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## **ABSTRACT**

The 'region' and 'regional change' have been elusive ideas within political and economic geography, and in essence require a greater understanding of their dynamic characteristics. Trailing in the backwaters of the devolution to the Celtic nations of Britain, the contemporary era of New Labour's political-economic ideology, manifest through 'third-way' governance in England places the region and its functional capacity into the heart of geographical inquiry. Drawing upon a new regionalist epistemology, this paper seeks to recover a sense of (regional) political economy through a critical investigation of the development and formulation of Blair's "New Regional Policy" (NRP). I address how New Labour has attempted to marry *economic regionalisation* on the one hand, and *democratic regionalism* on the other. This paper specifically questions the wisdom of such a marriage of politically distinct ideologies through a critical investigation of the underlying contradictions of their strategy from both a theoretical and empirical standpoint. Demonstrated both in the North East no vote in 2004, and in the post-mortem undertaken by the ODPM Select Committee in 2005, the paper illustrates how a loss of political drive gradually undermined the capacity of devolution to deliver in England. Finally, I argue that through the lens of the NRP we can speculate on some of the wider issues and implications for the study of regional governance.

**KEY WORDS**      New      Regional      Political      Economy;      Economic  
Regionalisation; Democratic Regionalism; England; New Labour

## THE POLITICAL-ECONOMY OF BLAIR'S "NEW REGIONAL POLICY"

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"Offer[ing] a sympathetic review of certain institutionalist perspectives currently at the vanguard of economic geographical discourse and urban - regional inquiry... the approaches are beset by several conceptual deficiencies and sources of potential confusion. These include... a thin political economy most conspicuous in the failure to appreciate fully the *critical role of the state* in shaping the urban - regional fabric and a related weakness in examining the *asymmetries of power* which enframe the governance of space economies."

MacLeod (2001a: 1146, emphasis added)

### 1. Introduction: from New Regionalism to New Regional Political Economy

Shortly after New Labour's landslide sweep to power in 1997, a comprehensive programme of constitutional modernisation was set in motion throughout Great Britain, which resulted in the creation of an elected Parliament for Scotland, a National Assembly for Wales, an Assembly for Northern Ireland, an elected London Mayor to lead a newly formed Greater London Assembly, and a working partnership of Regional Development Agencies and Regional Chambers in each of the eight English regions. For Scotland, Wales, Northern Ireland, and London, the restructuring of their state institutions to install the new mechanisms of governance that would enable them to engage fully in devolved politics was relatively straightforward. However, in England:

"Striking images of people celebrating the birth of their new democratic institutions in Cardiff and Edinburgh reaffirmed the view that the way in which we 'do' politics in the UK was changed forever...[However] the English have had little chance to celebrate. The governance of England represents a gaping hole at the centre of the Government's devolution programme."

Tomaney and Mitchell (1999: 2)

By the end of Labour's first term (2001), England remained the only country in the United Kingdom to not be in receipt of additional elected political representation; but it appeared that the progressive nature of its institutional restructuring at the regional scale was moving inevitably towards addressing this imbalance. Between 2001-2003, with the momentum of Blair's 'New Regional Policy' (NRP) gathering pace in England, in early July 2004 the government's Regions Minister Nick Raynsford announced that in three English regions – the North East, North West, and Yorkshire & the Humber – referenda were to be held, offering the people of the north the opportunity to support the creation of Elected Regional Assemblies (ERA). However, by late July the referenda in the North West and Yorkshire & the Humber had been dramatically postponed by the government, while in the North East campaigning began in earnest. Outlined in both the Regional White Paper *Your Region, Your Choice* (DTLR/Cabinet Office, 2002) and the Regional Assemblies Bill (ODPM, 2004), the people of the North East were presented with what the government described as the opportunity to set in motion their proposals to create an ERA for the region which "will allow the region to truly take control of its own destiny and enable it to move up the economic and social prosperity ladder". Where the existing arrangements of RDAs and Regional Chambers had their roots firmly entrenched within the contradictions exposed in past waves of regional policy, the referendum on whether to create an ERA for the North East region provided the opportunity for two new breaks from traditional regional policy discourse: (i) top-down *economic regionalisation* no longer had to run parallel and distanced from bottom-up *democratic regionalism*; and (ii) *all* regions did not have to be treated alike, but individual regions could make an individual choice – through a referendum.

On 4<sup>th</sup> November 2004, however, traditional regionalised policy in England was reinforced when the North East electorate – to whom an ERA was designed to offer "a distinct political voice and a real say over decisions which matter to them" (Prescott, quoted in DTLR/Cabinet Office, 2002: foreword) – voted emphatically against the proposals (78% against) to enable the "twin-tracks" (Jeffery and Mawson, 2002) of economic regionalisation and democratic regionalism to be aligned more strategically. This statement of discontent with the government proposals by the North East electorate

marked a dramatic end to the 'new' in Blair's NRP, and once more highlighted a series of important political-economic tensions in the way that academics understand the geography of regions, and how policymakers interpret this in the formulation of regional policy. Labour's determination (in principle) to devolve political and institutional capacities through a progressive programme of constitutional reform coalesced around (i) a desire to remedy a party political legacy of past failures to implement devolution; (ii) to align Britain more closely with its continental European neighbours; and, (iii) to seek greater engagement with a populist belief that had been spreading throughout Western Europe and North America in the mid-1990s known as the 'new regionalism'. The latter of these three themes raises critical questions about the emergence of the NRP, and it is this, which I want to develop here.

