

# Continuity *and* change in territorial development and policy

‘A New Contract for Urban and Regional Planning?’, Vadstena Symposium, May 2019

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# Outline

- Shifting contexts and new questions
- What kind of territorial development and for whom?
- Towards integrated and tailored territorial development and policy
- Challenges ahead...

# Shifting contexts and new questions



# De-globalisation?





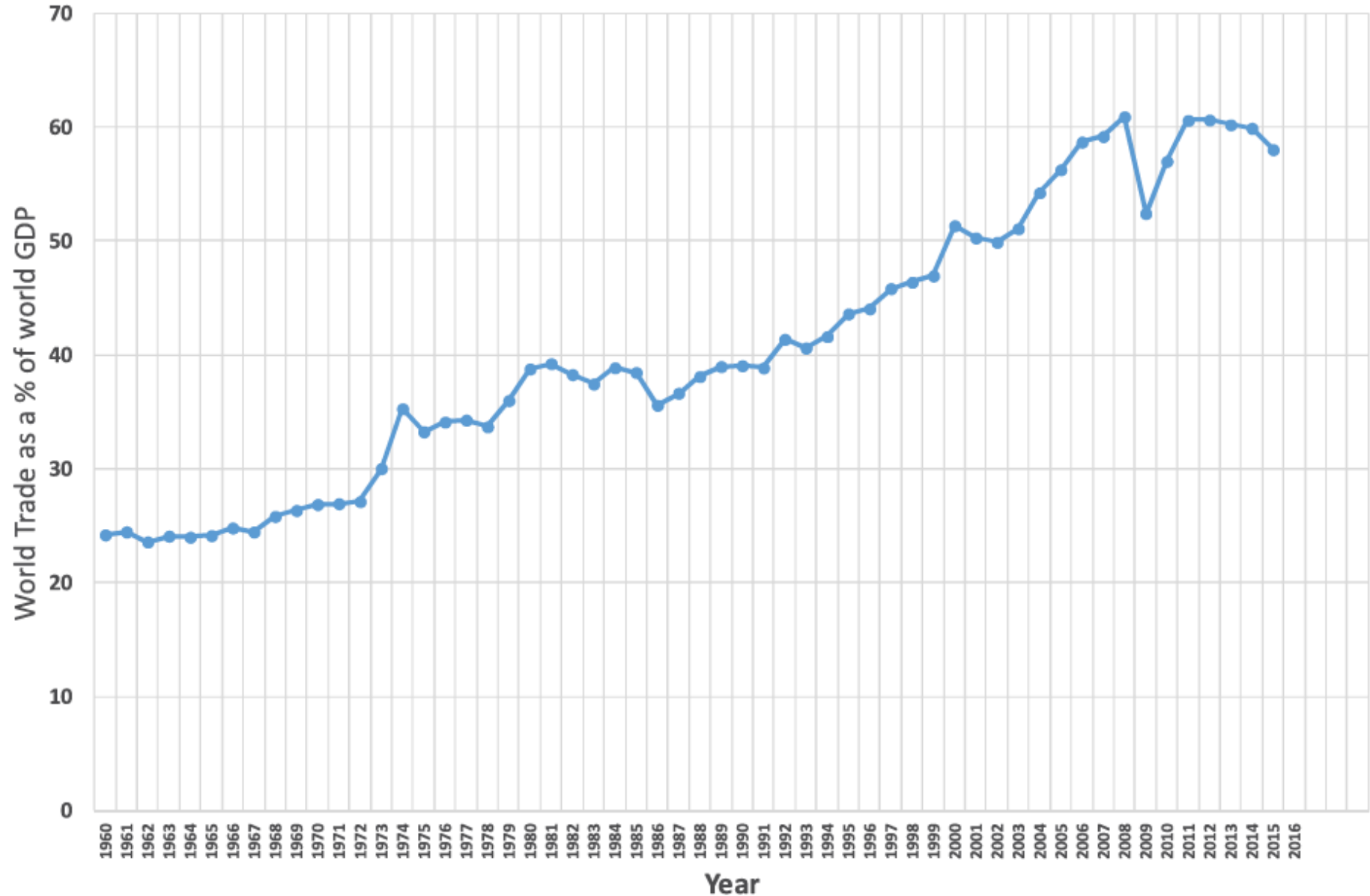
# Economic nationalism, populism and economic (dis)integration...



## EU COUNTRY EXIT #NAMES



# De-globalisation?



Source: Livesey, F. (2018) "Unpacking the possibilities of deglobalisation", Cambridge Journal for Regions, Economy and Society, 11, 177-187

# ‘Re-shoring’...

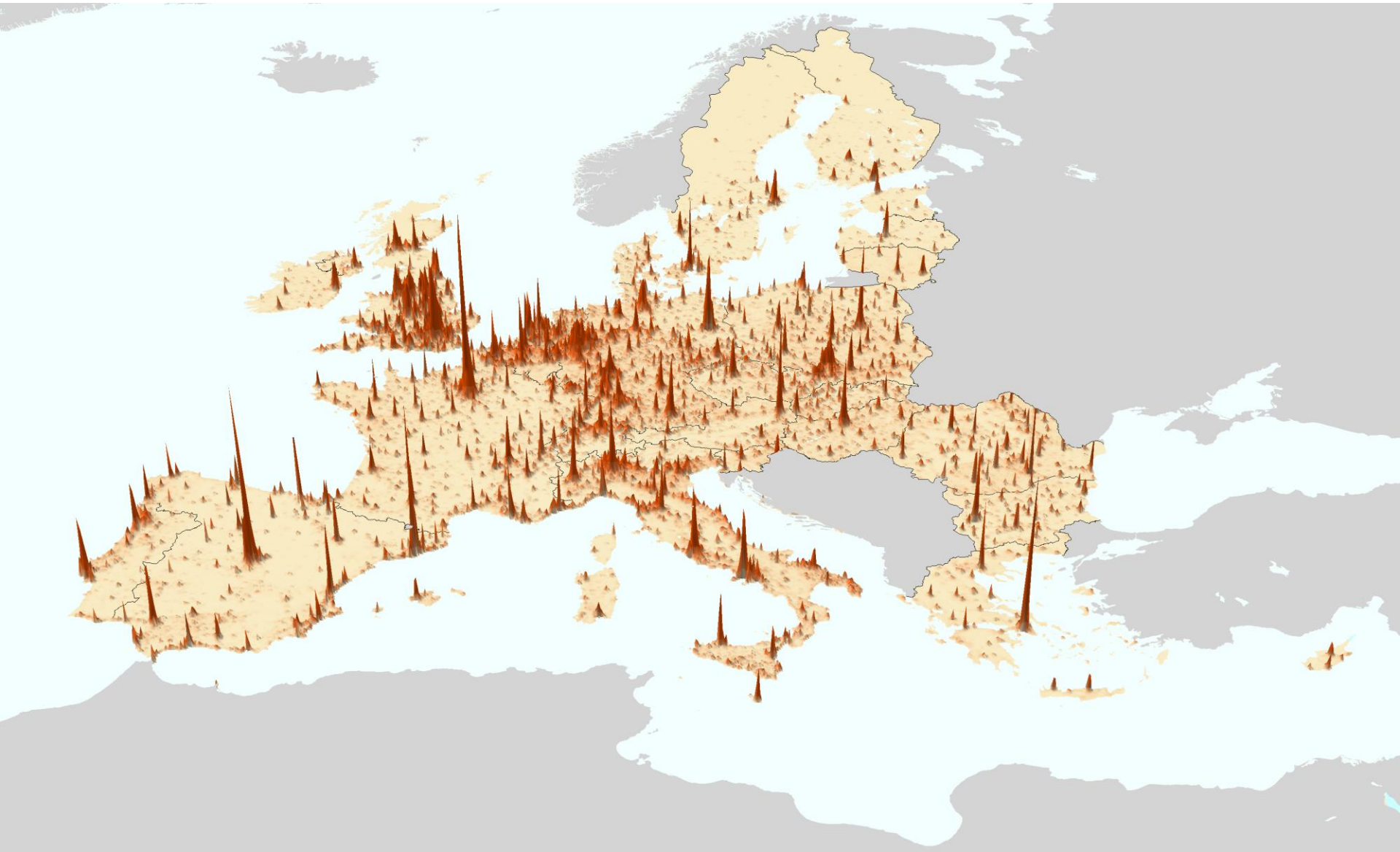
- Emergence of new production technologies
  - Increasing automation
  - Stronger environmental regulation
  - Consumer demands for reduced environmental impact and delivery times
- = re-localisation of global value chains...opening up new territorial development and policy opportunities

