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Shifting Horizons in Local and Regional Development

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Andy Pike*

Andrés Rodríguez-Pose**

John Tomaney***

*Centre for Urban and Regional Development Studies, Newcastle University, Newcastle upon Tyne, NE1 7RU. Email: andy.pike@ncl.ac.uk

**Department of Geography & Environment, London School of Economics, Houghton Street, London WC2A 2AE. Email: a.rodriguez-pose@lse.ac.uk

***Bartlett School of Planning, UCL Faculty of the Built Environment, Central House, 14 Upper Woburn Place, London, WC1H 0NN. Email: j.tomaney@ucl.ac.uk

Abstract

This paper aims, first, to trace the evolution of thinking about local and regional development in order to situate current debates in their sometimes neglected historical context and, second, to outline the elements of a future research agenda suited to contemporary challenges informed by the fundamental question of what kind of regional development and for whom. We show how local and regional development has become a global challenge, but how the approaches to it reflect shifting theories and ideologies which are mediated through particular structures of government and governance that shape diverse types of policy intervention.

I Introduction

... the play of forces in the market normally tends to increase, rather than to decrease, the inequalities between regions (Myrdal, 1957: 26).

Although the concern with the nature of 'development' and its geographies can be traced back to the earliest stages of industrialisation and urbanisation, it was in the second half of the twentieth century that both the study of local and regional development and the range and scale of government interventions to support economic development expanded significantly. In the immediate post-war period policymakers, in both the global North and South, placed great faith in the ability of the state to promote development and manage spatial inequalities. Only by the last quarter of the 20th century, was a renewed emphasis placed on the role of market mechanisms in the allocation of resources across the economic landscape, although states continued to intervene to (re)shape economic geographies. This shift in policy approach coincided with the acceleration of globalisation and transformations in the geopolitical order. Before the global financial crisis of 2008/9 free markets and globalisation were associated with relatively high levels of economic growth and the expansion of a new middle class in emerging economies, but also with a new, complex and uneven geography of inequality. In the aftermath of the Great Recession, a new normal of low global growth has created fresh challenges for thinking about uneven urban and regional development, including what we mean by 'development' itself and how its economic, social and environmental dimensions relate (Pike *et al* 2016).

Shifting contexts, experiences and legacies have meant the focus of local and regional development studies has been constantly shifting. The key concepts that structure our

understanding of what local and regional development have been affected by the vagaries of academic fashion and examined through different scientific and ideological prisms reflecting dominant and insurgent knowledge claims and unequal power structures. Local and regional development has adopted a multiplicity of forms in different historical and geographical contexts and this raises the question what new can be said about the factors that promote it. This paper aims, first, to trace the evolution of thinking about local and regional development in order to situate current debates in their sometimes neglected historical context and, second, to outline the elements of a future research agenda suited to contemporary challenges informed by the fundamental question of what kind of regional development and for whom (see Pike *et al.*, 2007; 2016). Below, we organise the discussion in relation to key themes in local and regional development: the global context; definitions of development and the values and principles that underpin them; frameworks of understanding; government and governance; policy and practice; and, international experiences. This structure is intended to highlight how local and regional development has become a global challenge, but how the approaches to it reflect shifting theories and ideologies which are mediated through particular structures of government and governance that shape diverse types of policy intervention by actors leading to variegated international practices and experiences of development locally and regionally.

II Local and regional development in a global context

The growing integration of the global economy provides both the context within which local and regional development occurs and the ways in which it is understood analytically. As a broad multi-disciplinary field, local and regional development studies typically has been focused upon localities and regions in the countries of the global North. Another multi-

disciplinary endeavour, Development Studies has, by contrast, been concerned with less-developed and emerging economies in the global South. Such strands of work have tended to run in parallel with limited interaction and cross-fertilisations of theory, evidence and policy. The evolution of distinct disciplinary traditions, in part, reflects (and is reflected in) the categories through which the world has been classified for the purposes of analysis: ‘First’, ‘Second’ and ‘Third World’ ; ‘Developed’ and ‘Less Developed Countries’; ‘High-’, ‘Middle-’ and ‘Low-Income Economies’; ‘Transition’, ‘Emerging’ and ‘Post-socialist’ economies. But such fragmented conceptual, analytical, and policy perspectives limit our understanding of local and regional development in an increasingly globalised and inter-dependent world, constraining explanation, policy formulation, and praxis (Pike *et al.*, 2014). Scott and Storper (2003: 582) call for the development of a common theoretical language about local and regional development in all parts of the world in the context of globalisation, while recognising that “territories are arrayed at different points along a vast spectrum of development characteristics”. For this reason, we adopt a deliberately broad and international definition of what constitutes the literature on local and regional development, and what comprises its subjects and objects of enquiry.