Aligning itself most prominently with a neo-Marxian institutionalised political-economic approach (Amin, 2001; Jessop, 2001), the new regionalism broadly claims that contemporary capitalism and its territorial configuration are best regulated and governed in and through the decentralisation of socio-economic decision-making and associated policy implementation to subnational institutional frameworks and supports. The dominant strand constituting the new regionalism coalesces under the banner of economic geography, and argues that the region is establishing itself as the scale where knowledge creation, learning, enterprise, and innovation which are believed to be critical to economic development in the contemporary era of capitalism are coalescing (Amin and Thrift, 1994; Florida, 1995; Storper, 1997; Cooke and Morgan, 1998). This strand of the new regionalism elicits the claim that there is an *economic dividend* to be gained from harnessing and developing new structures of economic governance at the regional level.

The alternative approach is based in *political* science and advocates the adoption of a 'progressive' new regionalism (Keating, 1997; 1998). This can be seen through three interrelated processes which appear to be challenging the authority of the nation state and constitute the arguments of progressive new regionalism: (i) there is a loss of power *upwards* through the processes of Europeanisation; (ii) there is a loss of power *downwards* through the growth of regional territorial identity, politics of assertion, and policies of devolution; and, (iii) there is a loss of power *outwards* through globalisation

and market forces. Theories of devolution, therefore, tend to range from those which stress its economic value (which are predominantly new regionalist approaches) against those political science theories of multi-level governance which stress the intrinsic value of regional governance as good governance by providing decision-making as close to the governed as possible given the policy domain context.

Jointly under the banner of the 'new regionalism' (Amin, 1999) and 'regional political economy' (Agnew, 2000; MacLeod, 2000) they have given rise to a plethora of accounts of the economic resurgence of regions within an increasingly globalised arena. In short, consensus states that theoretically regions can dualistically induce both a *democratic dividend* as well as the aforementioned *economic dividend*, and that the regional scale offers "both a convincing theoretical explanation of recent and future regional economic development and also the best approach to policy formation" (Lovering, 1999: 380; see also, Harrison, 2006).

Critically, the implications of such assertions lead policymakers, academics, and strategists to ask a key question: can regional structures of governance provide the capacity for actors to develop more appropriate economic models than national government whilst retaining/strengthening lines of democratic accountability? I want to begin to explore this question by drawing on the work of Gordon MacLeod (2001a) who has recently criticised academics engaged in this debate for the wholesale engagement with '*thin political economy*' readings of the institutionalised landscape of reflexive capitalism

Responding to Amin and Thrift's (2000) polemic on the reconceptualising of economic geography (to include a more heterodox, socially and culturally based 'economic knowledges') Martin and Sunley (2001) have highlighted how a 'recovery of a sense of political economy' is one of the most urgent agendas to be addressed by human geographers at this time. Moving away from the classical Marxist era, economic geography has progressively distanced itself from the role of power and politics in moulding the space economy. However, the focus upon the geographies of the socioinstitutional frameworks in regional economies (predominately

successful regions) has led to a neglect of political questions regarding inequality, distribution and representation.

It seems that approaches to political economy within the loose bounds of human geography are indeed held together by an underlying sentiment that the political and the economic are inextricably and irrevocably two sides of the same explanatory coin. It is important, therefore, that we must seek to recover understandings of the 'political economy' approach that stress the important interrelationships that exist between economic, social, and political processes operating as 'moving parts' habitually colliding both spatially and temporally.

Simultaneously arguing against the dangers of a tautological 'soft institutionalism', MacLeod (2001a) offers a sympathetic critique aimed at redirecting, rather than making redundant, some of the most pressing aspects of the new institutionalism through a deeper engagement with the regulation approach. Largely in agreement with MacLeod's assertion, this paper offers an alternative *empirics*-based approach in order to inject a degree of 'grounded thick political economy' into the work of new regionalists. Whereas MacLeod's agenda profited from the championing of a theoretical proposition through the promotion of regulation theory, I argue that we need to blend empirical and theoretical propositions to take forward what I would like to call 'New Regional Political Economy'. In order to explore this, and to provide a more grounded thick approach to political economy, this paper weaves a reinvigorated political economic reading of the state interventionism of Blair's New Labour government through their programme of constitutional change and devolution occurring within Britain. Empirically, this constitutional programme is supportive of the theoretical approach adopted by MacLeod (2001b) of looking at the state-centred political-economic approach to the institutionalisation of regions. Moreover, this paper illustrates how the empirical evidence gained from the NRP can be seen to support MacLeod's (2001a) assertion that thin political-economy readings simultaneously fail to fully appreciate (i) the critical role of the state; and (ii) the asymmetries of power.

Through an in-depth historiography of regional policy within England, Section 2 develops a narrative, which (i) draws on the important distinction between economic regionalisation and democratic regionalism; and, (ii)

illustrates how many of the components of the NRP were not wholly 'new', but remodelled versions of previous policies. Developing this theme further I unravel how in the early years of government (1997-2001), the NRP was implemented along lines which were consistent with historical discourse. Illustrated through the creation of RDAs, Section 3 gauges whether Labour's politically motivated economic regionalisation of government policy has changed the ability of actors to harness an economic dividend in the English regions. Relatedly, through the establishment of Regional Chambers as shadowing bodies to the RDAs, Section 4 assesses whether the new regional institutions in the English regions have changed the ability of governance structures to engage an increasingly apathetic electorate through new forms of civic engagement and democratic renewal. This paper concludes by drawing together the empirical material presented in the paper to show (i) how the Labour governments proposals for ERA failed to understand and learn from the contradictions that were present in the operation of RDAs; (ii) that to articulate the problems faced by RDAs, you need to appreciate the history of regional policy in England; and (iii) that regional policy in England has adopted a *thin* political-economy approach to understanding the critical role of the state and in examining the asymmetries of power. In thinking about all this, I offer reflections on both the state in theory and the state in practice.