# Beyond city-centrism?





# Population density in the EU, 2015

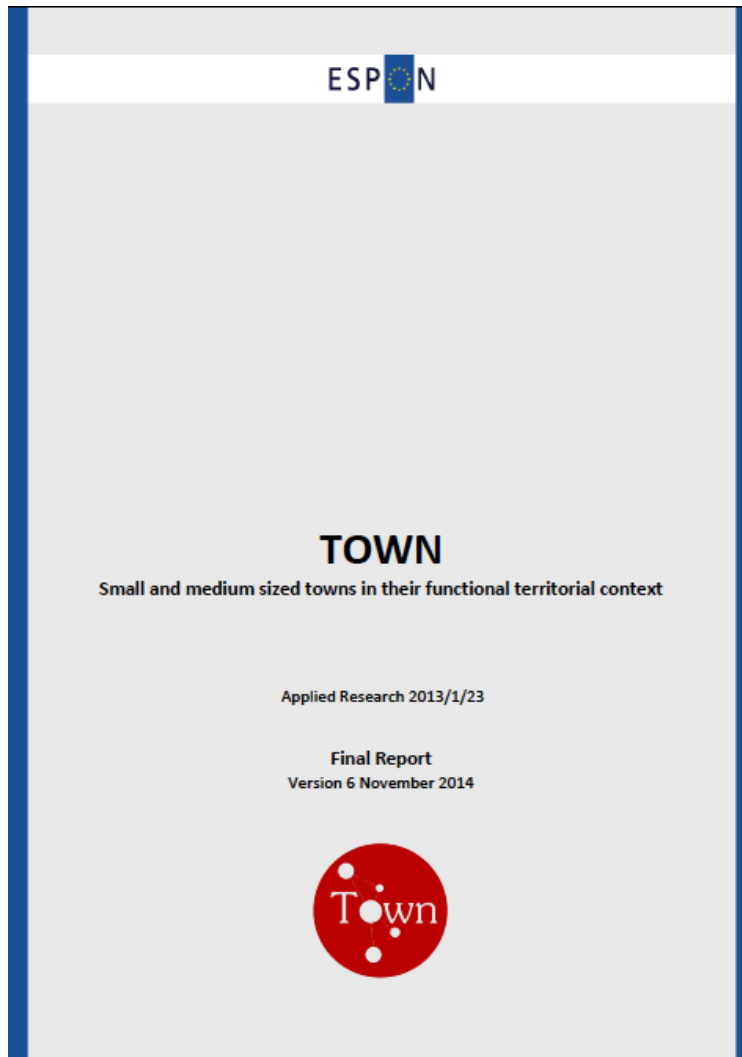


- Economic logics: urban scale, density and economic integration between cities and hinterlands; reducing geographical and social frictions and enabling rational sorting of people and capital over time and space
- Policies: planning liberalisation; education and skills upgrading; facilitating labour mobility; improving transport to central cities; devolved powers and resources to city-regional ‘functional economic areas’

# But...

- Scale and density not everywhere the key determinants of city growth
- Smaller and medium-sized cities have outperformed larger cities in some cases
- Importance of territorial inter-relations and co-operation reaching beyond the largest city cores to wider city-regions, smaller cities, towns, rural and coastal areas...
- Decentralisation necessary but not sufficient

# ESPON Town project



“towns can make an important contribution to supporting EU strategic policies...TOWN has sought to remedy the ‘invisibility’ of the territorial role of [towns]...and the need for future thinking and policy development specifically tailored to towns across Europe”

# New geographies of transformative and disruptive technologies?



# Innovation and new technologies



“As digital technologies and the associated organisational changes – automation, digitalisation and platforms – extend to more and more sectors of the economy...it is particularly important to improve our understanding of how the digital revolution changes the nature of economic activity, work and employment”.



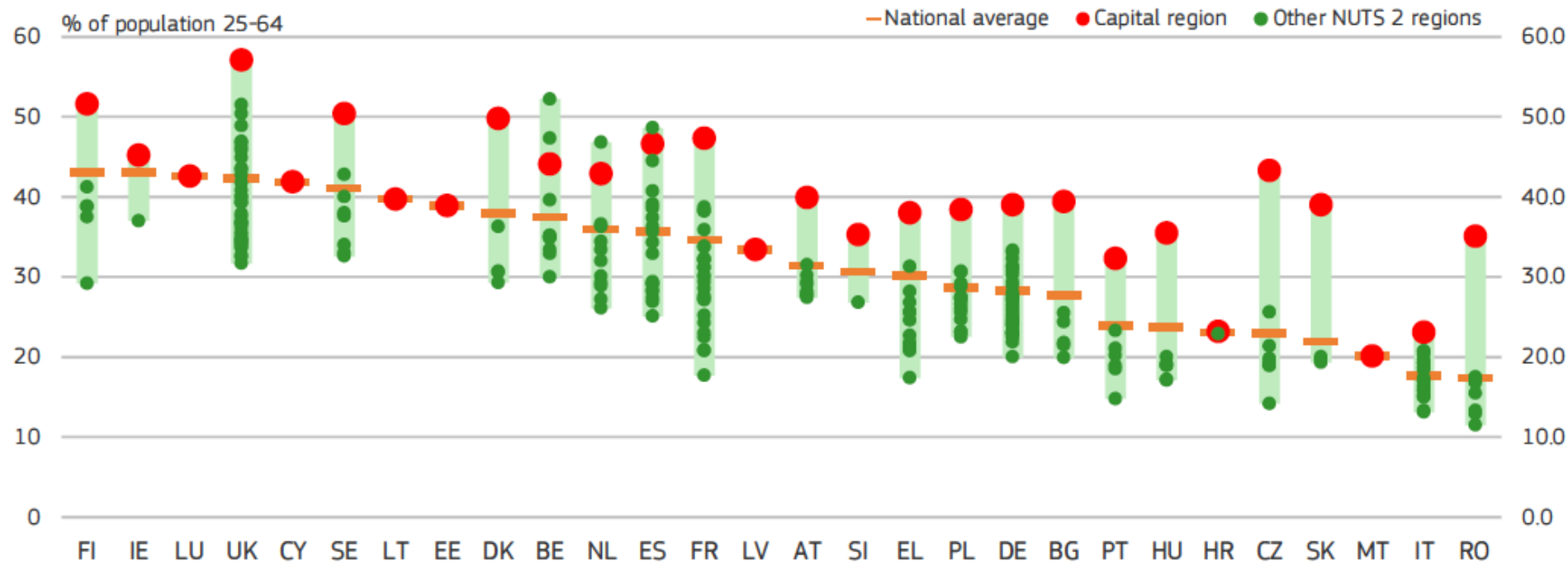
1	Cloud and Distributed Computing
2	Statistical Analysis and Data Mining
3	Marketing Campaign Management
4	SEO/SEM Marketing
5	Middleware and Integration Software
6	Mobile Development
7	Network and Information Security
8	Storage Systems and Management
9	Web Architecture and Development Frameworks
10	User Interface Design
11	Data Engineering and Data Warehousing
12	Algorithm Design
13	Perl/Python/Ruby
14	Shell Scripting Languages
15	Mac, Linux and Unix Systems
16	Channel Marketing
17	Virtualisation
18	Business Intelligence
19	Java Development
20	Electronic and Electrical Engineering
21	Database Management and Software
22	Software Modeling and Process Design
23	Software QA and User Testing
24	Economics
25	Corporate Law and Governance

# ‘Hottest Skills’, LinkedIn Global, 2015

Source: European Political Strategy  
Centre (2016) The Future of Work: Skills  
and Resilience for a World of Change,  
13, 10 June, CEC: Brussels

