reps/officials, Other

Are you aware of any important partnerships/networks that these elites belong to, or are at the head of?

Are they all “home grown northerners”?

Does it matter whether they are “home grown or not”?

Do elites in the North have an informal set of networks? (Probe ... outside formally established partnerships/networks)

Has the Northern Regional a Business Cadre? Why do you say that?

Is the business community a strong one in this region?

Would you regard the business community as more powerful than other sectors in regeneration/renaissance terms?

## PARTNERSHIPS/NETWORKS – General

Would you say that partnerships work better in this region than any other region? Why?

If not, why do other regions do it better?

How are partnerships generally formed? Organic or created?

Name FIVE examples of good partnership/network arrangements:

## Success of Partnerships

For the two most successful ones:

Basis for success?, Stimulus for existence?, Who set it up, why?, How often does it meet?, Formal constitution?, Which organisations are represented?

Is it equal, is power distributed equally or is there a dominant partner/organisation?, Stable or ad hoc?, Access to resources, people, info, etc? Who provides each? Has it achieved set outcomes?, Resolution of conflict?, Problems hampering its work?

#### Personal/Organisational involvement in Partnerships/Networks

Do you belong to any partnerships/networks concerned with economic regeneration/Inward Investment or any other aspect of renaissance of the Region (either personally or as a representative of your organisation?)

If no, who in this organisation does act in a personal or organisational capacity on such partnerships/networks?

Identify THREE partnerships/networks that you belong to?

NB – Ask all the same questions as those shown in General Section above.

Lead role?, Purpose/mission?, Informal links?, Outcomes?, Benefits to organisation?, Disbenefits?

#### Projects in the Northern Region

Are you aware of any large scale/high profile projects in the North. Name THREE:

Are they property driven or socially driven?

Lead body? Private/public?

Do large scale projects contribute to the overall regeneration of the region?

Are there real or imagined benefits?

**MANY THANKS FOR YOUR HELP**

#### **Questionnaire: A Strategic Analysis of the Northern Region: Key Individuals and Partnerships for Regional Renaissance**

Questionnaire Date:

#### Personal questions on respondent

#### **(VISUAL ARTS & ST PETER'S) ADDITIONAL QUESTIONS**

##### **Chronology of events**

Key Stakeholders (Organisations/individuals)

Most powerful/central to decision-making

Role of each actor/agency

Basis for involvement/powerful position/status

Proximity to decision making

Longevity of involvement

Profile

Accessibility to resources/expertise

Control over internal/external environment

Informal links

Finance/Manpower/Resources/skills/expertise

Size of agencies/closeness to strategy/budget share/support services

Mandatory powers/discretionary

Leadership/charisma

Coalitions/linkages

Discernible linkages to a “regional regime” of actors/agencies

### **Additional questions (Siemens)**

It is said that Siemens considered a number of other sites before deciding on the UK, and then North Tyneside. What factors draw Siemens to the UK as opposed to other nation contenders such as Austria, Ireland, Portugal or Germany?

How strong a contender was the Cork site in the Republic of Ireland, what dissuaded Siemens from locating the new plant there?

Did the UK government play a significant role in attracting the new investment to the UK? What role did they play?

What were the key factors which won the investment for North Tyneside, as opposed to other UK sites such as the other strong runner Wolverhampton?

Numerous factors have been cited in the local and national press which favoured North Tyneside. Below is a list of cited “factors”. Would you please ascribe each of them a weighting of importance indicating by any other the numbers reproduced below.

A very important contributory factor – of crucial significance.

An important supplementary factor

A reasonable but not decisive plus point

A minor positive consideration

Of little significance in the deliberations

Never was a factor

Tyneside’s reputation of a flexible workforce

Good infrastructure

Good access to UK domestic markets

Success of inward investments by nearby Nissan, Fujitsu, Samsung

Reports of what Freudenberg’s experience of North Tyneside had been like in the meeting with Mr Rheinard Schutz MD

Strong inter agency co-operation in the region (NDC, GONE, EP, NTBC)

Mr Hesletine favouring a Tyneside location

Financial inducements/packages on offer in the region

Social chapter opt out

Use of Port of Tyne for exports/imports

Proximity of universities with relevant research track record in microchip technology

Relatively low wages costs

Availability of good leisure amenities ie theatre, shopping, accommodation, golf courses, etc

Please ascribe a weighting of the importance and centrality of the role agencies listed below as either

Crucially important

Very important

Important

Not very important

Not at all important

Role of NDC

Role of TWECO

Role of EP



Role of North Tyneside Economic Development Unit

Role of Invest in Britain Bureau

Role of Tyneside Tec

Role of City Challenge

Role of GONE

Role of universities

Role of employment services

Role of the business community

Are there any factors of significance omitted in this list? If so, please add them in the space below.

What degree of cooperation and coordination did the agencies operating in the North East achieve?

Which local/regional agency had the most influence in favour of North Tyneside being awarded the investment?

Which market will the chips manufactured on Tyneside be targeted at?

The wage rates in Siemens Germ plan vary from £272.50 to £795.00 per week (gross). How will the wages compare in the Tyneside plant?

Of the 2000 projected jobs, approximately how many will be filled by German nationals?

Was the possibility of further grants from sources such as City Challenge a factor in North Tyneside's favour?

What were the top three factors **against** North Tyneside being awarded the investment?

Why was the speed of building the plan such an urgent factor?

