

# LSE Centre for Economic Performance: Urban Renewal and Regional Growth: Muddled Objectives and Mixed Progress

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A new series of [Election Analyses](#) is now available from the LSE's Centre for Economic Performance (CEP). The series will discuss the research evidence on some of the key policy battlegrounds of the

2010 General Election, including macroeconomic policy, immigration, health, education, crime, poverty and inequality, labour market policy, regional policy, energy and the environment, financial regulation and bankers' bonuses, and foreign aid.

Since 1997, the Labour government has spent considerable sums trying to narrow the gap between poor areas – neighbourhoods, cities and regions – and the rest. The latest CEP Election Analysis from the Centre for Economic Performance (CEP) considers the evidence on the effects of some of these policy initiatives, with a focus on the role of 'area-based initiatives', which try to improve outcomes in particular areas.

According to author [Professor Henry Overman](#), the evidence suggests that progress against objectives has been mixed. This is unsurprising: the economic processes that drive differences across cities and regions of the UK are poorly understood and what evidence we do have has played little part in the formulation of policy. As a result, there is confusion about what urban and regional policy could and should try to achieve – and the parties' positions tend to be based on belief rather than evidence.

The CEP Election Analysis is summarised below and posted in full on the CEP website

here: [http://cep.lse.ac.uk/\\_new/publications/series.asp?prog=CEPEA](http://cep.lse.ac.uk/_new/publications/series.asp?prog=CEPEA)

- Since 1997, Labour has committed to improve the UK's 'underperforming' neighbourhoods, cities and regions.
- The public service agreement on regional growth commits the government to 'improve the economic performance of all English regions and reduce the gap in economic growth rates between regions'. There is little evidence of significant progress against this objective.
- The role played by the regional development agencies (RDAs) is hard to assess. There is no compelling evidence on whether RDAs are a good or bad thing.
- The government has also committed considerable resources to trying to improve outcomes in deprived neighbourhoods. Expenditures have provided important public goods, for example, improved social housing. But there appears to have been little progress in narrowing the gap between the outcomes for the most seriously disadvantaged individuals and the rest.
- As with RDA expenditure, it is difficult to get compelling evidence on the impact of these initiatives. Based on the best evidence that we have available (for the New Deal for Communities), a reasonably



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well-funded 'area-based initiative' has not, on average, improved individual outcomes in targeted areas.

- Some argue that there can be no assumption that 'success' is best measured by what happens to individuals as opposed to what happens to areas. Most economists would disagree with this suggestion: they view improving places as a means to an end rather than as an end in itself.
- Understandably, constituency-based politicians often care about area outcomes irrespective of the effect on individuals. Add to this the fact that voluntary 'sorting' in response to initiatives makes their impact very hard to evaluate and it is clear why the thinking of all political parties on the objectives for – and effectiveness of – spatial policy remains muddled.