# Population aged 25-64 with tertiary education, 2016

Figure 1.19 Population aged 25-64 with tertiary education, 2016



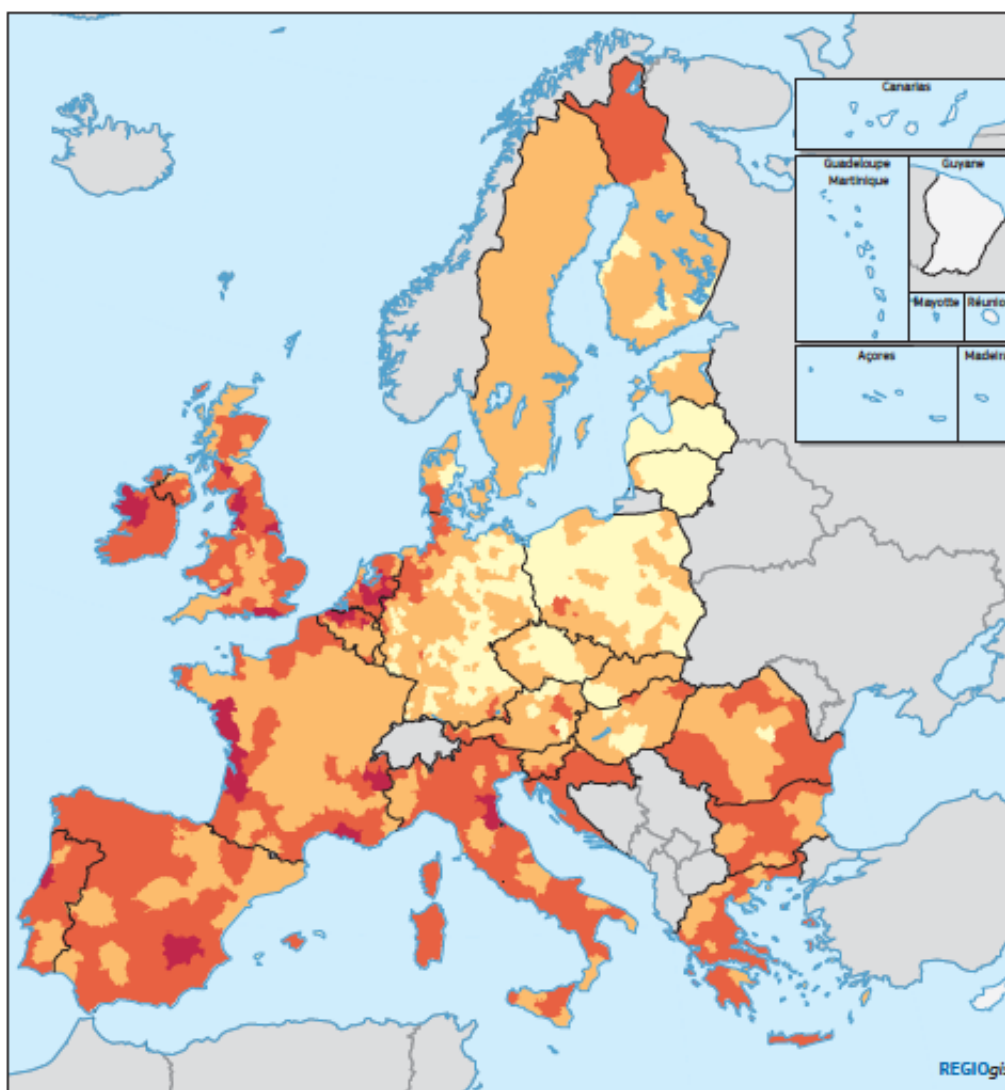
London corresponds to the NUTS 1 region

Source: Eurostat, DG REGIO calculations

# Sustainability lost?



# Projected increases in multi-hazard climate-related exposure, 2050



**Map 3.4 Projected increase in multi-hazard climate-related exposure, 2050**

Number of hazards with moderate increase

- 1
- 2
- 3
- 4
- No data

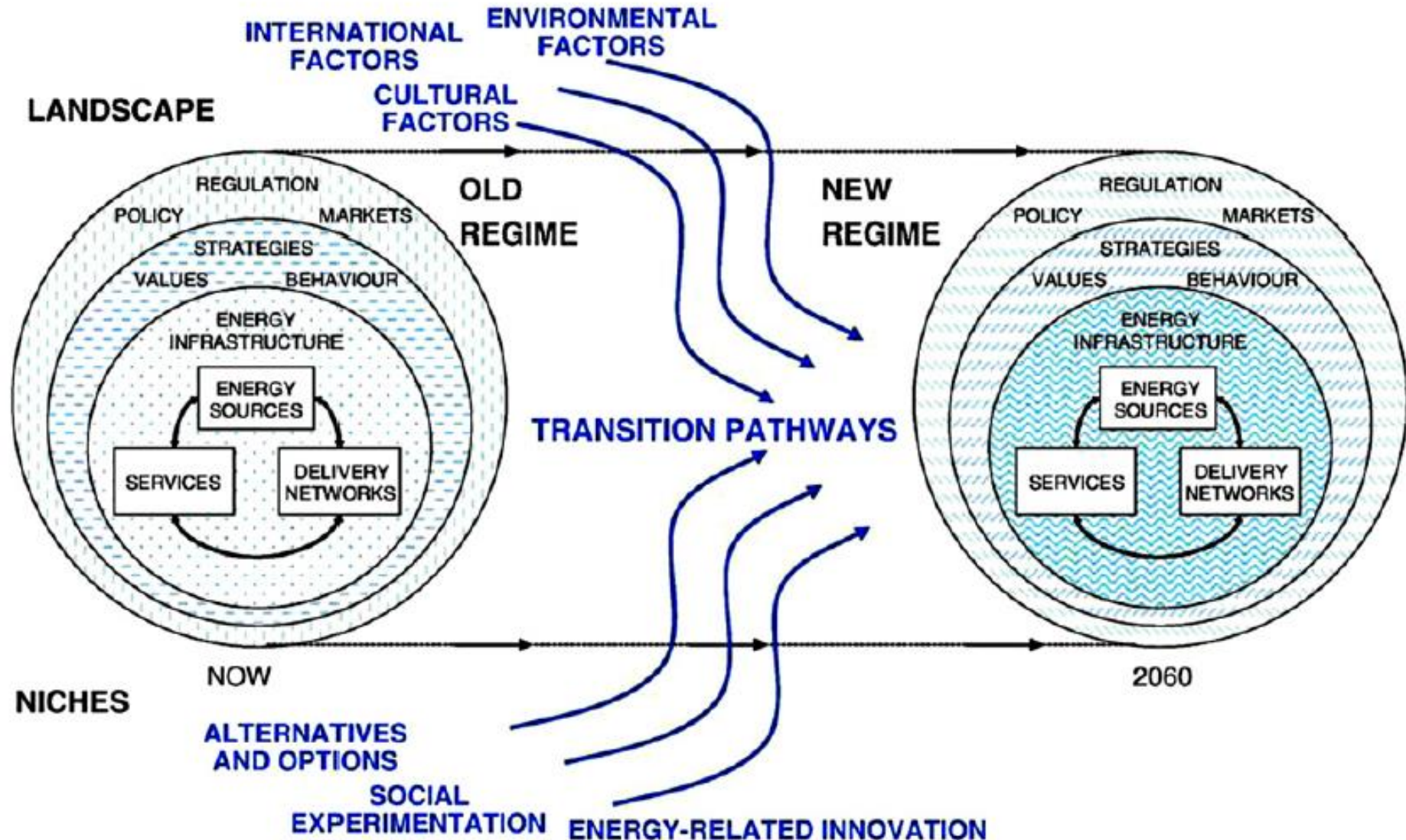
Source: JRC, Forzleri et al., 2016

0 500km

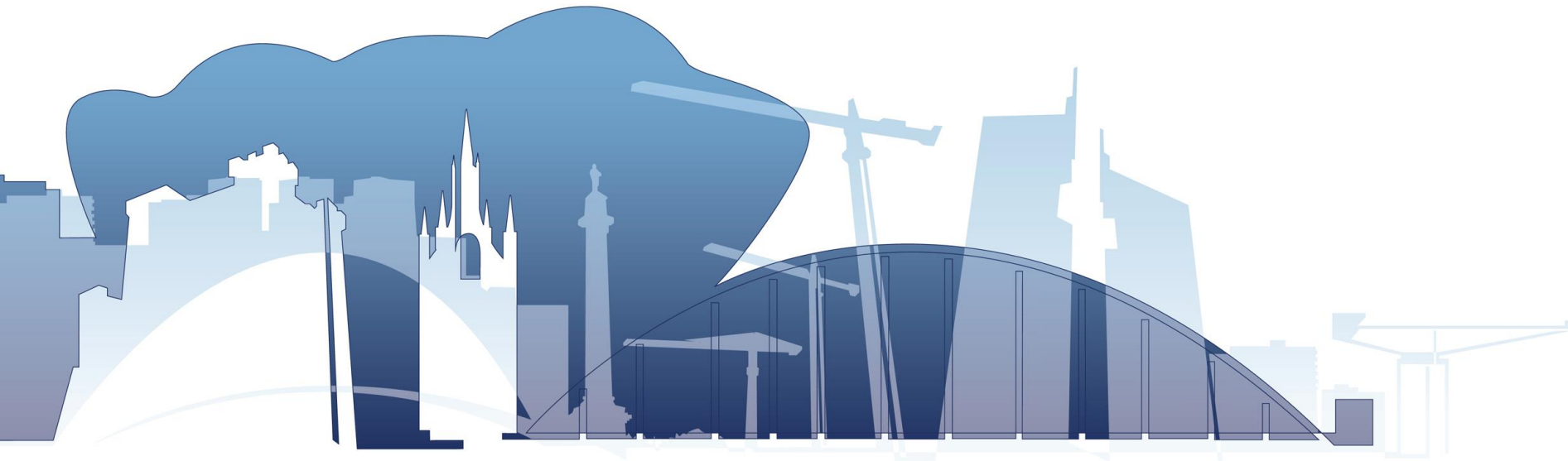
© EuroGeographics Association for the administrative boundaries

Source: European Commission (2017)  
My Region, My Europe, My Future, 7<sup>th</sup>  
Report on Economic and Social  
Cohesion, CEC: Brussels