## Appendix 3.0 Key Statistics for the North East

	North East	UK
Population, 1999 (thousands)	2581	5950 1
Percentage aged under 16	20.1	20.4
Percentage of pension age or over	18.7	18.1
Standardised Mortality Ratio, 1998	114	100
Gross Domestic Product, 1998 (£ per head)	9819	1245 5
36 month survival rate for businesses registered in 1995 (percentages)	57.0	61.0
Economic activity rate for people of working age, Spring 2000 (percentages)	74.3	78.7
Employment rate, 1998-1999 (percentages)	67.1	73.5
ILO unemployment rate, Spring 2000 (percentages)	9.1	5.5
Average gross weekly earnings: males in full-time employment, April 1999 (£)	384.6	440.7
Average gross weekly earnings: females in full-time employment, April 1999 (£)	289.8	325.6
Average gross weekly household income, 1996-1999 (£)	357	430
Average household expenditure, 1996-1999 (£)	283	333
Average dwelling price, 1999 (£)	59442	9825 2 <sup>1</sup>
Recorded crime rate, 1998-1999 (notifiable offences per 100,000 population)	10359	9785 2

<sup>1</sup> Data related to England

<sup>2</sup> Data related to England and Wales

*Source: Office for National Statistics; Department of Trade and Industry; HM Land Registry; Home Office*

### **Appendix 3.1 Explanations for enduring sense of regional identity**

‘The North East has the greatest sense of regional identity in the country. You won’t find this ethos anywhere. Informal partnerships and structured partnerships with us all working around the same objectives is the way ahead.’ (Sir P Nicholson)

‘Commonsense of deprivation, industrial decline’ (K Frankish)

‘Shared experience of troubles’ (O Grant)

‘A siege mentality’ (A Balls)

‘Peripherally, we are the last outpost before Scotland’ (Sir F Holliday)

‘Pride in our working class heritage’ (D Robson)

‘We haven’t been penetrated by immigrants’ (J Lennox)

‘We have few people migrating out’ (J Bridge)

‘The dislike of Westminster and Whitehall’ (Sir I Wrigglesworth)

‘We need to stick together as resources are always channelled to the South East’ (J Lennox)

‘We have been forced to acknowledge self decline’ (G Gill)

‘Class lines are diminishing’ (P Denham)

‘Networking fosters the regional identity’ (Sir J Beecham)

‘Sport brings us all together, its a great leveller’ (P Denham)

‘Our tradition and strong culture’ (D Byrne)

‘Comrades in adversity’ (J Mills)

**Appendix 3.2 Comparison of regional GDP per head (1997 figures)**

Region	£'s	Index rating
<b>UK</b>	<b>11488</b>	<b>100</b>
<b>North East</b>	9473	82
<b>North West</b>	10481	91
<b>Yorkshire &amp; Humberside</b>	10244	89
<b>East Midlands</b>	11002	96
<b>West Midlands</b>	10669	93
<b>East</b>	11739	102
<b>London</b>	14411	125
<b>South East</b>	13549	118
<b>South West</b>	11213	98
<b>England</b>	11740	102
<b>Wales</b>	9442	82
<b>Scotland</b>	10975	94
<b>Northern Ireland</b>	9235	80

*Source: ONS, 1999*

### Appendix 3.3

### GDP by Industry – North East and UK

£ million and percentages								
	£ million				Percentages			
	North East		United Kingdom <sup>2</sup>		North East		United Kingdom <sup>2</sup>	
	1994	1997	1994	1997	1994	1997	1994	1997
Agriculture, hunting, forestry and fishing	203	203	10777	10596	0.9	0.8	1.8	1.5
Mining, quarrying of energy producing materials	123	106	2459	2394	0.6	0.4	0.4	0.3
Other mining and quarrying	86	83	1250	1609	0.4	0.3	0.2	0.2
Manufacturing	6306	6863	128202	148619	28.9	28.2	21.6	21.3
Electricity, gas and water supply	566	583	15932	16230	2.6	2.4	2.7	2.3
Construction	1146	1429	31347	36927	5.3	5.9	5.3	5.3
Wholesale and retail trade (including motor trade)	2412	2563	71201	85865	11.1	10.5	12.0	12.3
Hotels and Restaurants	537	724	17023	22585	2.5	3.0	2.9	3.2
Transport, storage and communication	1497	1599	50708	57916	6.9	6.6	6.6	8.3
Financial intermediation	810	751	45421	43852	3.7	3.1	7.7	6.3
Real estate, renting and business activities	2838	3552	109077	140311	13.0	14.6	18.4	20.1
Public administration and defence <sup>3</sup>	1471	1433	37945	38101	6.7	5.9	6.4	5.5
Education	1547	1637	32788	38818	7.1	6.7	5.5	5.6
Health and social work	1963	2213	39405	46344	9.0	9.1	6.7	6.6
Other services	850	1066	25248	34567	3.9	4.4	4.3	4.9
Adjustment for financial services	-543	-482	-26410	-25678	-2.5	-2.0	-4.5	-3.7
<b>Total</b>	<b>21812</b>	<b>24323</b>	<b>592373</b>	<b>699056</b>	<b>100.1</b>	<b>99.9</b>	<b>98</b>	<b>100.0</b>

<sup>1</sup> Based on SIC 1992

<sup>2</sup> Excludes production from Extra-Region.

