



Spatial policy in the United Kingdom: Regulatory experimentation in the after-Fordist era

JUSTUS UITERMARK

*Department of Geography and Planning, University of Amsterdam, Nieuwe Prinsengracht
130, 1018 VZ Amsterdam, The Netherlands. Address for correspondence: Minervalaan 17b,
1077 NJ Amsterdam, The Netherlands (E-mail: j.uitemark@frw.uva.nl)*

Received November 2001; Accepted April 2002

Abstract. Adopting insights from regulation theory and recent literature on re-scaling, this paper examines the historical development of British urban and regional policy in the United Kingdom. It is first shown that spatial policies in the post-war period can to some degree be considered as part of the Fordist mode of regulation. It is then argued that recent policy innovations can be analysed as attempts to make spatial policy compatible with other regulatory mechanisms and with the current round of accumulation. Thus, attempts are undertaken to create a 'post-Fordist institutional fix', i.e., an ensemble of rules, institutions and discourses that can to a certain degree facilitate capital accumulation during a particular period. These attempts appear to be partially successful. On the one hand, new policy mechanisms seem to be in line with other neo-liberal or Third Way policies and some shortcomings of previous policies have been overcome. But on the other hand, spatial policy is characterised by new tensions and contradictions. The central state seems to overestimate its own ability to encourage local and regional governments to make use of 'endogenous potential'. In addition, current policies do not sufficiently account for the detrimental effects of inter-territorial competition.

Key words: governance, localisation, regionalisation, regulation approach, re-scaling, spatial policy, United Kingdom

'Regionalism' is high on the political agenda in the United Kingdom. Currently, a debate is unfolding within the Labour party between those who support a fast track to a three-tier government system – with newly established, democratically elected councils in the English regions – and those who favour a more cautious devolution programme (Hetherington, 2001). Although significant obstacles are still in the way, the call for regional democracy is louder than ever. The establishment of democratically elected regional councils would mean, at the same time, a break with the past and a continuation of current trends. It would be a break in the sense that Britain has traditionally been one of the most centralised countries in Europe. The English regions in particular never had an important role to play in British politics. However, there is also evidence that a fundamental shift has been

under way for a long time already: recent decades have seen continuous spatial reconfigurations of state power which involve the reorganisation of both urban and regional institutional structures.

In taking stock of these developments, this paper has four main goals. Firstly, it tries to provide a summary of some important developments in British urban and regional policy¹ for a largely non-British readership. However, I do not pretend to give a complete overview. Instead, drawing from regulation theory and recent literature on 're-scaling', I try to make some general policy dynamics intelligible from a particular vantage point. Thus, a second goal of the paper is to analyse shifts in urban and regional policy as attempts to create a post-Fordist 'institutional fix', here defined an ensemble of rules, institutions and discourses that can to a certain degree facilitate capital accumulation during a particular period. However, these attempts are not always successful and sometimes policies and political strategies work against rather than reinforce each other. A third objective of the paper thus is to consider the (sometimes antagonistic) relationships between different policy and political objectives within a wider institutional context. Fourthly, the paper explicitly considers the role of the central state in the after-Fordist period, especially in relation to processes of localisation and regionalisation.

In the first section, I will discuss some relevant literature and outline my approach for the rest of the paper. The second section gives a brief historical overview of British urban and regional planning in order to provide background to the following discussion. Although the dynamics of urban and regional policies are clearly related, they also exhibit some distinctive features. Most importantly, the regional scale has now become key for economic policies whilst the urban scale is traditionally associated with policies that pursue distinctively 'social' objectives. Thus, sections 3 and 4 discuss regional respectively urban policies, while the fifth section discusses their common characteristics and relationships. The fifth section also tries to evaluate in how far spatial policy can be regarded as part of a new, post-Fordist institutional fix.