# Factors influencing transition pathways from high to low carbon



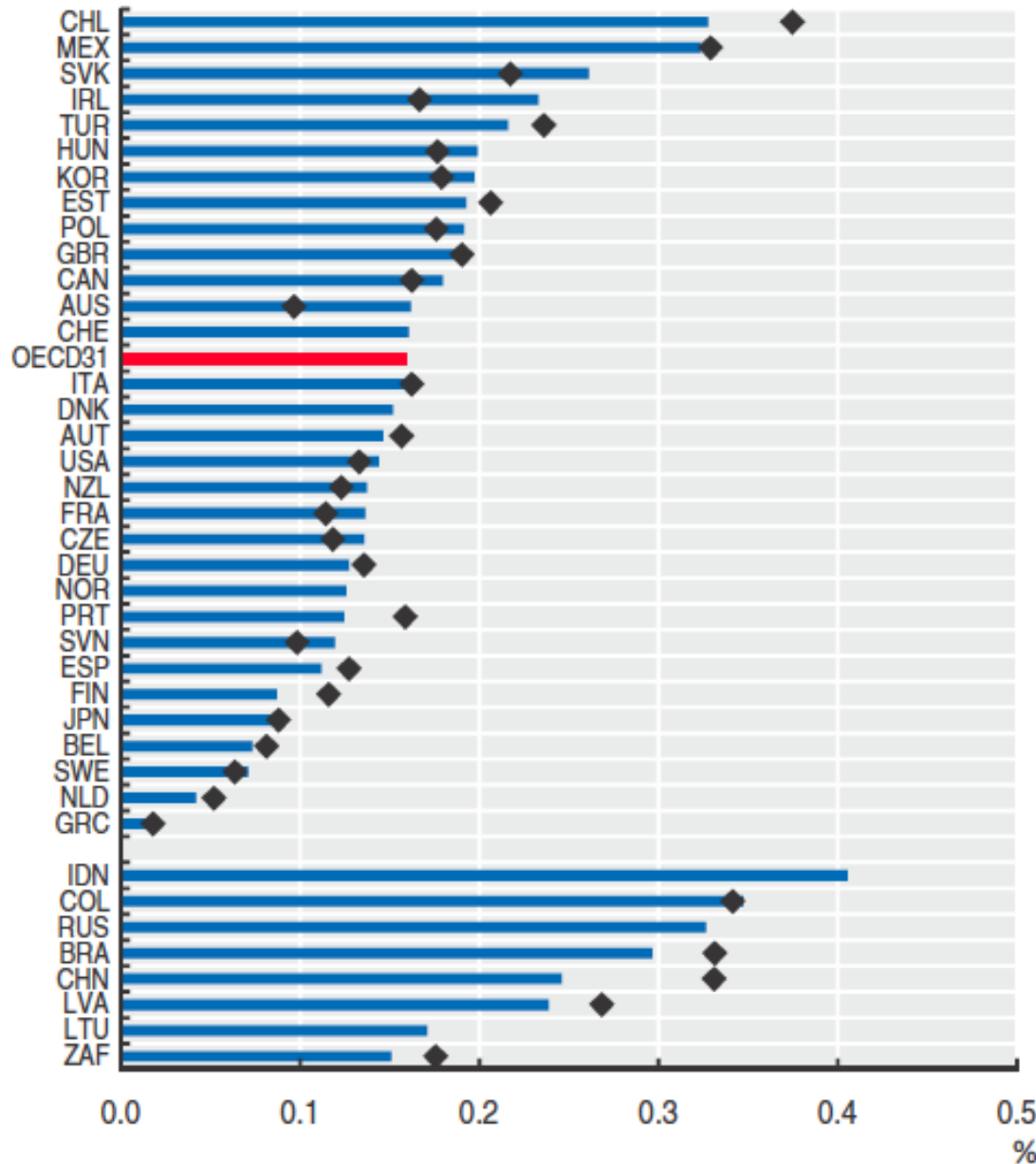
# Increasing social and spatial inequalities?





2013

2000



# Gini index of GDP per capita across TL3 regions, 2000 and 2013

Source: OECD (2016)  
Regions at a Glance,  
OECD: Paris

The  
Economist

OCTOBER 25<sup>TH</sup>–31<sup>ST</sup> 2017

Stopping sexual harassment

The vacuum after Islamic State

AlphaGo goes it alone

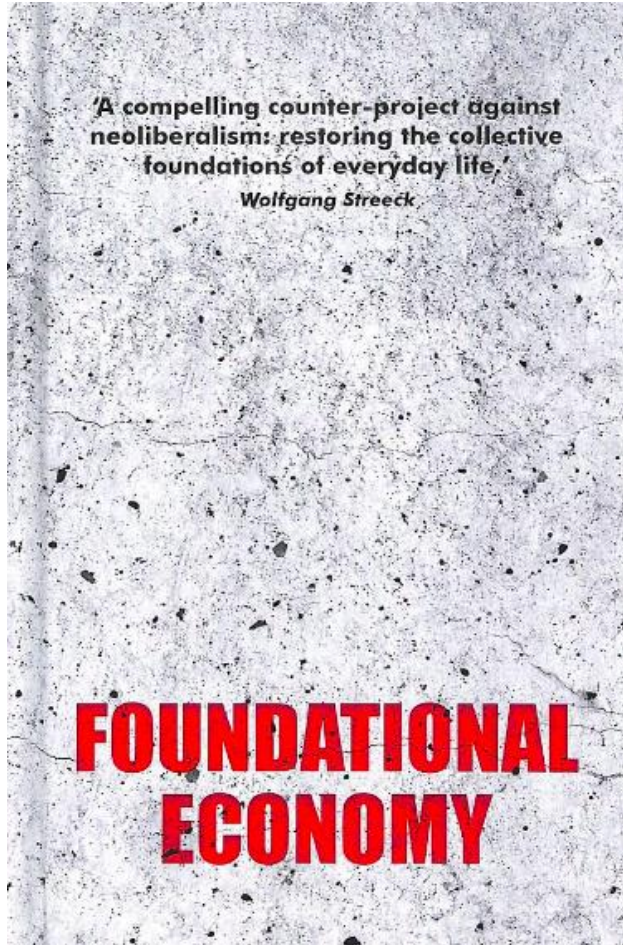
Walter Bagehot on Brexit

# Left behind

How to help places hurt by globalisation



# ‘Foundational Economy’ I



- Preoccupation with individual consumption, market income and jobs as ‘development’
- GDP/GVA measure market incomes per capita but unequally distributed and poor guide to social wellbeing
- Citizen wellbeing depends on collective consumption via networks and branches

# ‘Foundational Economy’ II

## FOUNDATIONAL ECONOMY

### What Wales Can Do: Asset Based Policies and the Foundational Economy

A CREW/ [foundational economy.com](http://foundational economy.com) report

Joe Earle, Julie Froud, Colin Haslam, Sukhdev Johal,  
Michael Moran and Karel Williams

*June 2017*

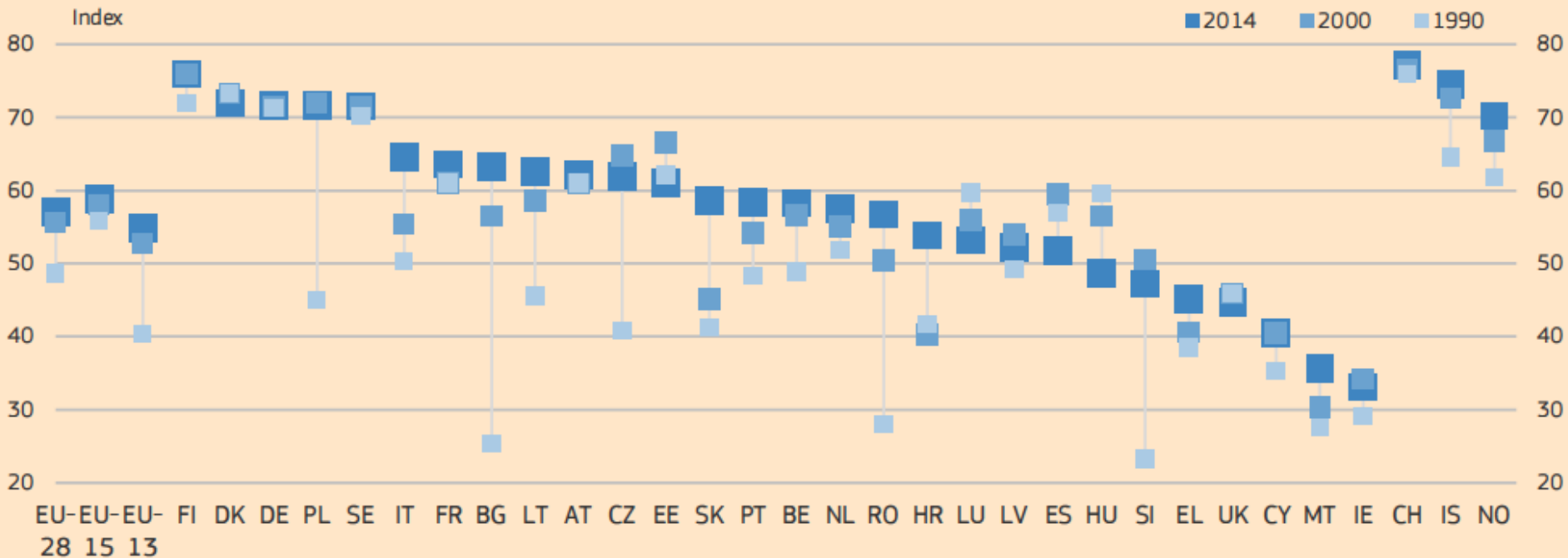
- Refocus onto the social and material infrastructure foundation of civilised life (e.g. electrical networks, water pipes, sewers)
- Providential services (e.g. education, health, elder care)
- Renewal of collective provision, funding and consumption