<sup>3</sup> Public administration, national defence and compulsory social security

### Appendix 3.4 Business Formation, by region, 1981 – 1989

Region	New Business Registration		Net change in stock of businesses	
	Number (000s)	Rate	Number (000s)	Rate
South East	698.3	96.1	152.1	20.9
East Anglia	70.9	104.1	13.9	20.4
South West	153.5	99.6	33.0	21.4
East Midlands	114.6	78.1	21.8	14.9
West Midlands	147.8	72.1	24.1	11.7
Yorks-Humberside	129.0	69.7	18.5	11.7
North West	170.2	69.0	17.7	7.2
North	62.9	56.1	8.6	7.7
Wales	75.9	80.8	12.2	12.9
Scotland	109.9	54.9	17.1	8.5
Northern Ireland	31.9	63.0	6.8	13.4
United Kingdom	1764.9	80.6	325.8	14.9

Source: ONE, 1999

### Appendix 3.5 Changes in start of year stocks of VAT registered businesses (1994 – 1999)

North East sub-region	1994	1999	Change	% Change
Tees Valley	10540	9700	-840	-8
County Durham	9095	8740	-355	-4
Northumberland	7715	7535	-180	-2
Tyne and Wear	13495	12750	-745	-6
North East	40845	38725	-2120	-5

Source: ONS, 2000

## Appendix 3.6 Regional Trends in Self-employment, 1979-90

Region	Self Employed					Change in employees in employment
	1979		1990		Change 1979-90 (000s)	
	(000s)	%	(000s)	%		1979-1990 (000s)
South East	651	34.2	1198	35.7	547	165
East Anglia	79	4.1	156	4.6	77	111
South West	146	7.7	306	9.1	160	173
East Midlands	116	6.0	220	6.5	104	12
South	992	52.1	1880	55.9	888	461
West Midlands	141	7.4	244	7.3	103	-144
Yorks- Humberside	134	7.0	271	8.1	137	-82
North West	214	11.2	326	9.7	112	-250
North	79	4.0	116	3.5	37	-133
Wales	124	6.5	199	5.9	75	-40
Scotland	160	8.4	247	7.4	87	-129
Northern Ireland	64	3.4	76	2.3	12	-9
North	916	47.9	1479	44.1	563	-787
United Kingdom	1908	100.0	3359	100.0	1451	-326

Sources: Department of Employment; Daly (1991)

## Appendix 3.7 Membership of Development Boards, 1938

	Supported By
<b>Tyneside Industrial Development Board</b>	Newcastle Corporation Gosforth UDC Longbenton UDC Wallsend Corporation Tynemouth Corporation Whitley and Monkseaton UDC South Shields Corporation Jarrow Corporation Hebburn UDC Felling UDC Gateshead Corporation Ryton UDC Prudhoe UDC Newburn UDC
<b>Tees District Development Board</b>	Middlesbrough Corporation Stockton Corporation Thornaby-on-Tees Corporation Redcar Corporation Eston UDC Billingham UDC Tees Conservancy Commissioners Teesside Chamber of Commerce
<b>Sunderland Industrial Development Board</b>	Sunderland Corporation Sunderland Chamber of Commerce Sunderland Chamber of Trade Sunderland Gas Company
<b>South-West Durham Reconstruction and Development Board</b>	Stanhope UDC Shildon UDC Willington UDC Spennymoor UDC Crook UDC Bishop Auckland UDC Tow Law UDC Barnard Castle UDC
<b>Hartlepool and District Development Board</b>	West Hartlepool Corporation Hartlepool Corporation Hartlepool Chamber of Commerce

Source: *Minutes of Evidence, R.C. Geographical Distribution of the Industrial Population.* (31.3.1939), p. 554



## Appendix 3.8 Organisations Represented on the Council of the North East Development Board, 1938

<b>Development Boards and Committees</b>	Tyneside Industrial Development Board Tees District Development Board Sunderland Industrial Development Board South-West Durham Reconstruction and Development Board Hartlepool and District Development Board Berwick Development Committee
<b>Others</b>	Borough of Morpeth Seaton Valley UDC Northumberland CC Durham CC Haltwhistle Improvement Association Members of Parliament for the North Eastern Area Newcastle and Gateshead Chamber of Commerce Northern Association of Chambers of Trade University of Durham River Wear Commissioners Ministry of Labour Employment Exchanges Industrial Advisory Council North of England Shipowners' Association Durham and Northumberland Coal Owners' Association Durham Miners' Association Federation of British Industries North-East Coast Engineering Employers' Association Society of Chemical Industries North-East Coast Institute of Engineers and Shipbuilders London and North-Eastern Railway British Iron and Steel Association North-Eastern Electric Supply Co British Broadcasting Corporation

*Source : Minutes Evidence RC on the Geographical Distribution of the Industrial Population (31-3-1938), p554*