Much analytical effort has been applied to understanding how accelerating global financial flows, direct investment in manufacturing, services, and the built environment become ‘embedded’ in cities and regions and shape their development patterns. In one radical reading, mobile capital seeks a recurring ‘spatial fix’, reflecting capitalism's insatiable drive to overcome its inherent crises by geographical expansion and restructuring, implying (re)building spaces for accumulation that must be then be devalorised in order to make way for yet another ‘spatial fix’ (Harvey, 1985). Amin and Thrift attribute the embeddedness of economic activity to the presence of “institutional thickness” – trust-based networks of

interacting organisations that shape collective endeavour in cities and regions that “hold down the global” (1994: 10). But a focus only on the endogenous characteristics of places as determinants of local growth draws attention away from other critically important and co-constitutive exogenous factors that shape local and regional development including the restructuring of international divisions of labour, national political economies and macro-economic shifts. Recent history provides ample evidence of the adverse impacts of globalisation on local and regional development arising from a volatile financial system, uncertain trade, and investment flows, resulting in ongoing embedding, disembedding and re-embedding of economic activity in global networks.

Scott and Storper (2003) stress the importance of global and historically persistent phenomena of such large scale processes of urban agglomeration and regional economic specialisation, which have accelerated with globalisation, in understanding local and regional development processes, evolving configurations of economic concentration, and the uneven geography of inequality. For Glaeser (2012), globalisation and technological changes underpinning urban agglomerations make cities more important, because both increase productivity by accelerating returns to knowledge and innovation. Allowing economic activity to concentrate geographically – by limiting constraints to agglomeration – is interpreted as the key to economic growth. A corollary of the new scholarly and political focus on the productive potential of the largest cities is the need to accept that some cities and regions may face processes of economic decline, which public policy intervention will, and normatively should, do little to arrest. Glaeser, for instance, has argued in relation to Buffalo, NY:

“The truth is, the federal government has already spent vast sums of taxpayer money over the past half-century to revitalize Buffalo, only to watch the city continue to decay. Future federal spending that tries to revive the city will likely prove equally futile” [2007, no page; for a similar argument applied to Australia see Daley (2012) and to northern English cities see Leunig and Swaffield, 2008].

Reflecting these ideas, the World Bank (2009) has emphasised the importance of “economic concentration” (typically measured in terms of density) as a source and manifestation of productivity and growth. In the case of developing countries and perhaps echoing Hirschman’s (1958) notion of ‘unbalanced development’, the World Bank advocates a policy of facilitating mass migration from lower income regions to large cities as the best means of accelerating growth, generating employment, and maximising overall welfare.

The view of the urban density and agglomeration as the drivers of local and regional development has come under scrutiny. Patterns of agglomeration vary widely depending on the mix of local circumstances and sectors, and the role of historical path dependencies in the evolution of regional economies. Hence, urban and regional systems contain a great variety of productivity enhancing conditions (Scott and Storper, 2003). Concepts such as globalisation and agglomeration provide frameworks for analysing local and regional development rather than an iron cage which determines social and economic outcomes. The geographical sources of economic growth are varied, while the potential for development exists in a diversity of locations in places outside the economic cores (see OECD, 2012 Parkinson *et al.*, 2012).

III Defining the principles and values of local and regional development

Referring to conceptions of ‘development’, Raymond Williams (1983: 103) noted that “very difficult and contentious political and economic issues have been widely obscured by the apparent simplicity of these terms”. Definitions are a critically important and deceptively difficult starting point for understanding what is meant by local and regional development and are intertwined with conceptions of what development is for (Pike *et al.*, 2007; 2016). Local and regional development has historically been dominated by economic concerns and, fundamentally, by growth. Since the early work of Kuznets – notwithstanding his own doubts about its value in this respect – national income growth has been the main measure of economic progress (Coyle, 2014). But, as Seers observed “development consists of much else besides economic growth” (1969: 1) and should be measured along other axes such as poverty, unemployment, inequality, and the strength of education and rights of citizenship. He maintained that if these problems grew worse, “it would be strange to call the result ‘development’, even if per capita income doubled” (Seers, 1969: 3). Growth is not always the objective *per se*, but a means for achieving well-being, according to the social, economic, cultural, and political conditions of particular populations in specific places. In this respect, definitions of local and regional economic development are inescapably context-dependent. The well-being target is unlikely to be the same for people living in New York or in Maputo; only the residents of New York or Maputo can define their objectives in the medium- and long-term (Canzanelli, 2001).