# Uneven decentralisation and institutional quality?



# Local Autonomy Index, 1990, 2000 and 2014

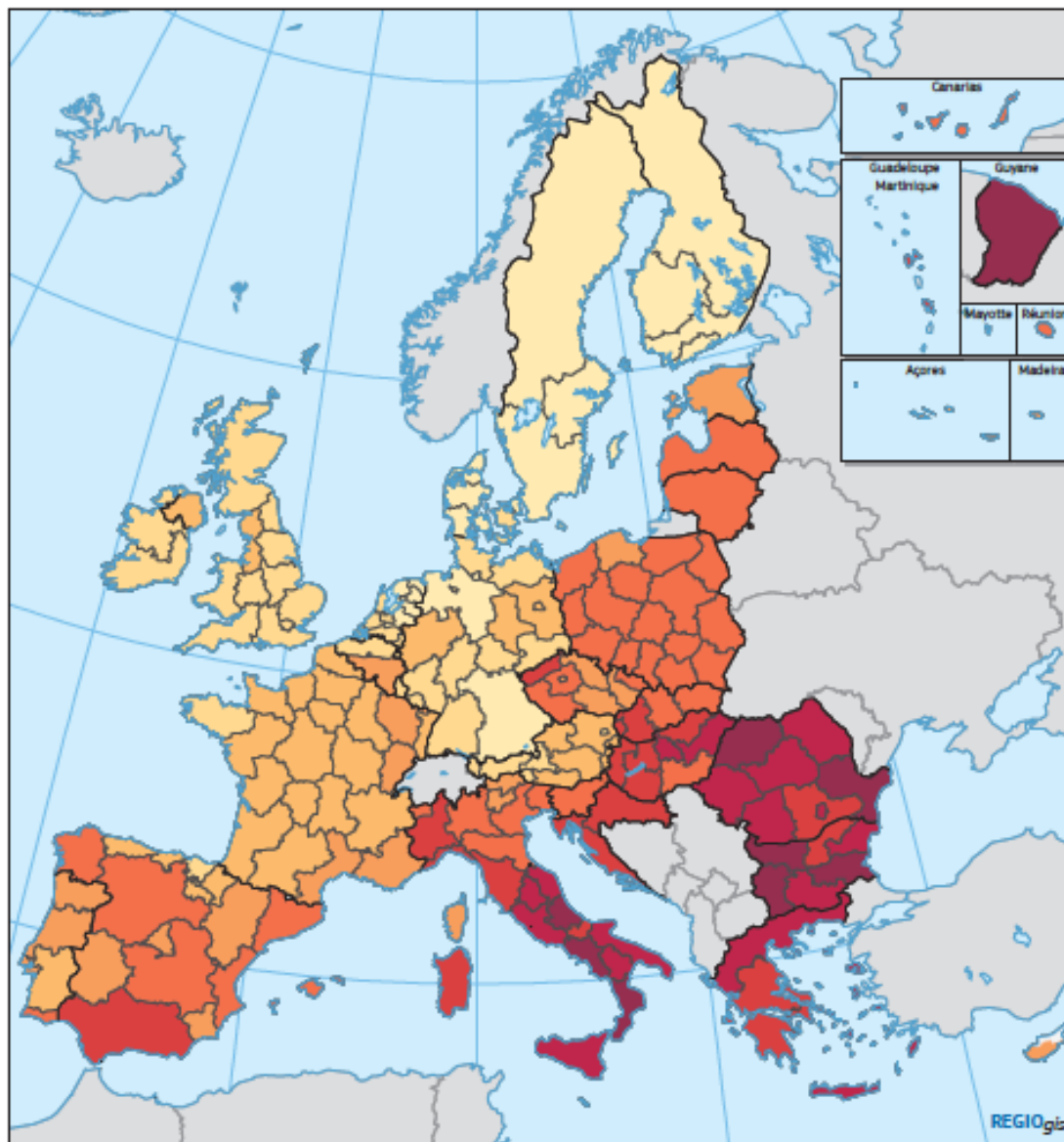
Figure 4.17 Local Autonomy Index, 1990, 2000 and 2014



Local autonomy index: 0 = low autonomy; 100 = high autonomy  
Source: DG REGIO, Ladner, A., Keuffer, N. and Baldersheim, H. (2015).

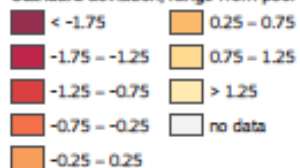


# European Quality of Government index, 2017



**Map 6 European Quality of Government index, 2017**

Standard deviation, range from poor quality (negative) to high quality (positive)



EU = 0

Source: World Bank data and a regional quality of government survey.

Source: European Commission (2017)  
My Region, My Europe, My Future, 7<sup>th</sup>  
Report on Economic and Social  
Cohesion, CEC: Brussels

# 'Government quality'

*Regional Studies*, 2015  
Vol. 49, No. 8, 1274–1290, <http://dx.doi.org/10.1080/00343408.2015.1007933>



## Quality of Government and the Returns of Investment: Examining the Impact of Cohesion Expenditure in European Regions

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(Received August 2012; in revised form September 2014)

RODRÍGUEZ-POSE A. and GARCILAZO E. Quality of government and the returns of investment: examining the impact of cohesion expenditure in European regions, *Regional Studies*. This paper sets out to examine the relationship between the quality of local and regional governments and regional economic performance, linking government quality to the returns of European Union Structural and Cohesion Funds. Using primary data on government quality collected by the Quality of Government Institute, combined with World Bank Global Governance Indicators data, a two-way fixed effect panel regression model is conducted for a total of 169 European regions during the period 1996–2007. The results of the analysis underline the importance of government quality both as a direct determinant of economic growth as well as a moderator of the efficiency of Structural and Cohesion Funds expenditure. The analysis finds that both European Union investments targeting regions and quality of government simultaneously make a difference for regional economic growth, but that above a threshold of cohesion expenditure – calculated at more than €120 of cohesion expenditure per capita per year – government quality improvements are a far more important and realistic option for regional development than additional public investment. In many of the regions receiving the bulk of Structural Funds, further improvements in economic growth would require massive amounts of additional investment, unless the quality of government is significantly enhanced.

Quality of government   Investments   Regional development and growth   Region   European Union

- Government quality direct determinant of economic growth and moderator of the efficiency of Structural and Cohesion Funds expenditure
- Government quality improvements more important and realistic option for regional development than additional public investment

# On-going disruptive change and geographically differentiated adaptive paths?







# FT WEEKEND

FINANCIAL TIMES Saturday March 28/Sunday March 29 2008 £2.50

**READER OFFER**

## Free case of wine

Join the FT and Berry Bros & Rudd wine club and receive 12 bottles of Cru Classé Bordeaux

**HOUSE STORY**

## Eat or be eaten: why Cadbury was a sitting target

MAGAZINE

**Inside**  
Lunch with the FT architect Jacques Herzog  
**Life & Arts**  
Andrew Marr on a moving family memoir  
**Life & Arts**  
Never too young: pensions for your children  
**Money**

## Lehman file rocks Wall St

Dramatic picture of bosses • Focus on 'Repo 105' • Fallout spreads to UK

By Francesco Guerrera and  
Philip Taylor in New York  
and Patrick Wintour in London

The fallout from the report into the collapse of Lehman Brothers shook Wall Street and London yesterday as the global financial system teetered on the edge of a crisis. The report, which was the first to detail the company's internal workings, revealed a series of accounting tricks and other practices that had allowed the firm to hide its true financial position from investors and regulators.



Lehman CEO Richard Fuld speaking at a press conference in New York.

## BAE loses to US in £1bn army 'Scout' race

By Chris Barber and Sarah Patten

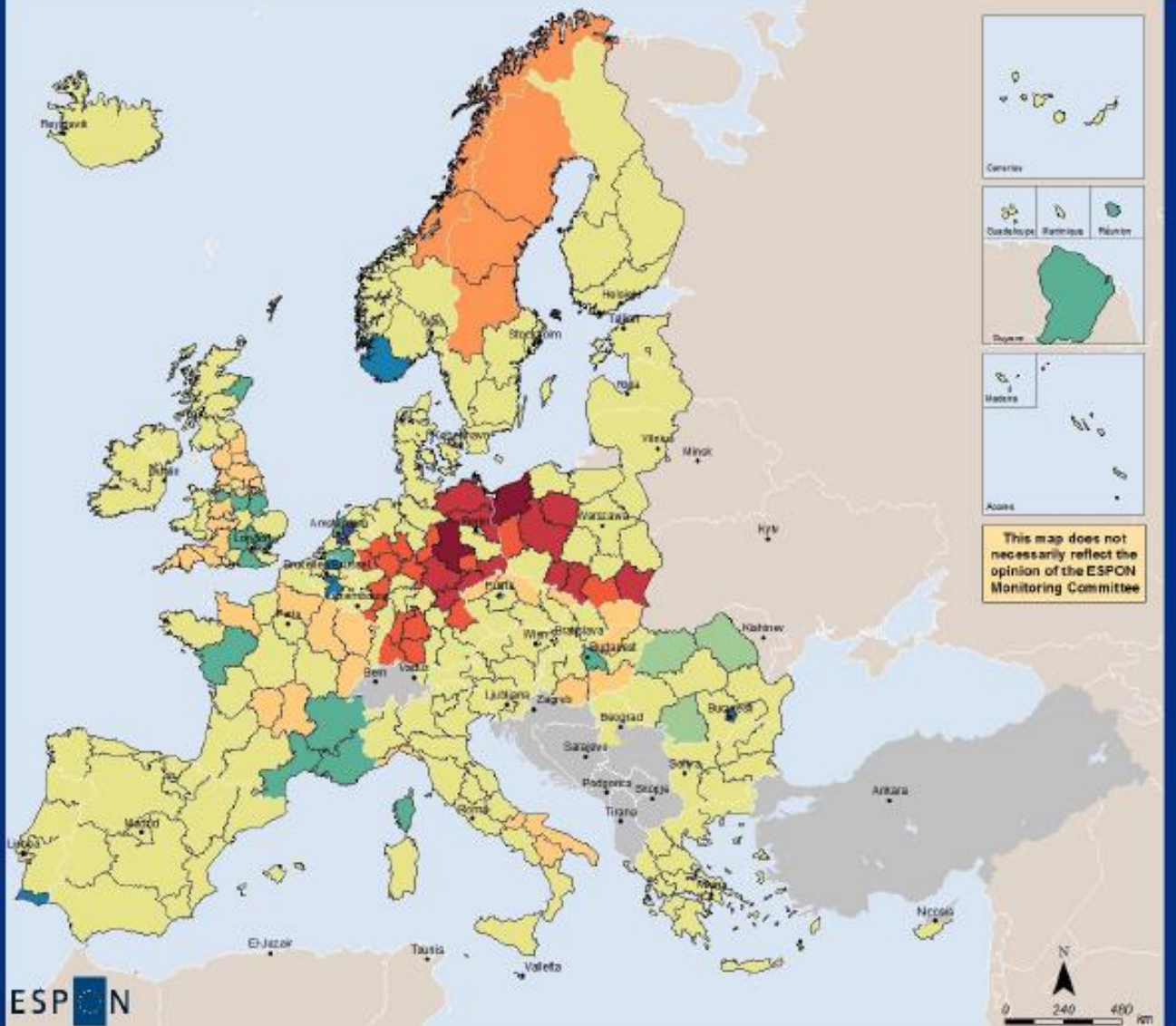
BAE Systems has lost the race to build the next generation of British army 'Scout' vehicles. The company, which had been the favorite to win the contract, was beaten by a consortium led by Lockheed Martin and BAE Systems.