## Appendix 3.9 Summary of Regeneration Expenditure

	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn	2001-02 plans	2002-03 plans	2003-04 plans
Regional development agencies (net) <sup>1</sup>	12.8	584.4	917.3	1254.8	1359.9	1506.6
New Deal for Communities	0.2	4.7	60.3	281.0	409.0	479.0
European regional development fund	231.1	233.3	268.3	293.3	210.1	254.0
English Partnerships <sup>2</sup>						
Urban Regeneration Agency	156.3	-365.9	17.7	43.2	38.2	38.2
Commission for the New Towns	32.9	-62.7	-110.9	-63.8	-63.8	-63.8
Coalfields Trust and Fund	0.0	1.6	26.1	15.0	20.0	15.0
Housing action trusts	121.8	108.3	129.9	133.2	163.2	112.2
Estate action	96.7	56.8	68.4	39.4	13.0	5.0
Groundwork	6.7	7.5	7.7	8.0	9.3	10.6
Special grants programme	1.1	1.4	1.6	2.0	2.0	2.0
Single regeneration budget <sup>3</sup>	558.9	169.5	-0.1	0.0	0.0	0.0
Publicity and programme support	0.3	0.4	0.4	0.4	0.4	0.4
Other	-	-	-	10.0	10.0	10.0
Closed programmes <sup>4</sup>	19.3	4.6	4.1	0.0	0.0	0.0
<b>Total Regeneration</b>	<b>1238.0</b>	<b>743.3</b>	<b>1390.6</b>	<b>2016.5</b>	<b>2171.3</b>	<b>2369.2</b>
<b>Central Government's own expenditure</b>						
Voted in Estimates (RfR 1)	197.0	135.6	92.7	193.9	325.8	371.1
Non-voted	286.1	244.2	779.8	1217.3	1238.4	1334.1
<b>Central Government support to local authorities</b>						
Voted in estimates (RfR 1)	615.7	216.4	518.1	605.3	607.2	664.1
Non-voted	139.2	147.1	0.0	0.0	0.0	0.0

<sup>1</sup> Includes expenditure by the new London Development Agency from July 2000. Expenditure sponsored by other Government departments and their corresponding contribution will not appear in this table but in those departments' own reports. Expenditure up to and including 2001-02 covers a number of programmes, including land and property budgets, rural development programme, single regeneration budget and inward investment. From April 2002, RDA programmes will be brought together into a single programme.

<sup>2</sup> On 1 April 1999 we transferred the regional role of English Partnerships to the RDAs, except London which transferred on 3 July 2000. English Partnerships includes spending on coalfield regeneration, on the Greenwich millennium site from 1996-97 to 1990-00, on the derelict land grant up to 1998-99, and on the partnership investment programme from 1999-00 to 2000-01.

<sup>3</sup> Relates to expenditure by the Government Offices prior to transfer of the programme to the RDAs and the London Development Agency

<sup>4</sup> Closed programmes includes the urban programme, safer cities, business start-up scheme, local initiative fund, compacts, teacher placement service, education business partnerships, TEC challenge, programme development fund, regional enterprise grant section 11 (part), ethnic minority business initiative, GEST 19, city action teams, Manchester regeneration (Olympics), coalfield areas fund, local investment fund, urban development grant. Dearne Valley College, inner-city task forces, Manchester city centre and city challenge (but excluding city challenge expenditure by the Housing Corporation).

## Appendix 5.0 Manufacturing Labour in various locations considered by Siemens

Non-wage labour costs as a percentage of total labour costs Country	Hourly Labour Costs in US\$, 1993 Index		
	UK	23.5	25.71
Germany	15.5	12.76	100
Ireland	15.7	12.18	95
Portugal	23.8	4.60	36

Source: US Bureau of Labour Statistics.

### Note:

The figures for total labour costs come from the US Bureau of Labour Statistics.. These give total hourly labour costs in manufacturing industry. These figures also show the proportion of total cost that goes in direct pay, including the figures for total labour costs, from the US Bureau of Labour Statistics - these give total hourly labour costs in manufacturing industry. These figures also show the proportion of total cost that goes in holiday pay and pay for time not worked. The remainder, the non-wage element, mainly comprises employers' social security contributions and other compulsory expenditure like pension contributions and health insurance.

## Appendix 5.1 Average Gross Weekly Earnings in Great Britain April 1994

Region	Adult Earnings (£)	
	Men	Women
South East	299.2	204.4
East Anglia	273.5	172.5
South West	271.1	173.4
West Midlands	274.2	175.4
East Midlands	273.3	169.7
Yorkshire & Humberside	277.0	172.7
North West	279.4	175.7
North	278.5	172.9
Wales	272.3	175.7
Scotland	269.5	183.1
England	282.6	183.1
Great Britain	280.7	181.9