The limits of conventional measures of development have been amplified in recent debates focusing on the growth of wealth inequality. Stiglitz (2013) and especially Piketty (2014) have drawn attention to increasing wealth gap between the top 1 per cent and those at the

bottom of the income pyramid. Rising inequality between and within regions also forms an important component of these broader inequalities (Ezcurra and Rodríguez-Pose, 2014), but, to date, has received comparatively little attention. For some, urban and regional inequality is an inevitable part – even a necessary motor – of urban dynamism (Glaeser, 2013). For others, by contrast, growing inequality, polarisation, and poverty, together with the emergence of a new ‘precariat’ (Savage, 2015) contribute to undermine the very foundations of urban development (Sassen, 2001; 2006). Rising inequality erodes any shared sense of citizenship, weakening social solidarity and entrenching the political power of elites (Crouch, 2013; Oxfam, 2014). Increasing inequalities also have wider economic impacts dragging upon further growth, limiting the expansion of demand and consumption by groups experiencing stagnating or declining relative incomes (Cingano, 2014; Morgan Stanley, 2014; Ostry et al., 2014; Standard & Poor, 2014). Moreover, inequality erodes trust, increases anxiety and illness, and even drives up crime and murder rates. In richer countries, a smaller gap between rich and poor means happier, healthier, and more peaceful societies: people in more unequal states of the USA trust each other less, while homicide rates are higher in more unequal US states and Canadian provinces (Wilkinson and Pickett, 2010).

The sense of a loosening link between growth and development lies behind recent efforts to find new ways to define and measure development, notably the UN’s Human Development Index (HDI) (<http://hdr.undp.org/en/content/human-development-index-hdi>), Stiglitz, Sen and Fitoussi’s Commission on the Measurement of Economic and Social Progress (2009), the European Commission’s “GDP and Beyond” project (European Commission, 2013), and the OECD’s “Global Project on Measuring The Progress of Societies” which led to the Better Life Index (OECD, 2013). These efforts have been mirrored at the local and regional scale in efforts to define development in terms of broader measures of wellbeing rather than

economic output. Examples include the Genuine Progress Indicator in the states of Maryland (<http://www.dnr.maryland.gov/mdgpi/>) and Vermont (<http://www.vtgpi.org/>) (Tomaney, 2015). Perrons and Dunford (2013) and Morgan (2004) – following Sen (1999) – call for a distinction to be made between qualities that are “instrumentally significant”, such as jobs and income, and qualities and “capabilities” that are “intrinsically significant”, such as health, education and civic participation. Such a distinction encourages a focus on matters of well-being and quality of life, the conditions of “human flourishing”, and whether and how growth can be rendered more equitable, inclusive and just (Benner and Pastor, 2012, Rodríguez-Pose and Wilkie, 2015).

In this vein, Perrons and Dunford (2013) highlight the growing gap since the mid-1990s between London (and the South East of England region) and other UK regions, as measured by Gross Value Added (GVA) per head. Adapting the HDI, they propose a Regional Development Index (RDI) for the UK, which includes measures of a healthy life, knowledge, economic standard of living, and employment. Ranked in this way, London falls from first place (when measured by GVA per head) to 7th place in the new index. Developing the index further by adding a gender dimension, London falls to the bottom of the rankings, while the North East of England which has a low rank in GVA per head is placed highly in relation the Gender-sensitive Regional Development Index (GRDI). In considering the question ‘what kind of regional development and for whom?’, the definition of development can be further extended to the use of natural resources and environmental impacts of economic activity. Other considerations – what Sen (1999) terms aspects of ‘human flourishing’ – include the way that different forms of development impact on family life and children and contribute to active and committed forms of citizenship at the local and regional scales.