## **2 Territory, Power, and the English Dimension<sup>i</sup>**

Regionalist ideologies and movements have agreed on the necessity for decentralising power from a time-honoured and antiquated London centric model in principle throughout the duration of the twentieth century (Tomaney, 2000; Amin et al., 2003; Lyons, 2004). Neville Johnson (1983: 6) surmises how a relatively stable set of propositions has characterised the general principles of decentralisation: (i) the concentration of power at the centre in the British system of government is harmful and should be reversed; (ii) the practices of government are insufficiently democratic, in particular the extent of citizen participation; and, (iii) the rate of economic development has been inadequate and unequally distributed. Taking this forward, this section traces the origins of regional policy in England and argues that we have seen the



emergence of a twin-track approach (Jeffery and Mawson, 2002) with important links to previous rounds of political intervention.

Before 1916, the London Westminster Parliaments was involved in evolving from being a colonial centre to a national parliament. At the forefront of this transition was the seriously discussed 'Home Rule for All'; namely that the colonies, Ireland, Scotland and Wales, be given home rule, and Westminster would become a federal parliament; within which, England would then have to be regionalised to avoid it dominating the federation. That a federal approach was never adopted is interesting because it reinforces the colonial relationship between London and the regions.

Following on from this, the period 1916-1944 was characterised by the problematisation of the English regions. As such, World War I marked the establishment of the first regional structures in England, when a number of regional offices for Government departments were created in order to regulate food supplies and labour distribution. Coinciding with these practical necessities and the calls for Home Rule in Ireland, two initial devolution schemes were proposed which both treat England as a single entity rather than as a sub-national jigsaw of regional pieces (Mawson, 1997).

The inter-war years saw hostility to the overwhelming role played out by the city of London in British society, and famously led Sir Patrick Geddes to commission C.B. Fawcett to elaborate on an earlier piece he had written (Fawcett, 1917), which supported his call that the politics of the day was inescapably premised on tensions between "centralised government – and civic regionalism" (1919, quoted in Defries, 1927: 238). This statement has subsequently become ingrained into the evolution of the Labour Party throughout the duration of the twentieth century and, furthermore, it lies at the heart of Blair's NRP. Centralisers in the Labour Party have historically implored top-down Fabian socialism as was the case in the 1950s where services, most notably associated with the National Health Service, were provided by the centre. Adopting the language of Cooke and Morgan (1998), this *first* wave of regionalism can be conceptualised as the state-centred repertoire, characterised by the use of 'functional regions' and the theory of 'spatial Keynesianism' (Martin and Sunley, 1997). Regional policies were simple variants of a broader set of political initiatives that derived from the

interventionist Keynesian state that drew its political support from the disproportionately high levels of unemployment that had scarred the country in the inter-war years.

In creating eight Regional Economic Planning Boards (REPBs) under the 1960's Wilson government, paradoxically these represented 'top-down' approaches to the mobilisation of regional economies in their guise as centrally controlled institutions. Based upon French-style 'indicative' planning, they were wholly reliant on central government, were devoid of executive powers and were administered by civil servants working out of the centre. REPBs are important because they provide an illustration of how the political legitimacy and powers awarded to subnational institutions are fought over in processes of decentralisation. Devolution revolves centrally around the dualistic notion that all other things being equal, national government will strive to devolve administrative responsibility to the subnational tier whilst limiting to a minimum the resources attached (Rodríguez-Pose and Gill, 2003). This historical example of the REPBs highlighted how despite the name, they were kept national by a dominant centralist government, and moreover, the Department of Economic Affairs singularly failed to offer any resources to implement the REPBs proposals (Smith, 1965).

The emergence of the NRP can be traced through the ideological beliefs held by the leading proponents of the *Alternative Regional Strategy* (ARS) (Parliamentary Spokesman's Working Group, 1982) who stood in the 'localiser' camp. They held the belief that previous plans were unsustainable, and sought to look at why these distortions happen. Written during the first term of Thatcherism, and thus stood in opposition to the prevailing trends in political-economic policy, the group claimed that socioeconomic distortions resulted from the complete absence of any regional strategy, or economic devolution to England (Miller and Mawson, 1986). Despite political claims that any attempt to afford development agencies to England would be deemed "a rather amateurish approach to a very sophisticated game" (*Hansard*, 1976) the then Shadow Regional Affairs Spokesman, John Prescott, remained convinced of their capabilities. Drawing heavily on his own historical and personal accounts of the failed planning boards of the 1960s, Prescott's team was purposive in wanting to establish an administrative socioeconomic

infrastructure in line with that which had been afforded to the Scots and the Welsh in the 1970s. Turning political ideology on its head, this new [regional] political game was played out against a new backdrop that privileged the market over the state. Deploying the language of Cooke and Morgan once again, this *second* wave of neoclassical political-economic beliefs was based upon a 'neo-liberal repertoire' as characterised by the policies adopted under the banner of Thatcherism.

The so-called birth of a 'New' Labour Party in the mid-1990s can be seen as the archetypal embracing of a *third* political ideology (the 'associational repertoire'). This new approach does not seek to privilege either the state or the market, but aspires to empower the intermediate associations that lie between these bi-polar extremities. Adopting an intermediary position juxtaposed between the classical state-centred and neo-liberal repertoires privileging of the state and the market respectively, the key here is not the scale of intervention *per se* but the mode of intervention (Cooke and Morgan, 1998). What is critical for the basis of this paper is establishing that regional policy *cannot* be detached from the broader political-economic ideology in which it is positioned. Thus, by 1997, English devolution had become firmly entrenched as a question of economic governance rather than democratic realisation (see Tomaney, 2005; Jones et al. 2005). What this section has so far highlighted is that New Labour's programme of devolution and constitutional change must be viewed within the wider context of beliefs surrounding the structuring of governance. Although the state retains its unique institutional status responsible for social cohesion and the integrity of the national system of innovation, the associational repertoire requires two institutional innovations: (i) the devolution of power within the state system to better placed subnational tiers; and, (ii) the delegation of certain tasks to business-led associations with greater knowledge and credibility than a state agency (Cooke and Morgan, 1998). It is against this broader political-economic backdrop characteristically known as the 'third-way' that New Labour's policies of decentralisation must be framed. The paper now considers the territorial form of their political strategy.