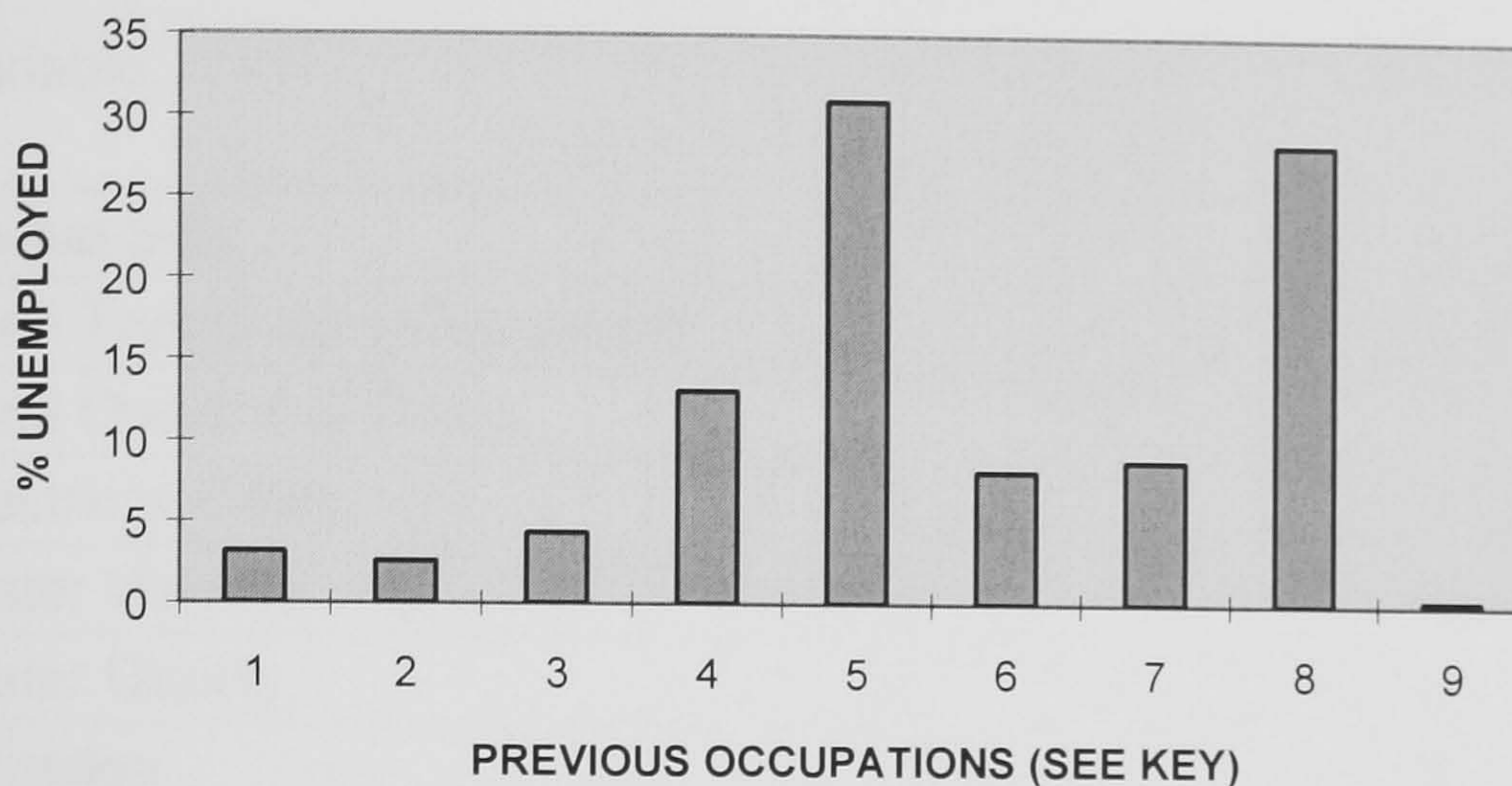
Source: New Earnings Survey - Part A

Published September 1994 Department of Employment HMSO

Note: Full Time Manual Employees on adult rates - pay unaffected by absence.

## Appendix 5.2 Unemployed workers in North Tyneside Breakdown by previous occupations

### UNEMPLOYMENT IN NORTH TYNESIDE



#### Key to Occupations:

- |  |                        |
|--|------------------------|
| 1: Managers                              | 6: Personal/Protective |
| 2: Professional                          | 7: Sales               |
| 3: Associated Professional and Technical | 8: Elementary          |
| 4: Clerical and Secretarial              | 9: Unallocated Yet.    |
| 5: Plant/Machine Op/Craft/Related        |                        |

Source: Employment Service Job Centres (Wallsend, North Shields, Westmore & Whitley Bay) - October 1996.

## Appendix 5.3 The pool of graduates and post-graduates from NE Universities in disciplines directly relevant to Siemens' recruitment needs

University Graduates and Post-Graduates in disciplines directly relevant to Siemens' recruitment needs*	
University of Newcastle Upon Tyne	63
University of Northumbria at Newcastle	144
University of Sunderland	120
University of Durham	19
University of Teesside	32
<b>TOTAL</b>	<b>378</b>

Source: The Universities of Newcastle, Northumbria, Sunderland, Durham, and Teesside.

**Note:** \* Summer 1994: BEng. Electrical and Electronic Engineering, MEng Electrical and Electronic Engineering, BEng. Electronic Engineering, BEng. and MEng. Microelectronics and Software Engineering, MSc Microelectronics, BSc Optoelectronic Engineering, BEng. Digital Engineering, BEng. Instrumentation and Control.

**Appendix 5.4 A Comparison of various locations' relative suitability according to the responses of Siemens Management to author survey.**

Variable	Weight						
	Weight Scale	I	II	III	IV	V	VI
Market Size	1-5	5	5	4	5	5	4
Land Topography/Geography	1-3	1	3	2	3	3	1
Land Ownership Costs	1-3	1	3	2	3	3	1
Electricity Costs	1-5	4	5	3	4	4	4
Water Volume	1-5	4	5	2	4	4	4
Water Quality	1-5	4	4	2	4	4	5
Vibration	1-5	3	4	4	4	4	4
Practical Assistance from Local Agencies	1-5	4	5	5	5	5	4
Transport	1-3	3	2	3	3	3	2
Labour Costs	1-5	5	5	5	2	2	5
Taxation	1-5	4	5	4	3	3	4
Permits profits to be easily remitted	1-5	5	5	4	3	3	5
Labour Availability / Flexibility	1-5	5	5	4	2	2	5
Training / Research	1-5	3	5	4	4	5	4
Grants	1-5	3	4	4	5	4	4
Political Stability	1-5	4	4	3	4	4	3
Labour Relations	1-5	4	4	4	3	2	4
<b>TOTAL</b>		<b>62</b>	<b>73</b>	<b>59</b>	<b>61</b>	<b>60</b>	<b>63</b>

**Note:**

Key I = Wolverhampton; II= North Tyneside; III = Portugal; IV = Austria; V= Germany; VI = The Republic of Ireland.