How we define development determines our perception of which territories can be ranked as ‘developed’. The RDI and GRDI pose useful questions about how economic progress and the well-being of communities should be measured and assessed. For most people in the UK, it is counter-intuitive to place a region like the North East of England at the top of any development ranking because of its high unemployment, ill-health, and problems of low productivity. UK regional policy has traditionally been based on a growth and innovation-oriented model of development, attempting to emulate aspects of London’s almost uniquely configured experience and trajectory without a considered assessment of its real costs and benefits for different social groups and the very different contexts elsewhere in the UK.

IV Frameworks of understanding: concepts and theories of local and regional development

Our understanding of the processes of local and regional development are constantly shifting and perennially contested. A range of theories variously employ hard, bounded and soft, unbounded conceptualisation and theorisation, inductive and/or deductive reasoning, narrow and closed as well as broader and more open assumptions about perfect or imperfect competition, macro or microeconomic frameworks, varied geographies and conceptions of the ‘local’ and the ‘regional’, including macro- and cross-boundary regions, city-regions, cities, communities and neighbourhoods, quantitative and qualitative methods. They seek to explain trends in social and spatial disparities towards convergence or divergence or – in more recent language – or towards a “flat” or a “spiky” world (McCann, 2008; Rodríguez-Pose and Crescenzi, 2008). Recurring issues concern: the extent to which local and regional growth has an endogenous and/or exogenous character; the quantitative extent and qualitative character of development; the role of constant, diminishing, or increasing returns in the

economic growth process; innovation and knowledge and technology diffusion, externalities, or spill-overs; the impact of the economies and diseconomies of agglomeration; the relative roles of specialisation and diversity in explaining local and regional economic performance; the nature of resilience, adaptation and adaptability in relation to disruptive change; and the balance between objectives of economic efficiency, social justice, and environmental stewardship.

Academic concerns with theorising the socially and geographically uneven forms of development generally emerges out of dissatisfaction with neo-classical accounts founded upon assumptions of economic rationality, perfect mobility, information, and competition, the role of diminishing returns, and that, all things being equal, the factors of production, responding to market signals, would be allocated efficiently between places ensuring long-run equilibrium. Such ideas have had an enduring impact on public policy, despite the challenge of alternative theories which challenge assumptions of the rational choosing individual. In the 1980s, Margaret Thatcher's government in the UK, for example argued that, "employment imbalances between areas should in principle be corrected by the natural adjustment of labour markets" (Department of Trade and Industry, 1983: 3ff) in order to justify reductions in regional policy expenditure.

Work in the 1950s and 1960s challenged the idea that the free play of market forces would lead to the long-run reduction of regional inequalities. Myrdal, Perroux, and Hirschman all saw development as a socially and geographically uneven process. Myrdal (1957), drawing inspiration from Keynes' view that the economy has intrinsic disequilibrium tendencies, maintaining that,

“The system is by itself not moving towards any sort of balance between forces, but is constantly on the move away from such a situation. In the normal case a change does not call forth countervailing changes but, instead, supporting changes, which move the system in the same direction as the first change but much further. Because of such circular causation as a social process tends to become cumulative and often gather speed at an accelerating rate” (1957: 13).

Much subsequent work can be seen as a series of extended elaborations of Myrdal’s early observation, as researchers seek deeper explanations for these processes in order to better understand their consequences, and better inform policymakers.

The ‘New Economic Geography’, for instance, emphasises the role of increasing returns, agglomeration economies, multiplier effects, and knowledge spill-overs in shaping the distribution of economic activity (Krugman, Fujita and Venables, 1999). It seeks to explain how places end up with geographically differentiated economic structures and income levels, and to ask whether spatial disparities are (in)efficient for overall national economic growth. In this perspective, economic activity tends to concentrate in a few dominant metropolitan areas, reflecting, in the first order, the presence of natural advantages such as physical resources, location, and the concentration of talent. Concentration also reflects advantages derived from history and past policy interventions, (e.g. the decision to create a capital city, to locate economic activities in certain areas of the country, responding to political and/or military needs, or the historical role of fiscal incentives). In the second order, the presence of agglomeration economies induces firms and labour to sort themselves over space and co-locate. Agglomeration economies arise, firstly, when co-location facilitates the sharing of local public goods that serve several individuals or firms, such as universities and; secondly,

when firms have demands for similar skills and seek to share risks or can draw upon the advantages of a thick labour market, allowing better matching of firms and workers. In addition, knowledge spill-overs contribute to productivity improvements, through greater intensity of communication between local actors which can contribute to increased innovation and technological advances, and through enhanced learning among workers, particularly in agglomerations with dense geographical concentrations of skilled and specialised labour. Finally, external and agglomeration economies result from intra-industry specialisation that allows finer inter-firm divisions of labour, multiplying the number of forward and backward industrial linkages locally and further afield.