## 2.1 *New Labour, New Regionalists*

Whilst in political opposition to the Conservative administration, ambitious proposals were put forward to embark upon a programme of wide reaching constitutional reform "reversing the tide of centralisation and giving regions and the people who live in them more power to determine their own future" (Prescott, 1996, quoted in John et al., 2002: 734). These proposals were designed not only to incubate economic development, but also to appease the strong regionalist lobby in the northern regions through simultaneously adopting an approach to decentralisation, bringing policies closer to the people and rebuilding accountability through two independent 'tracks' that have run side-by-side (see Jeffery and Mawson, 2002).

*Road 1 – Straw's Regional Democracy:* Jack Straw (then Shadow Home Secretary) believed a dualistic approach to developing a structural presence at the regional level could provide the solution to Blair's problem of how English regionalism could sit neatly alongside the broader commitments towards Celtic devolution: (i) the formation of Regional Chambers was presented as the means of formalising the plethora of pre-existing groupings already operating within the regions; and, (ii) the second step would lead, in the future, to the establishment of directly elected regional assemblies in those regions where public demand is evident (Labour Party, 1995). Subsequently, *A New Voice for England's Regions* (Labour Party, 1996) reiterated their commitment by expanding its horizons to outline some of the linkages and hurdles that lay between the two proposed phases<sup>ii</sup>. At the crux of Straw's proposals, however, lay the Conservative claim that regional government would actually create more bureaucracy (Curry, 1995; see also, Straw, 1995; Whitehead, 1996). Straw's incipient foray outlining proposals for a new approach to English regionalism centred on democratic accountability through the medium of *democratic regionalism*.

*Road 2 – Prescott's Regional Economics:* The committed regionalist John Prescott moved swiftly in light of Straw's democratic proposals to advance the English regionalism in its *economic* sense through RDAs. Mediated though the publication of the hard-hitting 'Millan Report' (RPC, 1996), Prescott's

economic model was unswerving in its desire to promote *economic regionalisation* with its slogans of increased 'competitiveness', 'growth', and 'sustainability'. *Renewing the Regions* (RPC, 1996) proposed that every region should have 'one-stop' RDAs promoting economic development within an accountable framework.

In the process of ridding the angst of Thatcherite conservatism from the political map, Blair's New Labour set about realigning the government machine towards its proposed institutional framework for the English regions (Russell and Hazell, 2000). Shortly after coming to power, it was seen that Prescott's regional economics had won a moral battle when the new government became increasingly concerned about how tenable Straw's regional democratic ideals were in practice<sup>iii</sup>. Mirroring the REPBs of the 1960s, the RDAs were born out of a new superministry – on this occasion, a Department of the Environment, Transport and the Regions (DETR). Assigned as Secretary of State at the DETR, Prescott was able to 'invent his own ministry' that would allow "a significant part [to] be played by decentralisation, enabling the English regions through regional development agencies and regional chambers to set local priorities" (Anderson and Mann, 1997: 148).

A little after six months at the helm, the Prescott-Caborn axis started what became a politically single-minded campaign towards effectual implementation of a decentralised system of economic governance for England and its regions. Initially contained within the *Building Partnerships for Prosperity* White Paper (DETR, 1997b), the proposals heralded the establishment of 'new structures and opportunities' in and through which the English regions can 'punch their weight in the global market place' (DETR, 1997a: 1). Moreover, I would argue that the experiences of the RDA provide the most comprehensive and mature account of how Labours politically motivated economic reorganisation of government policy has sought to change the ability of actors to harness an economic dividend in the English regions. It is the experiences of the RDAs that the paper now turns to in order to highlight (i) how their roots are firmly entrenched in the contradictions exposed in the past waves of regional policy outlined above; and (ii) how they

empirically support MacLeod's notion of 'thin political economy' approaches to regional policy implementation in action through a failure to appreciate the critical role of the state and the asymmetries of power. Critically, in this section I will also begin to illustrate how the contradictions and asymmetrical nature of RDAs lays the foundation for understanding why the ERA project was inevitably lacking in *thick* political-economy. Blending 'grounded' empirics with theoretical propositions, the NRP narrative takes forward my argument for engaging with new regional political economy.

### 3. Regional Development Agencies: 'Economic Powerhouses'?

"RDAs are not just important because the 'third way' or 'supply-side socialist' political spin of New Labour says so. These policies and their discourses are clearly indicative of the new regionalist orthodoxy in *action*"

Jones (2001: 1194, emphasis original)

The RDA project endeavours to advance all English regions' assets securely onto a globally competitive playing field. From the outset, this assumption neglects the political-economic imperative of paying due attention to the complex connectivity of economic, political, and cultural factors that are required to mobilise a region. As Jones (2001: 1196) has argued, practising this political-economic philosophy of 'talking-up' scale whilst neglecting to "unpack the multifarious construction of territorially defined collective entities (such as regions)" adds weight to the interesting analogy used by Lovering (1999: 390) that the new regionalism is a "policy tail wagging the analytical dog". Jones goes onto square the circle on this argument when he makes the critical acknowledgement that if this political mantra is central to the NRP then it is 'doubly misleading' because it then assumes that structures of regional governance can in theory intervene in the economy, smooth over its contradictions, and ensure economic growth. However, it would be unfair to level this at the feet of the RDAs who have been largely defenceless to any *macro-economic* restructuring that has occurred within the English regions (Tomaney and Hetherington, 2000; see also Amin, 2001; Lovering, 1999).