LEHMQ.PK 16.20



**Risk** prepare for downturn with US  
The main reason for the downturn in the US is the housing market. The report shows that the housing market is in a deep recession, and this is likely to lead to a global recession.  
**Bank levy** Germany  
The German government has introduced a new bank levy, which will increase the cost of borrowing for banks.  
**Pay challenge**  
The UK government has introduced a new pay challenge, which will limit the amount of pay that can be paid to executives.  
**Next target for Aes**  
The next target for Aes is the UK market. The company is looking to expand its operations in the UK and is targeting a market value of £100m.

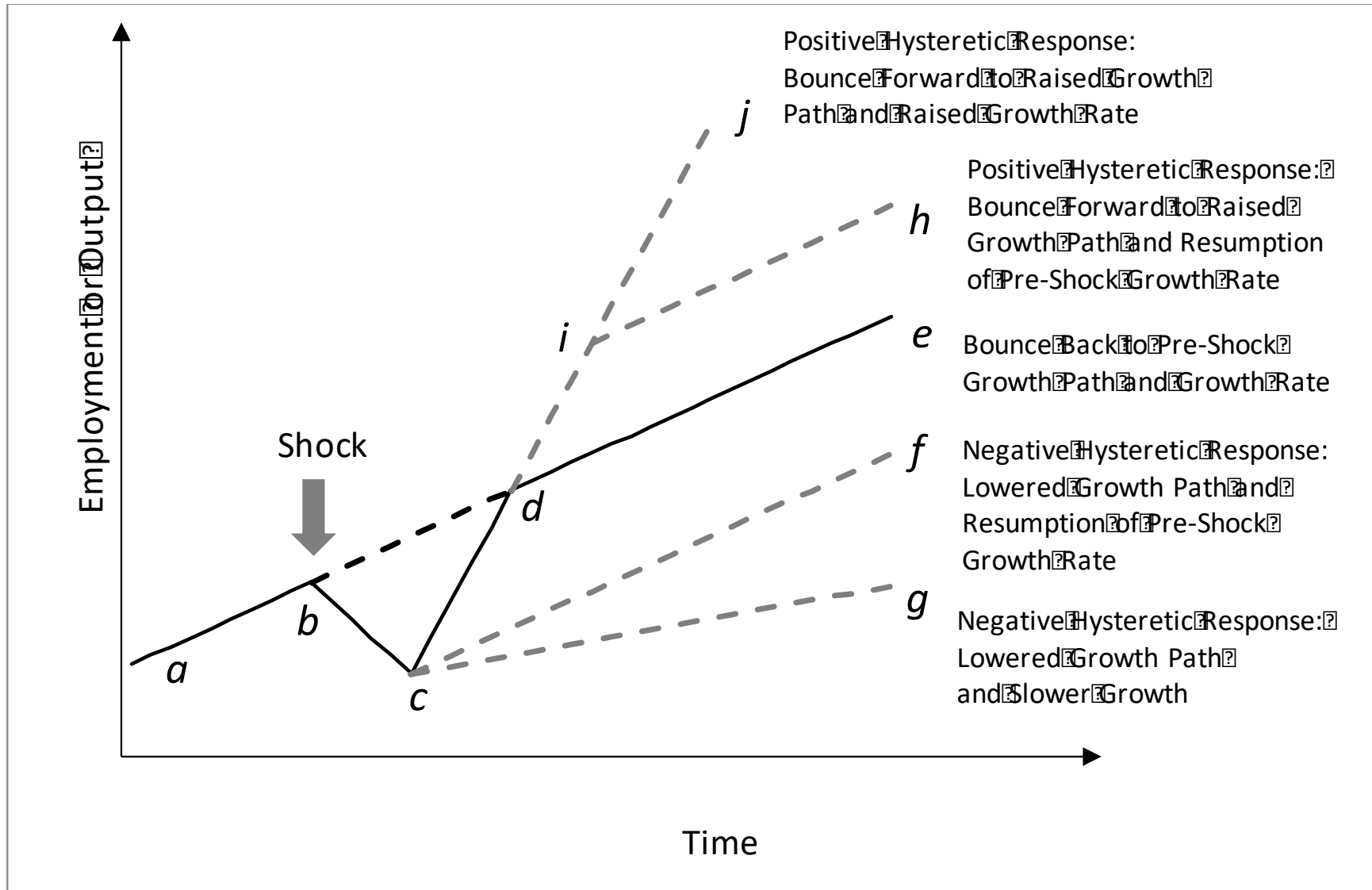
# Relative regional resilience



Source: Bristow, G. *et al.* (2014)  
Economic Crisis: Resilience of  
Regions, Rinal Report, ESPON:  
Luxembourg



# Stylised possible reactions of an economy to a shock – adaptive paths





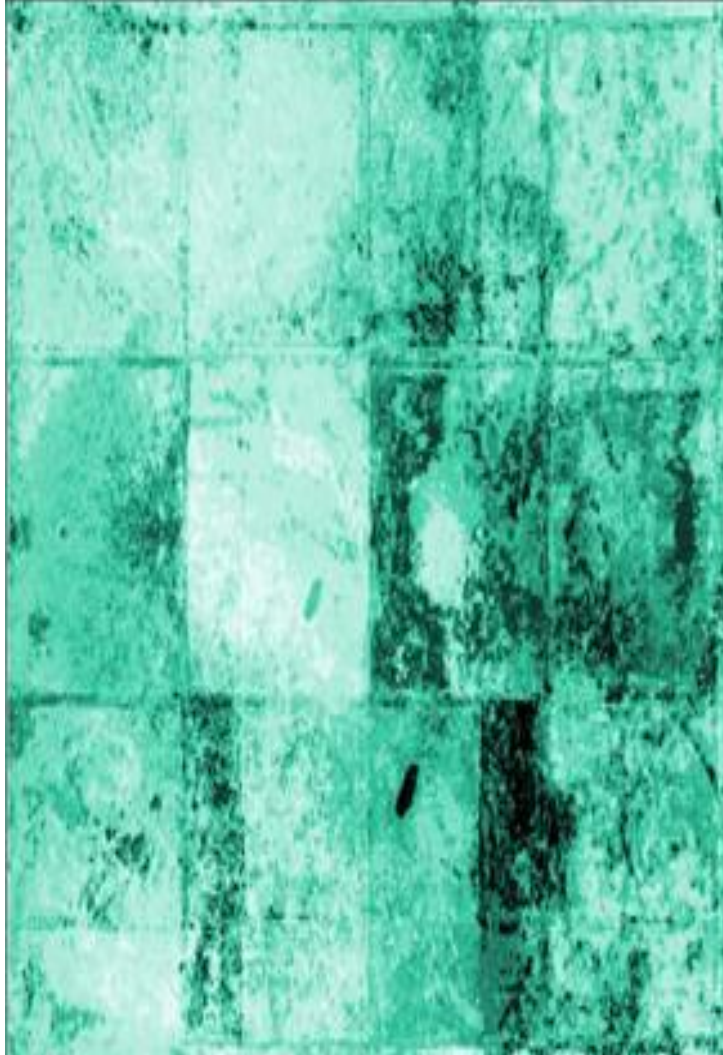
# Territorial development, interrupted...

- Existing approaches, models, strategies and policies undermined and questioned
- Awareness of severity of problems but less consensus on how to deal with them
- Reflections on whether the right questions are being asked and how to define territorial development in the new context

# What kind of territorial development and for whom?



# Back to the fundamental questions...



- What is territorial development?
- What is its purpose?
- What *should* it be about?
- Who and where is it for?