Agglomeration economies provide an important explanation for patterns of local and regional development but do not deliver a complete account (Martin 2015). Many intermediate and peripheral territories also display significant potential for growth and often make vital contributions to national growth – up to two thirds in OECD countries in recent years. As defined by the OECD, predominantly rural regions, on average, enjoyed faster growth between 1995 and 2007 than much larger cities or even intermediate regions (OECD, 2012). Hence, while agglomeration matters, other factors, such as special endowments of human capital, institutional qualities, or the innovative capacity of firms and individuals may matter more for local and regional development in certain geographical settings and time periods.

A series of ‘Schumpeterian’ contributions emphasise the importance of innovation and the disruptive role of technological and organisational changes (“gales of creative destruction”) in shaping patterns of local and regional development. Firms in some regions are able to take advantage of ‘windows of locational opportunity’ (Scott and Storper, 2007), exploiting first-mover advantages in new technologies. Successful regions contain firms seize opportunities

arising from technological transformations, often aided by farsighted public and private actors at the local and regional scale (Castells and Hall, 1994). Florida (2002) attributes regional growth to the rise of the “creative class” – people who add economic value and generate novelty through their creativity and foster urban and regional growth through high levels of innovation and technology-based industries by congregating in “tolerant places” (Florida, 2002). The role of innovation potential and performance as the key to understanding differential geographical patterns of local and regional development figured prominently in the 1980s and 1990s when attention was accorded to the “resurgence of regional economies” (Storper 1995) and attention was drawn to the performance of industrial districts (Piore and Sabel, 1984), local industrial systems (Saxenian, 1994), territorial innovation systems (Moulaert and Sekia, 2003) and learning regions (Cooke and Morgan, 1998), and how regional development was underpinned by the operation of “untraded interdependencies” (Storper, 1995), “social capital” (Coleman, 1988; Putnam, 1993; Trigilia, 2001), or reflected the extent to which the region acted as a “nexus of learning” (Cooke and Morgan, 1998). A related body of research on existing industrial regions theorised economic decline in evolutionary terms and elaborated conceptions of economic, cognitive, and institutional lock-ins which hindered development (Grabher, 1993).

Other contributions have been more sceptical of the extent to which the fate of localities and regions lies in their own hands, reflecting the enduring tension between exogenous and endogenous understandings of development. Massey’s (1984) early intervention queried the extent to which geographical inequality should be defined as a “regional problem”, but rather as the outcome of capitalist processes of investment and divestment that produce “spatial divisions of labour”. Similarly, Peck chastises theories of the creative class as generator of economic development because they “are peculiarly well suited to entrepreneurialized and

neoliberalized urban landscapes” (2005: 764), which both promote urban and regional inequality and commodified and hollowed-out forms of community life.

The global economic crisis of 2008 returned attention to the crisis-prone nature of capitalist development, its localized and systemic manifestations, and intensified patterns of inequality between and within cities and regions. The global financial crisis and the ensuing Great Recession posed new and profound challenges for concepts and theories in frameworks of understanding (see, for example, Hadjimichalis and Hudson 2014). Much contemporary theory was crafted in the 1990s, a period of relative stability, integration and growth that ended in economic crisis and was replaced by low growth, economic instability, new mass migrations and the rebuilding of borders around the world (‘de-globalisation’). Existing approaches are weak at explaining discontinuous change, suggesting the need to pay more attention to Minsky-style crisis theories to develop a better awareness of disruptive changes destabilising existing models of local and regional development. This demands fresh thinking about viable, sustainable, and scalable alternatives, and asking questions about adaptation, adaptability and the adaptive capacity of actors and institutions in localities and regions to withstand, recover from or anticipate disruptive change (Pike *et al.* 2010). Together with the discussion of inequality in the previous section, the discussion here points to the need to pay greater attention to the relation and interaction of exogenous and endogenous causation, especially the macroeconomic and political factors that help to shape “territorial competition”, and their connections and interactions with local and regional development outcomes.