With the overriding belief that the RDAs would be seen as part of a wider programme aimed at redressing the structural weakness of the UK economy, the policymakers have taken for granted the importance of higher-level state intervention at the national level. Furthermore, the erosion of national fiscal support has left regions open to intensified inter-spatial competition and a necessity to engage in trial-and-error experiments, which Jessop (2002: 159) argues "promotes uneven development rather than compensates for it". Critically, if these aforementioned theoretical concerns are in fact realities, then we must view the NRP as being constructed upon rather shaky foundations.

### 3.1 *Muddles, Shortfalls, and Discrepancies: a perceived reality*

In order to gauge whether New Labour's politically motivated economic regionalisation of government policy has changed the ability of actors to harness an economic dividend in the English regions, it is necessary to explore three key tensions that have emerged with the deployment of RDAs. Firstly, the NRPs privileging of economic regionalisation over democratic regionalism has meant that despite some tinkering at the edges, RDAs have retained their unilateral economic focus:

"What we are doing in this exercise is addressing the economic deficit...There are structural weaknesses within the competitive wealth-creating base of the English regions that have to be addressed – on that there is, I think, absolute unanimity. Wealth creation is the bottom line."

Richard Caborn, quoted in *Financial Times* (1998: 2)

This tension was more than simply the outcome a bureaucratic 'muddle', the conflated appearance of the RDAs was the direct result of a clear dichotomy of beliefs running through the Labour hierarchy. The majority view of 'regional sceptics' headed by the axis of Tony Blair and Gordon Brown hailed the RDAs as simply an important innovation in their overall political-economic strategy. As Rentoul (1996: 467) reveals, there was no foresight (so-to-speak) of a greater regional agenda lying in wait: "in England, [Blair] does not expect devolution to go beyond regional development agencies".

The minority view held together by the committed regionalist axis of Prescott-Caborn at the DETR hailed the RDAs as an important innovation that marked the first piece in a much larger regional jigsaw that had still to be unravelled<sup>iv</sup> and led to what was a systematic attempt to forcibly assign things that happen to be in the remit of different ministries towards the RDA as if they were precursors of something grander. Interestingly though, both views had striking similarities with REPBs of the 1960s in that this has led the NRP towards central government domination though state provided structures, national targeting of RDAs, national remits and national politics operating *out* of rather than *for* the regions. Put more unkindly, RDAs represent a form of political economic responsibility without appropriate levels of power implying that England's attempt at decentralisation has been politically and economically 'thin' (MacLeod, 2001a; Morgan, 2002).

Secondly, England's particular take on the new regionalism has a philosophical implication that *all* regions can be winners (Caborn, 1996) through the advancement of regional structures of governance, but this appears on the surface to do little to address the unique problems occurring in individually unique regions (Harrison, 2006). Retorting claims that there is an economic divide existing within England (Cabinet Office, 1999a), the evidence suggests that Blair's policies have done little to support his advocacy that interregional divisions don't exist. With the belief that regional economic failure was "turning Britain into a nation of regional have's and regional have not's" (Caborn, 1996; DTI, 2000), RDAs were exalted as the primary mechanism for addressing these concerns. The suggestion is that far from levelling the playing field for the English regions, the failure to incorporate macroeconomic issues has only served to accentuate the regional economic chasm<sup>v</sup>. Whereas previous rounds of regional policy in England have been designed to regulate capital movements and redistribute resources through state policy interventionism (see Parsons, 1988), the RDAs have provided evidence of a reversal in this approach.

Finally, by failing to resolve the fundamental structural weaknesses of the national economy, RDAs offer an illustrative case of what Philo and Parr (2000) have recently termed 'fragile institutional accomplishments'. Far from building up the social capital and associationalism that the rhetoric of the new



regionalism promotes, the RDAs are simply enacting the role of rescaling political and economic activities (Jones and MacLeod, 1999). In this sense, the growing chasm between the rhetoric and reality of the RDA project highlights how England's new regionalism serves to reiterate the government's ensuring of continued national state power at the centre – as was also characteristic of the 1960s and REPBs. In particular, the RDAs role as the economic flagship has been greatly exaggerated as the Deputy-General of the Confederation of British Industry (CBI) derogatorily put it:

“Business thought it was promised a lion but the initial reality was closer to a mouse.”

John Cridland, quoted in Tomaney et al. (2001)

However, having survived a close and critical examination of their capacities, the RDAs have showed that they can play an important role as economic catalysts within the English regions. Moreover, they need to encourage partners in their quest to create transitional learning regions for the 21<sup>st</sup> Century and must be prepared to commit to becoming genuine learning RDAs, prepared to experiment, to debate their corner, and not afraid to take risks (Shutt, 2000). In this scenario, rather than proclaiming the RDAs being in the vanguard as “economic powerhouses for sustainable growth” (DTLR/Cabinet Office, 2002: 5) for the regions, they would be more aptly suited to acting as regional ‘instigators’/‘incubators’ of indigenous growth clusters. The RDA model is ostensibly built to deal with small-scale projects, but it has found itself working on projects over and above their station. Furthermore, it has been undeniable that their deployment has led to deep-rooted concerns regarding the supplementing of the already heavily burdened democratic deficit in the English regions.

#### **4. Decentralisation, Democratisation and Rationalisation**

“What we need are policies which empower communities so they can determine their own future...A new regional policy which offers flexibility and local ownership, and which actively promotes partnership working and ‘joined-up’ policies, must be a priority for Labour.”