**Appendix 6.0 Employment in the Cultural Sector (1995 and 1999)**

Main Job	1995		1999	
	Thousands	Percentage	Thousands	Percentage
Cultural Industries	174	30.7	204	31.5
Cultural Occupation	252	44.5	287	44.3
Both	140	24.7	156	24.1
<b>Total</b>	<b>566</b>	<b>100.0</b>	<b>647</b>	<b>100.0</b>

Sources: Labour Force Survey, Spring 1995 and 1999

## Appendix 6.1.

Employment in all sectors: 25,973,000 (1995); 27,251,000 (1999)  
 Cultural jobs as percentage of all main jobs: 2.2% (1995); 2.4% (1999)

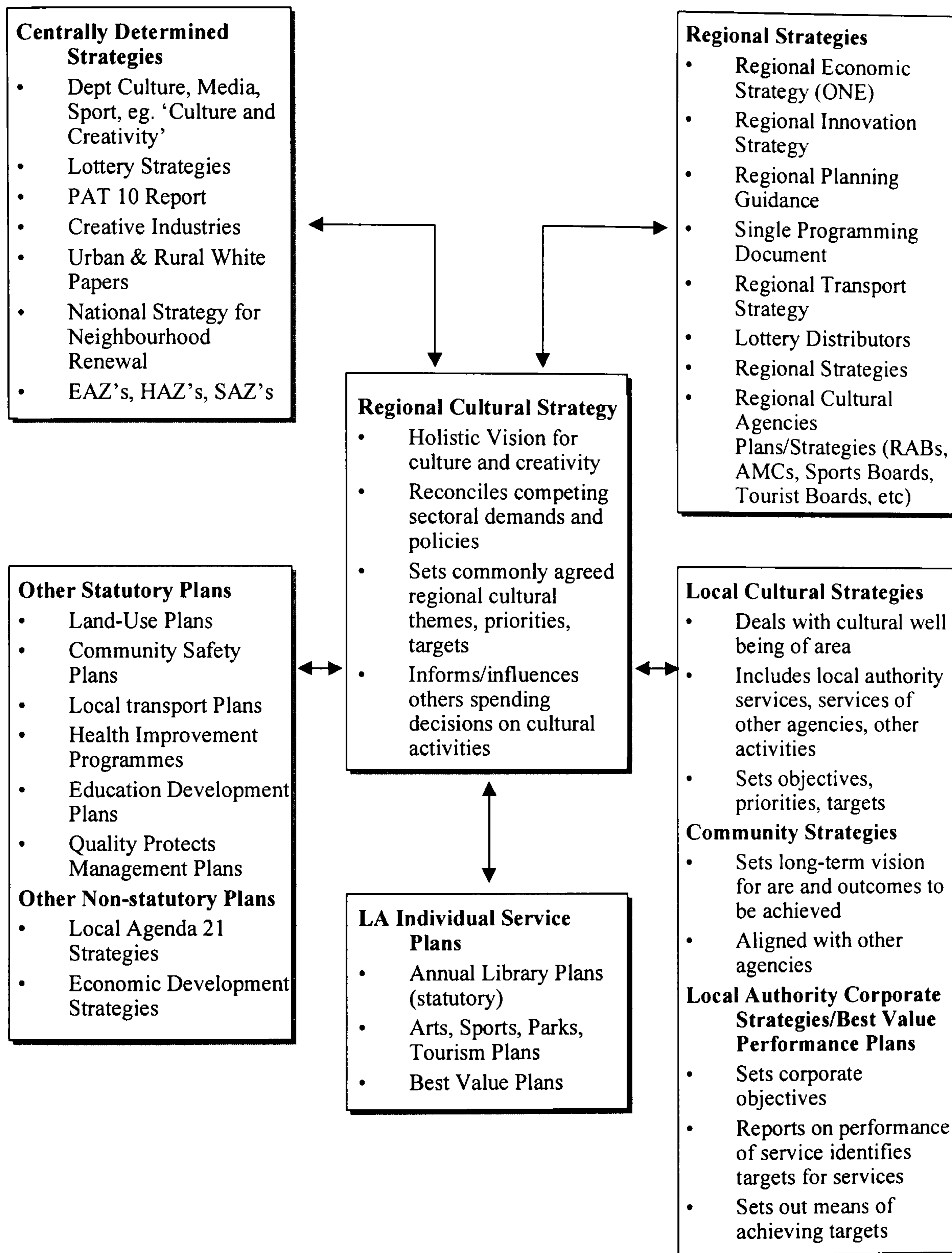
Artists, graphic designers, etc	99882	25.5	109996	24.8
Actors, stage managers, etc	57981	14.8	68738	15.5
Musicians	21301	5.4	29498	6.6
Camera, sound, etc, equipment operators	48947	12.5	46781	10.5
<b>Total</b>	<b>392228</b>	<b>100.0</b>	<b>443597</b>	<b>100.0</b>