V Institutions: government and governance

The apparent global trend of decentralisation and the empowerment of local, regional and city-regional institutions in pursuit of development has led to a broader consideration of their role. Amin and Thrift (1994) proposed the presence of “institutional thickness” as an explanation of the superior performance of some regions. This claim gave birth to the “new regionalism” which emphasised the capability of decentralised institutions to enable the apparent resurgence of regional economies. The new regionalism has been criticised for generalising from the experience of a small number of economically successful regions (Lovering, 1999), overlooking questions of distribution, justice and ethics (Hadjimachalis, 2006), and neglecting how it is that the quality and performance of institutions rather than their number and density is what matters (Rodríguez-Pose, 2013; Tomaney, 2014). Very similar institutional settings work in different ways in different territories.

Concern with institutions has become a mode of investigation into the conditions that promote local and regional development reflecting broader concern about how institutions shape economic development (Gertler 2010, North 2015). Analysis has involved the search for an elusive “devolution dividend” (Pike *et al.* 2012), while the role of institutions looms large in discussions of the “learning region” (Morgan 2004) or regional development agencies (Bellini *et al.* 2012). Regional institutions have also been analysed in evolutionary approaches: often institutional ‘lock-ins’ account for the failure of territories to adapt to economic crises (Grabher, 1993). Moreover, under certain conditions, the trend to devolution has contributed to the growth of local and regional inequalities by empowering already strong regions (Rodríguez-Pose and Gill, 2004).

Institutions matter because they facilitate negotiation and dialogue, mobilise stakeholders and integrate them into the development processes, enhance policy continuity, and strengthen territories' 'voice' (Pike *et al.* 2016). Differences in the performance of institutions play a central role in explaining patterns of local and regional growth (Storper *et al.*, 2014). Development is hindered by "institutional bottlenecks" such as poor mobilisation of stakeholders, lack of continuity and coherence in the policy implementation, institutional instability, lack of a common and strategic vision, and capacity gaps in multi-level governance frameworks, which preclude a shift in the focus of policies away from subsidies towards policies aimed at mobilising regions' own resources and assets (OECD 2012). Institutions affect the resilience of territories and their adaptability in the face of economic change (Pike *et al.* 2010).

In policy terms, it is easy to draw misleading conclusions from the "institutional turn" in local and regional development studies. Prescriptions such as the suggestion that strong mayors produce better urban social and economic outcomes (Barber, 2013) capture the attention of policymakers but are poorly founded in evidence. The more important lessons lie in the recognition that markets are embedded in institutional and cultural frameworks at all spatial scales, and actors and institutions mediate how policies are formulated, developed and rendered mobile within geographically extensive and relational networks (Peck and Theodore 2015). Well-functioning institutions enable human flourishing in cities and regions, but they can also facilitate regressive and unproductive forms of development. Institutions are the arena for the production of social, economic, cultural, and political values and are the subject of political contention as well as consensus. A key area for future research and action concerns the role of political institutions, because of their fundamental and

formative role in creating the frameworks and conditions for local and regional innovation and transformation.

VI Local and regional development policy and practice

Government intervention to shape patterns of local and regional development expanded in different forms and guises in the global North and South, especially after the Second World War. In the global South, such interventions typically formed a part of post-colonial nation-building efforts. Myrdal, echoing the Polyanian sense of the ‘double movement’, argued that in the relatively prosperous democratic welfare states “the stronger will be the urge and the capacity to counteract the blind market forces which tend to result in regional inequalities; and this, again, will spur economic development in the country, and so on and so on, in circular causation” (1957: 41). In the global North, the promotion of geographically balanced national development proceeded alongside the growth of the redistributive Keynesian welfare state. National governments sought to reallocate economic activity from faster growing regions with capacity constraints to slower growing regions with capacity surpluses (“Spatial Keynesianism”) (Jessop, 2002; Brenner, 2004). Economic crisis, internationalised competition, and the “fiscal crisis of the state” (O’Connor 1973) underpinned the erosion of the post-war settlement in many developed countries, contributing to a reduction in nationally directed regional policy and the concomitant rise in importance of local and regional institutions as modes of governance of local and regional development. For Harvey (1989), Spatial Keynesianism and urban ‘managerialism’ have been replaced by “urban entrepreneurialism” which draws attention to the ways that nationally managed redistribution between cities and regions has been superseded by territorial competition for jobs and services. Such mechanisms of inter-territorial competition both shape local and regional

development outcomes and generate macroeconomic consequences, reinforcing the notion that cities and regions are in competition with each other for investment, resources and people (see Cheshire and Gordon, 1998; Brenner and Wachsmuth, 2013). The trope of “regional competitiveness” is pervasive in the world of economic development policy, although this rests on a narrow conception territorial development and overemphasises the importance of the firm to the region and the region to the firm, implying the existence of a collective territorial economic performance rather than developing a realistic understanding how particular economic activities take place in a given locality or region (Bristow, 2005).