Richard Caborn (2000)

With the limited accountability of RDAs, the Labour government moved swiftly in its attempts to inject a degree of associational democracy in the English regions through the simultaneous creation of new 'shadow' bodies known as Regional Chambers<sup>vi</sup>. An addition to the democratic deficit was not what Labour preached, but the RDA experiment provided the new Labour government with a major political headache. Having observed the internal crisis that struck the Welsh Development Agency (WDA) in the early 1990s, policymakers concluded that it was not enough for economic driven agencies to operate *in* a region, but that they also needed to be *of* that region (Morgan, 1999). As non-departmental public bodies, the RDAs themselves are accountable upwards to Whitehall, but fail to adequately "meet the exacting standard of being fully accountable downwards to their regions" (*ibid.*, 665). RDAs exhibit the problems of progressive new regionalism being an 'uneasy halfway house' caught in the middle between these vertical tracks of accountability (Harding et al., 1999).

The initial skirmishes with issues surrounding democracy have ostensibly taken a back-seat role to the economic concerns in the NRP, which is wholly consistent with historical regional policy (see section 2). From discussions thus far, I believe that the government has become embroiled in a multiscalar economic and democratic conundrum whereby the mixing of academic ideology and policy initiatives, juxtaposed alongside the institutional restructuring inherent with the modernisation of government, is increasingly leaving the NRP distanced from new regionalist orthodoxy. On the one hand, this growing chasm between the rhetoric outlined in the new regionalism and the reality of the measures being deployed on the ground is ostensibly the result of the state. On the other hand, and contrary to advancing the notions of civic engagement and strategic partnership working for the purposes of instilling trust across regional partners, there is a huge asymmetry of in power because the NRP has found itself implementing these democratic ideals solely to enable the state to justify their policy of economic regionalisation.

#### 4.1 *Towards a Solution: Towards a Regional Renaissance?*

Through the publication of the Regional White Paper *Your Region, Your Choice* (DTLR/Cabinet Office, 2002) Prescott's 'radical agenda' placed the NRP at the cusp of breaking with the traditional discourse of regional policy by providing for the first time a skeleton model which brought together *economic regionalisation* with *democratic regionalism*. According to the White Paper:

"In many respects the two go hand in hand: the Government believes that greater accountability will itself lead to a more effective decision-making process. In turn, giving an elected assembly the strategic lead on regional issues will help to improve regional performance."

DTLR/Cabinet Office (2002: Para. 3.4)

To achieve this dream, Prescott was only too aware though that he needed to convince the sceptical regionalists Tony Blair, Gordon Brown and Stephen Byers, to commit to his proposals by relinquishing some of their centrally-based powers and resources in order to put some flesh on the proposals. In order to achieve this the NRP had to remodel itself to fit in with higher-level policy strands such as government modernisation (Cabinet Office, 1999b), service delivery (HM Treasury, 2001), and local government reorganisation (DETR, 2000). This process was also aided by shifting opinions in Whitehall that saw a number of key government figures repositioning themselves and providing a genuine consolidation of national political and fiscal support to the NRP as can be seen with the statements emanating from HM Treasury and the Department for Trade and Industry at this time:

"We are moving away from the old Britain of subjects where people had to look upwards to a Whitehall bureaucracy for their solutions – to a Britain of citizens where region to region, locality to locality we are ourselves in charge and where it is up to us."

*Chancellor of the Exchequer* - Gordon Brown (2001)

"The economic differences between UK regions are clear and indicate that a winners' circle is emerging, with some regions keeping up and staying in touch while other slip behind. These are the underlying causes we need to tackle through a strong, radically reformed regional policy, simply tinkering at the edges will not be enough."

*Secretary of State for Trade and Industry* - Stephen Byers (DTI, 2000)

Interestingly, this shifting of previously sceptical regionalists in the upper echelons of the Labour government (such as Gordon Brown and Stephen Byers) towards developing policies with a regional emphasis to them did bring some interesting debates to the surface regarding the role of the state (see Morgan, 2001) but many commentators believed that for the NRP to proceed as planned that this was simply a measure of its success to date.

Early in Labour's second term (which extended between 2001-2005) and with the NRPs momentum gathering pace a window of opportunity was presented to the three northern regions of England<sup>vii</sup> to push forward with referendum to decide whether the people wanted an Elected Regional Assembly (ERA). The ERA proposals marked a landmark opportunity which broke with the historical tradition of regional policy and provided the 'new' in Blair's NRP. Where the RDA/Regional Chamber project retained strong links with previous waves of regional policy in England, the ERA referendums were designed provided two important differences to those key tensions identified within the RDA project (see Section 3.1)(i) economic regionalisation no longer had to run parallel and distanced from democratic regionalism, but could be merged together to make a coherent regional policy; and, (ii) *all* regions did not have to be treated alike, but individual regions could make an individual choice. This significant shift in the narrative of the NRP appears on the surface to address important weaknesses that had existed in regional policy for generations. However, on the third key tension identified earlier in the paper – the chasm between policy rhetoric and political reality – remained as wide and as problematic as ever within regional policy. On 4<sup>th</sup> November 2004 this was born out when the electorate of the North East voted emphatically against the proposals and in effect marked an end to the 'new' in Blair's NRP. In explaining their defeat, the leader of the Yes4theNorthEast campaign has focused on this chasm within the proposals:

"I think the weakness of the offer probably played a part but I think there are other issues. The proposal to create a regional assembly was quite a complex idea and we failed to demonstrate how it would benefit people as individuals. It was a difficult task made more difficult by the limited powers which people perceived to be on offer. We were

promising them jam tomorrow as the powers weren't strong but we hoped they would grow in time."

Professor John Tomaney (quoted in Kearney and Jenkins, 2004)

In the final section of the paper I want to expand this further by arguing that while the ERA proposals managed to negotiate two of the contradictions of RDAs (and regional policy historically), the underlying rationale for its rejection by the electorate was the *states* failure to eradicate the *asymmetrical nature of the powers* that were to be devolved to the new institutions, because while some powers were pushed towards the region other powers were being drawn back into the centre.