# Key distinctions

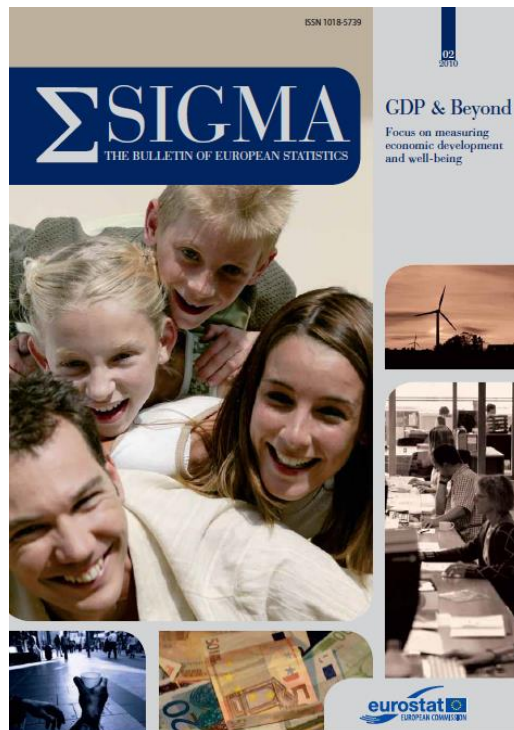
Dimension	Distinction	
Approach	Absolute	Relative
Autonomy	Local, regional	National, supranational
Direction	Top-down	Bottom-up
Emphasis	Strong	Weak
Focus	Exogenous	Indigenous
Institutional lead	State	Market
Inter-territorial relations	Competitive	Cooperative
Measures	'Hard'	'Soft'
Objects	People	Places
Rate	Fast	Slow
Scale	Large	Small
Spatial focus	Local	Regional
Sustainability	Strong	Weak

# Broadening development beyond the economic...



“development consists of much else besides economic growth...” (Dudley Seers 1969: 1)

# 'Beyond GDP'...



## Report by the Commission on the Measurement of Economic Performance and Social Progress

Professor Joseph E. Stiglitz, Chair, Columbia University

Professor Amartya Sen, Chair Adviser, Harvard University

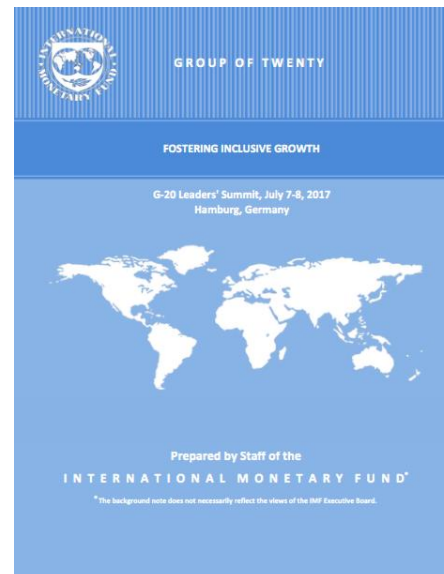
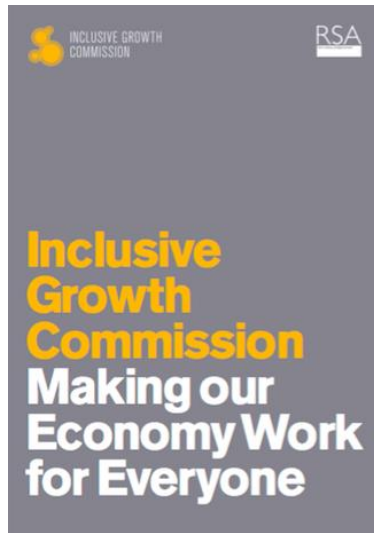
Professor Jean-Paul Froussi, Coordinator of the Commission, IEP

[www.stiglitz-sen-froussi.fr](http://www.stiglitz-sen-froussi.fr)





# 'Inclusive growth'...



<b>‘Growth-plus’</b>	<b>‘Inclusive economy’</b>
<p>Existing economic model necessary and/or unproblematic</p> <p>Need to connect more people to growth</p> <p>More growth requires more inclusion</p>	<p>Economy should serve inclusive, social goals</p> <p>Current economic model produces inequality and needs to change to achieve greater inclusion</p>
<p>Focus on connectivity and the supply-side of the labour market</p>	<p>Focus on the demand-side of the labour market</p>
<p>Pulling-up the bottom of the distribution rather than questioning business models that create inequality</p>	<p>Challenging business models that create inequality</p>
<p>Inclusion important because it supports growth</p>	<p>Inclusion important in its own right</p>
<p>Better distribution of future growth rather than growth that has already occurred</p>	<p>Redistribution of existing prosperity not just dependence on future growth</p>

Source: Adapted from Inclusive Growth Analysis Unit (2017)

# Towards integrated and tailored territorial development and policy





## The revenge of the places that don't matter

Andrés Rodríguez-Pose 06 February 2018

*Persistent poverty, economic decay and lack of opportunities cause discontent in declining regions, while policymakers reason that successful agglomeration economies drive economic dynamism, and that regeneration has failed. This column argues that this disconnect has led many of these 'places that don't matter' to revolt in a wave of political populism with strong territorial, rather than social, foundations. Better territorial development policies are needed that tap potential and provide opportunities to those people living in the places that 'don't matter'.*



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**Andrés Rodríguez-Pose**

Professor of Economic  
Geography, London School of  
Economics; Research Fellow,  
CEPR

On 16 October 2008, Tim Leunig, an economist who at the time was working at the CentreForum thinktank, stood in Liverpool's Cathedral and told a crowd of bemused and worried Liverpudlians that, economically, their home city's time had passed. Cities and counties in the north of England had "slipped back relative to both the national average and

### Related

**Brexit – a cry of financial pain, not the influence of the old**

Federica Liberini, Andrew Oswald, Eugenio Proto, Michela Redoano

**The spread of populism in Western countries**

Luigi Guiso, Helios Herrera, Massimo Morelli, Tommaso Sonno

### Don't Miss

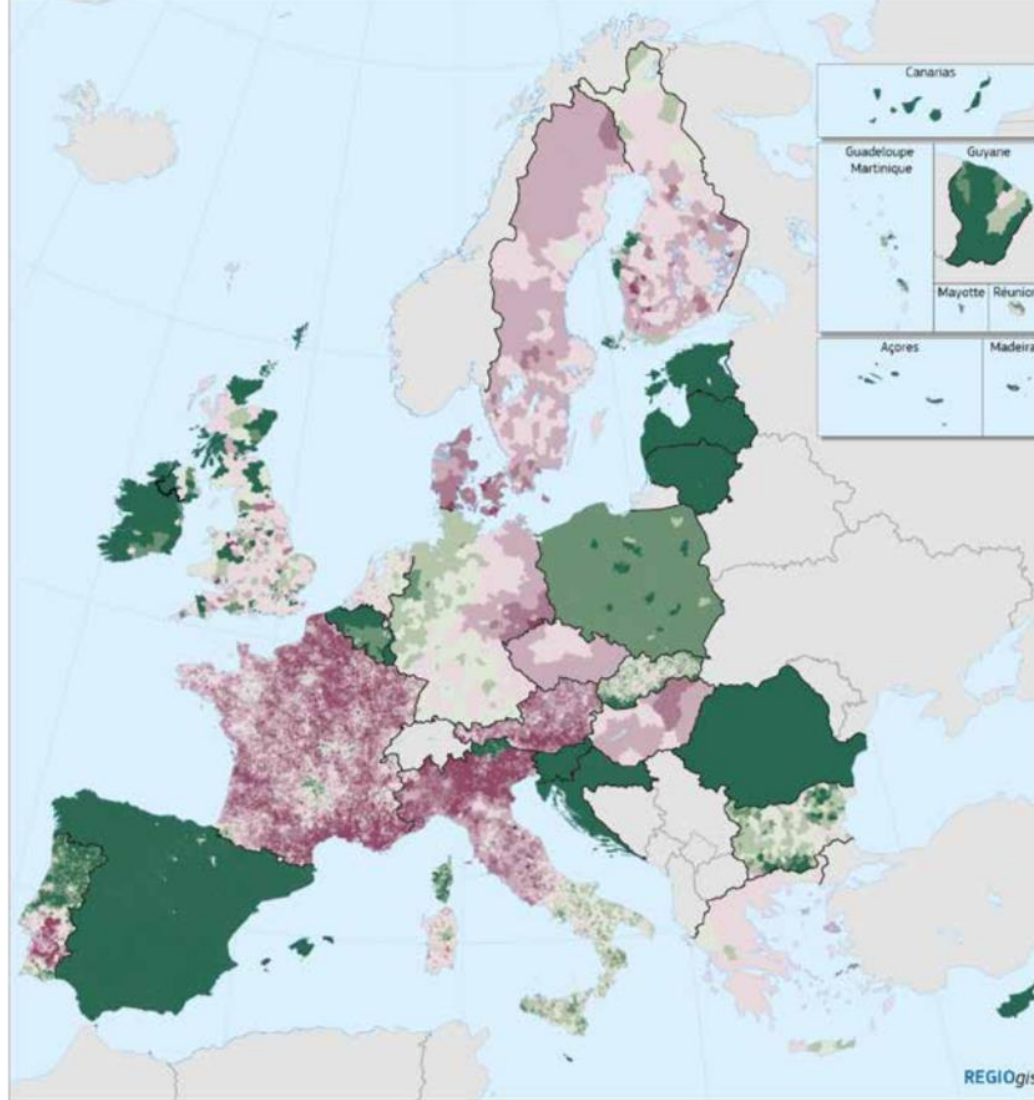
**Housing expenditures and income inequality**