National governments in the global North and South have developed an array of policies designed to stimulate local and regional development or deal with the consequences of geographically uneven economic decline and social stress. In the global South, the introduction of measures such as export processing zones, freeports and, more recently, science and technology parks have been intended to kick-start the local and regional and, as a result, the national economy, but with uneven economic and social consequences (Mohan 2011; Rodríguez-Pose and Hardy, 2014). The geographical inequalities arising from such policies are the stimulus to a new engagement with regional policy in China (European Union/National Development and Reform Commission, 2011). In the global North, Spatial Keynesianism was manifested in the public support for urban and regional infrastructure and services, the provision of financial incentives to attract mobile investors to lagging regions, constraints on development in faster growing regions, efforts to build up the local export base, and the formation national spatial planning systems, while the welfare state redistributed resources through fiscal instruments that provided a set of “automatic stabilizers” for regions (Kaldor 1970).

Spatial Keynesianism generated improvements in output and employment and mitigated local and regional inequalities. But researchers highlighted the limits of these policy approaches, emphasising how under certain conditions regional investment incentives were costly, had deadweight and displacement effects, and lacked additionality (Wren, 2005). Policies to attract mobile investments to lagging regions were heavily criticised because of their tendency to create “branch plant economies” (Firm, 1975; Turok, 1993) that promoted development *in* the region but not *of* the region (Morgan and Sayer, 1985). Similarly, the heavy emphasis on ‘hard’ physical infrastructure investments (notably transport) as a stimulus to economic development has been criticised for ignoring the broader underlying human and ‘softer’ factors (such as skills, innovation, agglomeration) (Crescenzi and Rodríguez-Pose, 2012). Nevertheless, despite the ebbing of Spatial Keynesianism, physical infrastructure investments and incentives for mobile investments remain popular with policy-makers. They still remain central to the policy repertoire of local and regional development authorities across the world, making a reappearance after the global economic crisis and Great Recession in the late 2000s in the form of stimulus packages. In the face of austerity and tax payer resistance, the search for new forms of finance for regional development, including value-capture mechanisms, tax increment financing and other forms of “financialisation” are proliferating (O’Brien and Pike 2015).

Partly reflecting the perceived weaknesses of “top-down” and often externally-oriented approaches and policies aimed at attracting mobile investors and building infrastructures, from the 1990s research re-focused upon approaches aimed at promoting endogenous potential (Vázquez-Barquero, 2003) and ‘development from below’ (Stöhr, 1990). These ideas were typically translated into support for industrial clusters (Porter, 1998). Despite its enduring popularity with economic development practitioners, the cluster concept has been

criticised for being too conceptually and geographically elastic and confused to be a useful guide to policy, and lacking in systematic and robust evidence of its effectiveness (Martin and Sunley, 2011). Recent attempts to overcome the bifurcations of policy approaches have focused on the attraction of exogenous resources, while, at the same time, promoting endogenous development in attempts to better integrate formerly separate ‘top-down’ and ‘bottom-up’ approaches (Crescenzi and Rodríguez-Pose, 2011). Researchers stress the importance of global production networks and value chains in shaping local and regional development outcomes and the potential of public policies to foster the “strategic coupling” of (exogenous) global resources flows and (endogenous) local assets (MacKinnon, 2012; Yeung and Coe, 2015). These debates find expression in the case for “place-based” local and regional development policies which focus on the promotion of locally rooted human and knowledge-based assets through fine-gained locally conceived and executed development strategies that provide public goods aimed improving the local business environment: skills, technology, and clusters (Barca et al, 2012; see also OECD, 2012).

While there are powerful voices stressing the limits of policy interventions at the local, regional and/or city-regional level, the OECD (2012) has sought to draw together the elements of a “new” paradigm that emphasises bottom-up initiative and responsibility, and the reconfiguration of centre and centre-regional/local relations toward self-sustaining/self-financing forms of development. Trends in this direction can be observed in many parts of the world. In some places, local and regional authorities have made virtue of the necessity of self-help with fewer resources available from central governments in wake of the global financial crisis and the Great Recession. But the new paradigm needs to be considered in relation to whether macro-economic and political contexts enable (or not) such approaches.