## **5 *Thin Political Economy: NRPs fatal mistake***

As I have mentioned earlier, *Your Region, Your Choice* marked a watershed in the development of the NRP as it outlined proposals for a fuller engagement with the ideological manta of the new regionalism that there was an economic and democratic dividend to be had through the decentralisation of socio-economic decision-making and associated policymaking to subnational institutional frameworks and supports. However, the purity of these new regionalist ideas were becoming increasingly enmeshed and hidden in a complex web of entangled policy hierarchies as the state realigned itself towards the English regions. As I highlighted earlier, the NRPs emergence under the guiding hand of John Prescott at the DETR, provided a clear understanding of the purpose of the proposed new regional institutions. Interestingly, the watershed that *Your Region, Your Choice* actually marked in the development of the NRP was the entanglement of its previously clear purposes and an obtrusive complexity that read more like a party manifesto than a Regional White Paper. To give just one example, the price paid by the NRP for bringing HM Treasury on board was (i) a commitment to some centralist targeting for extra funding; (ii) a backtracking on all previous statements regarding an ERAs ability to raise tax and have legislative powers; and (iii) the imposition of the regional institutions into Labour's control-conscious and heavily-centralised Comprehensive Spending Reviews and Public Service Agreements. While many saw the critical mass of new support

from key state leaders (such as Tony Blair, Gordon Brown and Stephen Byers) as a measure of the NRPs success, the underlying reality was that it was paradoxically bringing the whole process to its knees.

While the ERA proposals managed to negotiate two of the contradictions that have blighted the RDAs (and regional policy historically), the increasing role of the central state institutions in the development of the NRP gave them a bulging and overburdening portfolio of policy responsibilities without any appropriate powers and resources to make them equitable. Furthermore, the increasing centralist tendencies of the state – which are directly opposite to the principles of devolution – continued to add to this complexity because the more responsibility that was forced upon the ERAs was only matched by their increasing stranglehold on what little resources and powers they were likely to receive. Nowhere can this state driven complexity be more acutely highlighted than in the *Draft Regional Assemblies Bill* (ODPM, 2004) which had 174 clauses, 13 schedules, and 229 references to when the Secretary of State would have to be involved. Simply put, the scales of balance between policy rhetoric and political reality became so unbalanced as to be untenable.

What the North East referenda highlighted – and the scale of voter apathy showed us – was that the asymmetry of powers and the complexity imposed by the state on the ERA proposals resulted in both national and regional actors becoming lost in a web of entangled policy hierarchies. The arguments purveyed by the pro-regionalist campaigners in the electoral campaign reflected this because their arguments were (i) undermined by the centralising nature of the state; and (ii) lost in this tangled web of complexity. In essence, the scale of voter apathy in the North East referenda (see Section 1) reflected an electorate who appreciated and identified with the proposals for devolution, but who became entirely disillusioned with the complex reality that they were presented with. As I have shown throughout this paper, there is an historical thread of contradictions that have run through and failed to be adequately addressed historically by different waves of English regional policy. In the final part of this paper I want to move the debate forward by taking three interesting and uniquely different approaches that are being debated currently, and asking whether they can address these contradictions.

### 5.1 *For A New Regional Policy?*

After the North East regional referenda, the *ODPM Housing, Local Government and the Regions Committee* (2005: 3) reported that any future legislation would need to be 'more ambitious' than those presented in order to 'create regional bodies that are fit for purpose'. Moreover, the Committee (*ibid.*) stated that:

"The scope of the powers and responsibilities which the Government was prepared to give to Assemblies was disappointing and would limit their effectiveness. The general power proposed for elected assemblies needed to be more explicit with more specific statements of their functions. This would provide greater clarity, and could also fire the imagination of the general public and potential assembly candidates."

Finally, this Committee believed that "in many key areas where power *is* devolved, central government would have remained the dominant party in the relationship with elected regional assemblies" (p20). As this paper has noted earlier, this contradiction is critical to our understanding of contemporary regionalised policy because while the centre devolves power and responsibility with one hand, the other (centralist) hand of government is taking powers away from the regions and dragging them back to the centre. It is in this contradiction that has led Musson et al (2005) to forward a similar reading of events in regard to the existing regional agencies, arguing that most analysts writing about the processes of decentralisation have over-estimated the extent to which the tradition of English centralism was being undermined anyway. In what has been colloquially referred to as the 'Chapter 2 Agenda'<sup>viii</sup>, if the power is retained by the state then Government Offices for the Regions must be seen as the key institution of governance. Government Offices are essentially top-down organisations designed to give central government a role in the region, and are subsequently peripheral to the wider process of developing and democratising the region. The argument Musson et al put forward is essentially premised upon what they would argue is an accurate appreciation of (i) the critical role of the state; and, (ii) the asymmetry of power which enframe the governance of regional economies. Whilst

offering a way forward, this agenda can only be seen as a diluted form of devolution in comparison with the ERA proposals. Moreover, the 'Chapter 2' agenda exhibits the same contradictions as mentioned earlier with regard to the RDAs: notably that (i) it treats all regions alike; (ii) there is a shortfall in regional democracy; and, (iii) they are simply rescaling political and economic activities.

In 2004, the Labour government launched a new initiative as part of its *Sustainable Communities Plan* (ODPM, 2003) which is designed to cut the productivity gap (currently running at £29bn) between the three northern regions – the North East, North West, and Yorkshire & the Humber – and the rest of the UK. This pan-regional approach known as *The Northern Way* offers a second possible model to move the governance of England's regions forward. Originally, the *Northern Way* appeared, at least in rhetoric, to address the problem of treating all regions alike but subsequently its creation has seen a reaction in the remaining regions so that you now have *Smart Growth: The Midlands Way* and *The Way Ahead: Delivering Sustainable Communities in the South West*. At present, this proposal is a significantly diluted form of devolution to that mentioned above because it also has a shortfall in regional democracy, and is simply a rescaling rather than a resolving of political and economic deficits.