Sources: *Labour Force Survey, Spring 1995 and 1999*

## Appendix 6.2      Employment in the Cultural Sector by Industry and Occupation (1995 and 1999)

Main Job	1995		1999	
	Number	%	Number	%
<b>Cultural Industries</b>				
Publishing/reproduction/ Recording	40198	12.8	45696	12.7
Films	37648	12.0	40085	11.1
Radio, TV activities	64199	20.4	70433	19.6
Artistic/literary creation, etc	77656	24.7	92485	25.7
Arts facilities	15506	4.9	26617	7.4
Library/archive activities	52903	16.8	47563	13.2
Museum activities	25946	8.3	37075	10.3
<b>Total</b>	<b>314056</b>	<b>100.0</b>	<b>359954</b>	<b>100.0</b>
<b>Cultural Occupations</b>				
Entertainment and sports managers	47221	12.0	56939	12.8
Librarians/archivists and curators	25835	6.6	32809	7.4
Authors, writers and journalists	91061	23.2	98836	22.3

## Appendix 6.3



## Appendix 6.4

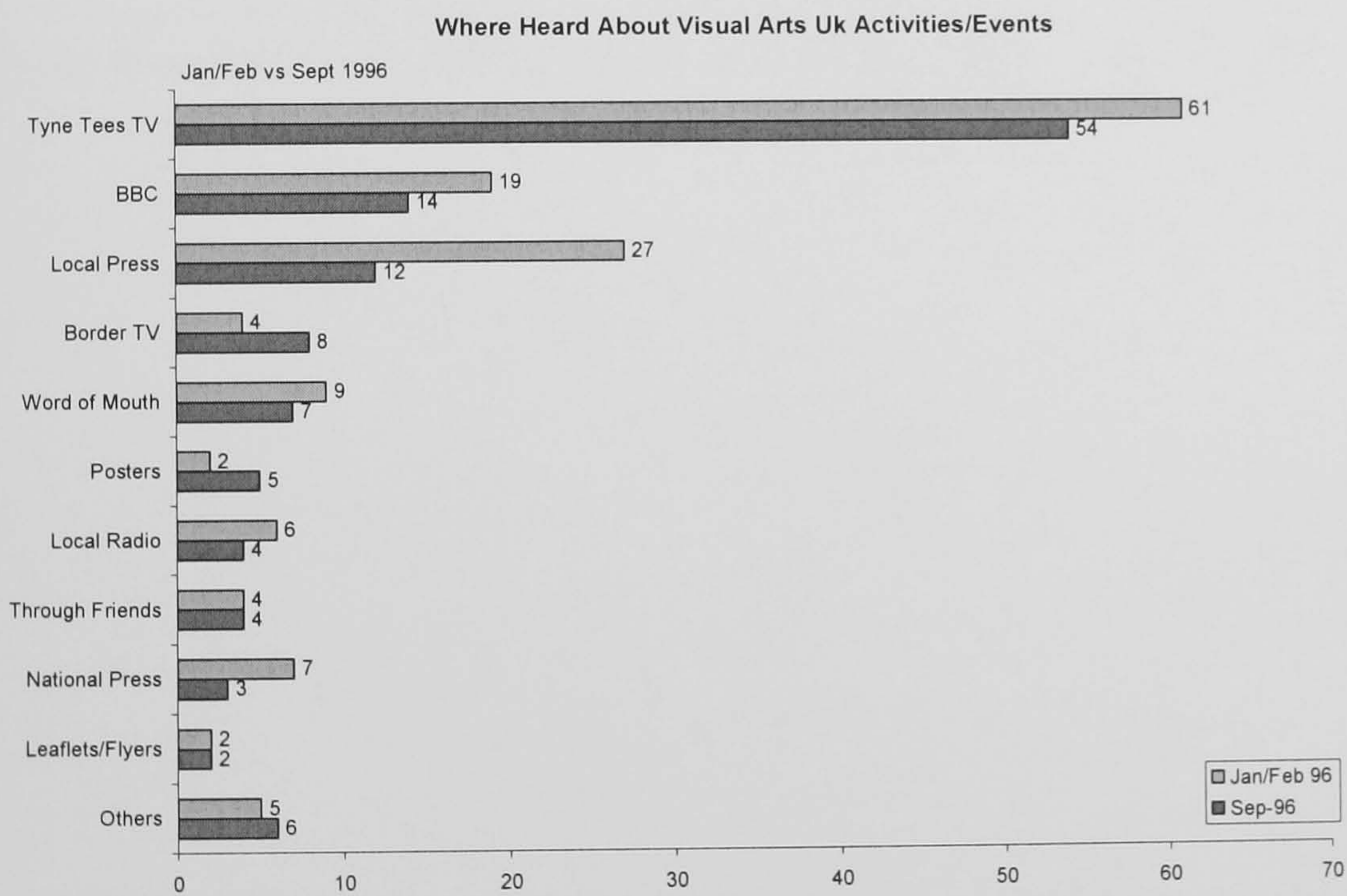
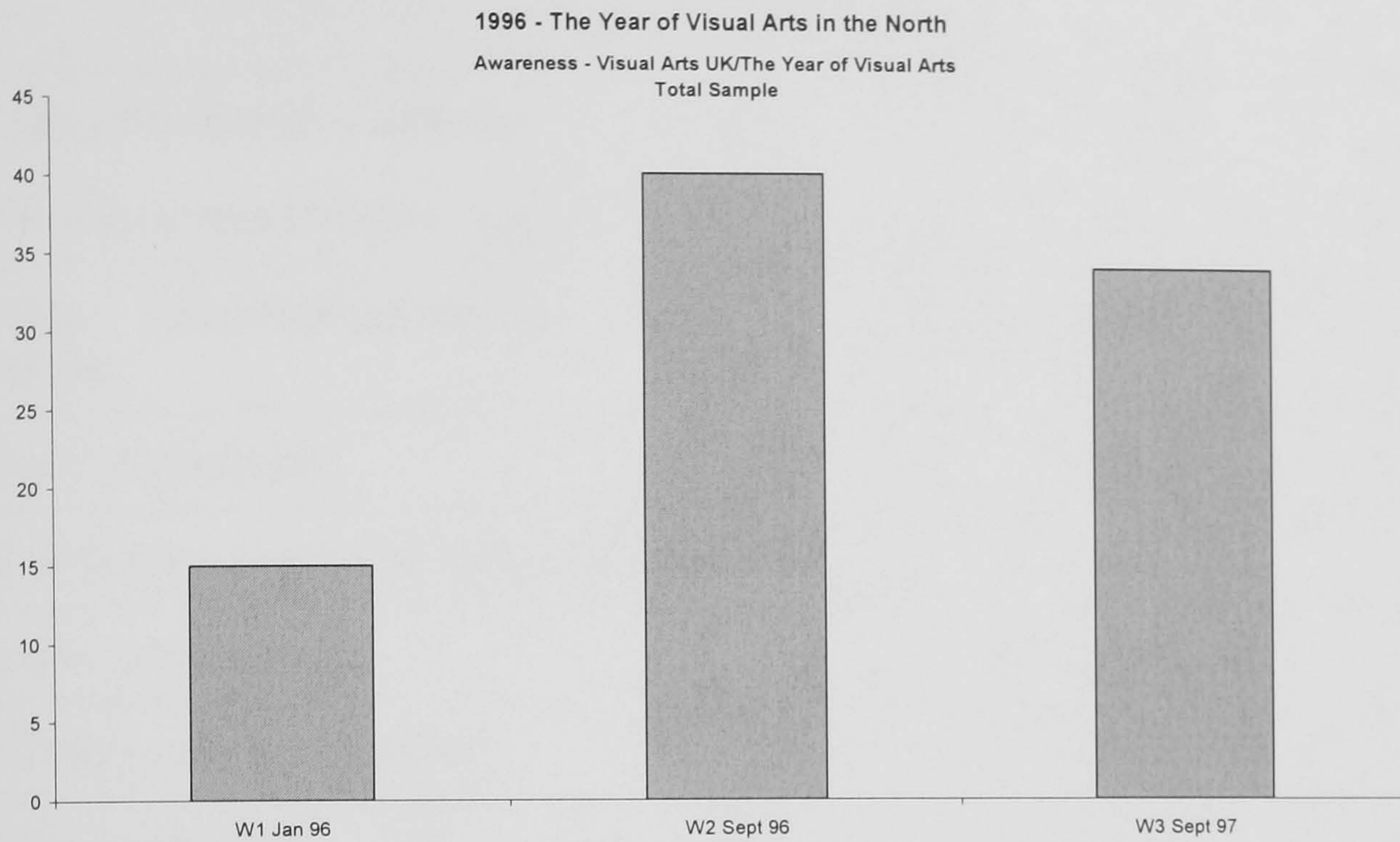
<b>Tourist attractions in the North-East with 100000 or more visitors in 1989</b>				
<b>Attraction</b>	<b>Visitor Numbers</b>		<b>% Change 1985/89</b>	<b>Ad- mission Charge</b>
	<b>1985</b>	<b>1989</b>		
<b>Museums and art galleries</b>				
Beamish	289000	486565	68	Yes
Captain Cook's Birth Museum	111633	100000 <sup>1</sup>	-10	Yes