VII Local and regional development in international context

Local and regional development occurs amidst increasingly complex and inter-dependent global flows of resources, finance, and people. Local and regional context continues to matter in shaping both patterns of development and variegated policy responses. Diversity and differentiation are ensured by, *inter alia*, legacies of inherited spatial divisions of labour, national and regional political economies and institutional capacities, and differing understandings of the values that should underpin policy.. The growth of the “Tiger” economies (Yeung, 2009), the rapid rise of China (European Union/National Development and Reform Commission, 2011), industrialisation in Latin America (Giuliani, *et al.* 2005), and the process of European integration (Dunford, 1993) demonstrate many different forms of local and regional development, patterns of inequality, and policy responses, as well as significant similarities.

The diversity of experience in the global North and South leads to the demand to “provincialise” or “dislocate” dominant theories of local and regional development. In the aftermath of the Second World War – and still today – the promotion of economic development concepts, policy, and practice continues to draw on experiences from the global North. Researchers contest the appropriateness of this one-way traffic (e.g. Connell, 2007; Robinson, 2002; Roy, 2009). The rise of China as an economic power presents a political challenge to the tenets of what has been known as The Washington Consensus on development (Williamson, 1989; Stiglitz, 2002; Rodrik, 2007). Rather than any single and dominant origination of invention and wisdom, the future of local and regional development theory, policy and practice is more likely to take the form of diverse and myriad knowledge exchanges and dialogue and learning that interconnect and operate in multiple directions

across the world in which learned societies can play a role. But in exploring the diversity of experience it is crucial to avoid an approach which lapses into “irreducible complexity, limitless variety, grassroots creativity and effervescent potential” (Peck, 2015: 164). Local and regional development occurs within a system of institutionally “variegated” capitalism (Peck and Theodore, 2007). Cities and regions make their own history, but not circumstances of their own choosing: they remain entangled in and constrained by global systems of political and economic power.

VIII Agendas

An agenda for local and regional development studies calls for the recognition that the forces of globalisation are pervasive but highly variegated in their unfolding, reach and impact. International flows of finance, investment, goods, services and people will continue to be mediated institutionally, politically and ideologically – perhaps more so in an age when borders are being rebuilt. Global trends in social and spatial inequality demand urgent responses, but the international debate about inequality has so far paid scarce attention to its geography, which tends to appear as backdrop rather than element. More investigation is required into the mutually constitutive role of macro-political and economic processes and patterns of local and regional development.

Rising inequality alongside economic turmoil raises the question of what we mean when we speak of “development”. Efforts to find new measures of local and regional development remain in their infancy but there is enough work to suggest that rephrasing the question suggests new and/or reformed approaches that reconfigure the relationships between its economy, society and environment. Propositions such as the “Foundational Economy”, for

instance, draw attention to the sheltered sectors that supply mundane but essential goods and services such as infrastructures, utilities, food processing, retailing and distribution; and health, education and welfare that are used by everyone regardless of income or social status (Bowman *et al.*, 2014). These sectors rarely figure in the theory and practice of local and regional development but can be reorganised in ways that generate welfare gains and diffuse prosperity amongst localities and regions with different and/or weaker sets of assets and resources.

Such approaches though require supportive political and economic frameworks, including multi-level systems of government and governance and fiscal redistribution. The “institutional turn” in the study of local and regional development represents an important conceptual and theoretical advance. Institutions are critical to the embedding of development in places and ensuring the social and spatial distribution of its outcomes and impacts. But more work is needed to, first, understand the policy implications of the insights arising from this productive vein of research and, second, develop suitable policy guidelines, especially for regions that have weak and/or dysfunctional institutional endowments.

In a period of political and economic turmoil, local and regional development is an urgent priority. But in many parts of the world, this debate takes place in contexts where citizens are increasingly distrustful of political leaders, public institutions, and traditional modes of exercising power. The task of developing concepts, theory, policy and practice in local and regional development remains both large and pressing but requires more extensive enrolment of actors in the global North and South and the building of mechanisms and networks to encourage, facilitate and promote dialogue, debate and deliberation about the common concerns and problems in the global North and South (Pike *et al.* 2014, 2015).

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