Rather than drawing down powers from London in the form of devolution – which it is argued has done little to alter the 'spatial geometry' of England – Amin et al. (2003) have forwarded a radical proposal which disperses state and public institutions in equal shares throughout the nation. Whilst this proposal is currently constrained to an imagined reality, in the context of this paper, it's theoretical foundation is very thought-provoking because it seeks to remedy the asymmetrical nature of power and responsibility which has so bedevilled contemporary institutional arrangements for devolution. Moreover, the central tenet of their argument has in fact been developed further through the governments Lyons Review (2004) which sketched out proposals for the potential of public sector relocation throughout Britain. Amin et al. (2003) believe that this type of dispersal in state and public institutions, equally throughout the regions, will offer a radically new way of imagining the spatiality of the nation with the



promise of a multi-nodal rather than hierarchical nation, and a method for alleviating both regional economic and political inequality. However, the major weakness/contradiction that emerges in both the theoretical (Amin et al., 2003) and the practical (Lyons, 2004) models is that these proposals are not very original. For sure, these proposals merely mark a transition from traditional regionalised policies based on the dispersal of finance, to the dispersal of people across territory.

While all three proposals mentioned are at varying stages of their development, what I have illustrated through them is that neither the arrangements currently, or those developing in the near future, can match the political rhetoric of devolution in England. Undoubtedly, the post-ERA future of English regionalisation marks a return to an institutional landscape dominated by the three underlying contradictions that we have viewed not only through the RDAs but also regional policy historically. Furthermore, it marks a return to Johnson's (1983: 6) stable set of propositions that have characterised the desire for politics of decentralisation: (i) the concentration of power at the centre in the British system of government is harmful and should be reversed; (ii) the practices of government are insufficiently democratic; and (iii) the rate of economic development has been inadequate and is unequally distributed. In England, therefore, it might still be *your region*, but it's still *their choice*.

In the final part of this paper, I want to return to my earlier argument that there is scope for greater engagement with more grounded thick approaches to political economy which seek to blend empirical and theoretical propositions and take forward what I would call 'New Regional Political Economy'. While this paper has provided a more grounded thick approach to political economy through a reinvigorated political economic reading of the state interventionism of Blair's New Labour government through their programme of constitutional change and devolution occurring within Britain, I believe that this approach can be extended and many of the arguments that have been developed can be explored further. Firstly, that the British government has become embroiled in a multiscale economic and democratic conundrum whereby the mixing of academic ideology and policy initiatives, juxtaposed alongside the institutional restructuring inherent with the modernisation of government, is increasingly leaving the NRP distanced

from new regionalist orthodoxy. Secondly, that this growing chasm between the policy rhetoric outlined in the new regionalism and the political reality of the measures being deployed on the ground is ostensibly the result of the state. Third, contrary to advancing the theoretical notions of civic engagement and strategic partnership working for the purposes of instilling trust across regional partners, there is a huge asymmetry in power because the British state has found itself implementing these democratic ideals solely to enable the justification of their economic regionalisation policy. While these contradictions are interesting in their own right, I believe that what we are looking at here is a much more important political economy reading of governance; one that can inform debates surrounding multilevel governance and the coordination and embeddedness of policy through scale. As MacLeod (2001) institutional approach highlighted it is possible to identify and analyse internal co-ordinational struggles within the state through strategies developed and implemented by institutions involved in multilevel governance. In essence, this paper has sought to offer an opening gamut in a call for more grounded thick approaches to political economy; or what I have sought to call 'new regional political economy'.

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<sup>i</sup> Throughout the remainder of the paper, much of the discussion draws on empirical research undertaken between June-August 2003, July-September 2004 and January-April 2005. This took the form of semi-structured elite interviews with key stakeholders within the NRP. All interviews were fully transcribed and analysed, to inform the arguments contained within this paper.

<sup>ii</sup> The hurdles were: (i) approval in a regional referendum; (ii) the creation of predominantly unitary structures of local government; (iii) parliamentary approval; and, (iv) nil net additional cost to the public purse.

<sup>iii</sup> Not attempting to implement Straw's proposed democratic model marked only one of two election pledges that the Labour party failed to address in their first term of Office. Labour claimed that it was due to an already compressed political timetable, but Hazell (2000) has forcefully argued that it was because (i) there was a lack of collective political will; and, (ii) the Regional Chambers proposed composition of 'deadbeat' local councillors were strongly opposed by business.

<sup>iv</sup> This opinion comes across unequivocally in the statement made by John Prescott to the House at the announcement of the *Building Partnerships for Prosperity* White Paper on 3 December 1997: "As we have made clear in our manifesto, we are committed to moving, with the consent of local people, to directly elected regional government in England" (*Hansard*, 1997).

<sup>v</sup> The economic disparity between the three best- and worst-performing regions in England grew by over 30% in Labour's first term (Huggins, 2001).

<sup>vi</sup> Most of the Regional Chambers have now renamed themselves Regional Assemblies but to avoid confusion with the directly-elected regional assemblies, throughout the remainder of this paper I will continue to call them by their original name to avoid the understandable confusion which would arise.

<sup>vii</sup> At the original announcement the 3 regions were the North East, North West, and Yorkshire & the Humber, but a month later the referendums in the North West and Yorkshire & the Humber were postponed indefinitely.



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<sup>viii</sup> The 'Chapter 2 Agenda' has been coined by key regional stakeholders to explain the strengthening of the three regional institutions – RDA, Government Offices, and Regional Chambers – as outlined in the Regional White Paper *Your Region, Your Choice* (DTLR/Cabinet Office, 2002).