Laing Art Gallery, Newcastle	93855	104229	11	No
Preston Hall Museum, Cleveland	379787	462317	22	No
South Shields Museum and Art Gallery	55000	139558	154	No
Sunderland Museum and Art Gallery	174111	122550	-30	No
<b>Historic Properties</b>				
Bamburgh Castle	82000	115328	41	Yes
Durham Cathedral	341000	400296 <sup>1</sup>	17	No
Housesteads Roman Fort	115069	129032	12	Yes

<sup>1</sup> 1988 figure

Source: *Tourism Fact Sheets: Northumbria and Sightseeing in the UK, 1989*, prepared by A Creigh-Tyte and B Thomas, 'Employment', in S Selwood, Ed, *The UK Cultural Sector*, Policy Studies Institute



# Appendix 6.5



**Source : Harris Research (1997) Visual Arts 96: Qualitative Findings, prepared for the UK Arts Council and Northern Sights, Surrey, Harris Research Centre**

**Appendix 7.0****TWDC – The record so far**

<b>THE RECORD SO FAR</b>	
Overall investment attracted	£1.0 billion
New Business Districts created	7
New industrial/commercial floor space	1 million square miles
New homes built	4,000
Companies supported with grant aid	130
Land reclaimed	427 hectares
Trees and shrubs planted	150,000
New roads built	31 kms
Jobs created/safeguarded	28,000

*Source: Riverside Revival, TWDC document 1997 and 1996/7 Annual Report*

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