Dustmann, Fitzenberger, Zimmermann

**The next recession will be a bad one**

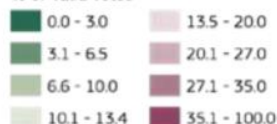
Frankel





**Minimum share of votes for parties (strongly) opposed to European integration, 2013-2018**

% of valid votes



Sources: national authorities, CLEA, Chapel Hill Expert Surveys 2014 and 2017, EuroGeographics, DG REGIO

Election years:

2018: IT

2017: BG, CZ, DE, FR, MT, NL, AT

2016: IE, ES, HR, CY, LT, RO, SK

2015: DK, EE, EL, PL, PT, FI, UK

2014: BE, LV, HU, SI, SE

2013: LU

EU-28 average = 13.4%

0 500km

© EuroGeographics Association for the administrative boundaries

# Share of the vote for parties opposed or strongly opposed to European integration, 2013-18

Source: Dijkstra, L., Poelman, H. and Rodríguez-Pose, A. (2019) The Geography of EU Discontent, European Commission: Luxembourg

# Challenging the old dualisms... forging innovative perspectives...

Efficiency versus equity

‘Top-down’ versus ‘bottom-up’

Singular and fixed ‘global North’ versus ‘global South’ concepts and theories

State versus market

‘One-size-fits-all’ universalism versus ‘re-inventing the wheel’ particularism

‘People’ versus ‘place-based’

Exogenous versus endogenous

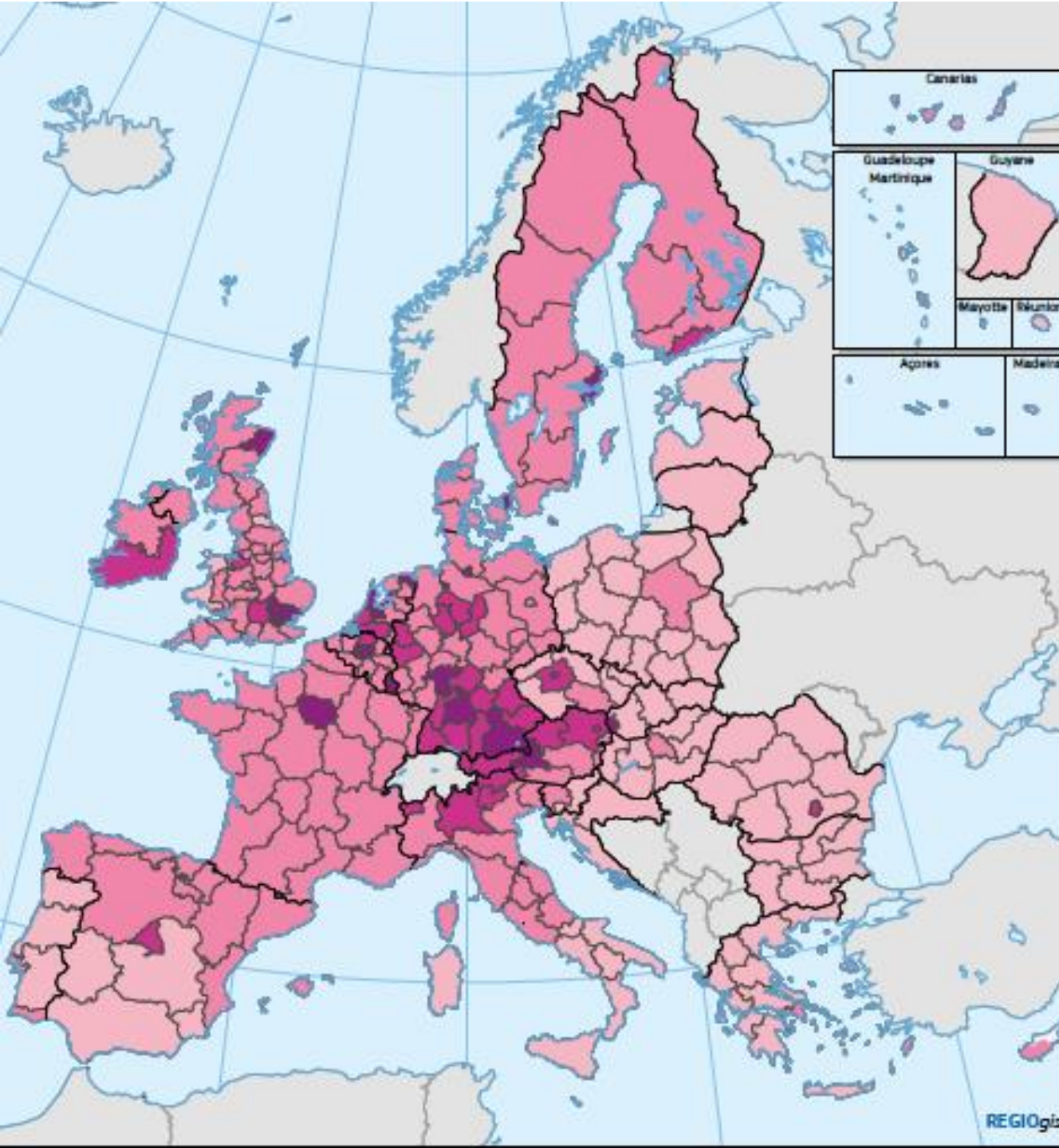
‘Redistributive’ versus ‘growth-oriented’

High versus low productivity activities focus

Singular, privileged geographies of city-centrism and metropolitanism versus  
other geographies

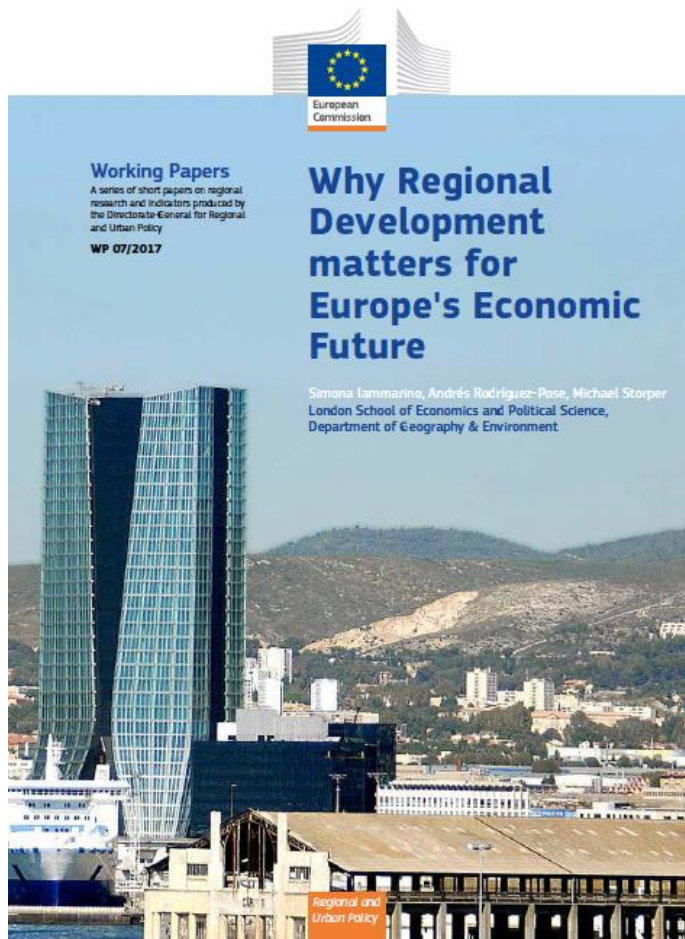


# Economic development clubs of European regions



Source: Iammarino, S., Rodríguez-Pose, A. and Storper, M. (2017) Why Regional Development Matters for Europe's Economic Future, WP 07/2017, DG REGIO: Brussels.

# 'Place-sensitive distributed development policies'



- Maximising the potential of every territory
- Integrated and tailored approaches addressing structural constraints and opportunities for different regional clubs



## Cohesion Policy for 2021-

- Where should it invest?
- What should the investment priorities be?
- How should the policy be implemented?

# Challenges ahead...I

- Addressing the question of ‘what kind of territorial development and for whom?’
- Constructing ‘inclusive economies’ with social and environmental goals for people *and* places ‘left behind’
- Realising the potential of aligning and co-ordinating integrated and tailored approaches

# Challenges ahead...II

- Institutionalising and resourcing research capacity for long-term strategy and policy
- Developing new indicators and data sources for new territorial development models
- Strengthening monitoring, assessment and evaluation of territorial development and policies
- Governing territorial development with accountability, transparency and scrutiny



# Acknowledgements

The research informing this presentation has been undertaken in collaboration with David Bailey (Aston University), Emil Evenhuis (Cambridge University), Ben Gardiner (Cambridge Econometrics), Louise Kempton, David Marlow, Ron Martin (Cambridge University), Peter O'Brien, Andrés Rodríguez-Pose (LSE), Peter Sunley (Southampton University), John Tomaney (UCL), and Peter Tyler (Cambridge University).



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Structural Transformation, Adaptability and City Economic Evolutions