State restructuring: Some theoretical viewpoints and controversies

The Regulationist approach has been described as the 'intellectual growth industry' of the 1980s (MacLeod, 1997). Its usefulness for explaining socio-spatial change continues to be demonstrated by contemporary analyses (e.g., Goodwin, 2001; MacLeod, 2001). The Regulation approach has provided researchers with theoretical and conceptual tools to understand the post-war period of continuous economic growth as well as the subsequent crisis. Regulationist work deals with the question how the contradictions and antagonisms

that are inherent to capitalism have been (partly and temporarily) overcome during periods of sustained economic growth. Regulationists investigate, in particular, the relationship between the mode of accumulation (the production process, consumption patterns and distribution mechanisms) and the mode of regulation (state structures, social and cultural norms and conventions). Periods of continued economic growth are considered as the result of a 'fit' between these two ensembles. Such a (relative and temporal) fit was evident during the so-called Fordist period. During this period, the mode of accumulation was, on the one hand, characterised by mass production, which was made possible and expanded through a deepening of the division of labour. On the other hand, revenues were partly redistributed among labourers and partly appropriated as capital investments. The accompanying mode of regulation consisted, among other elements, of Keynesian welfare state policies, a (contested) institutionalised compromise between capital and labour on the level of the nation state.

Spatialities of state structures after Fordism

There is a broad consensus that the nation-state was absolutely central to regulation and accumulation in the Fordist period (Jessop, 2000). While some argue that the nation-state is losing much of its former importance in the current period (cf. Ohmae, 1996), others argue, for very different reasons, that the role of nation-state has changed qualitatively rather than quantitatively (cf. O'Neill, 1997). However, there is no doubt that the past three decades have seen significant changes in the spatial organisation of capitalism. A shift away from Fordism is associated with the re-scaling of state powers upwards (to the European Union, World Trade Organisation, etc.) and downwards (to localities and regions) (Swyngedouw, 1997; Brenner, 1999). Processes of re-scaling do not necessarily imply that the state loses its discretionary power or its influence, but it is certain that state power is now exercised in different ways and on different scales. In relation to re-scaling processes, localities and regions are increasingly perceived as semi-autonomous economic and political entities rather than as appendages of the nation-state. As a result, locally dependent private and public actors are stimulated (or forced) to partake in entrepreneurial activities in order to encourage economic growth within their respective jurisdictions (Harvey, 1989; Hall and Hubbard, 1998).

While there is consensus that scale becomes more 'relative' (Jessop, 1999), in the sense that sub-national and supranational institutional entities are becoming more salient, there are different viewpoints about the forces driving these changes and about the sustainability of a new 'glocal' spatial order.² In addition, as it seeks to restructure its territory and increase the competitiveness of its constituent regions and localities, the central state

actively supports and steers processes of regionalisation and localisation (Brenner, 1997, 1998, 1999). The actions of the nation-state are instrumental in shaping the scalar configurations and institutional fabric of sub-national entities (MacLeod and Goodwin, 1999; Uitermark, 2002). However, such actions do not necessarily result in a coherent new 'glocal' institutional fix; instead they should be seen as *experiments* that can only succeed if their logic is not antithetical to dominant political interests and the surrounding institutional context. Some authors argue that, in the present context, this latter condition will not be met since the contemporary neo-liberal political climate fails to account for the detrimental effects of inter-territorial competition (cf. Peck and Tickell, 1994). This would imply that we are currently witnessing an extended period of experimentation in which attempts to establish regulatory mechanisms are constantly being undermined by the negative effects of inter-territorial competition – a thesis that is of particular importance for the remainder of this paper.

In a transitional period – a period in which there is no relatively stable institutional fix – agents (in this case the central state) act in a 'strategically selective' manner, i.e., their actions usually do not have permanent results if they are not in line with the conditions for capital accumulation (Collinge, 1999).

New governance mechanisms, like new structural forms, emerge from a trial-and-error search process which operates through evolutionary variation, selection and retention. It is in this context . . . that attention must be paid to the material and discursive appropriateness of proposed responses. (Jessop, 1995, p. 322)

Thus, there is a process of 'trial and error' in which the state attempts to restructure its constitutive institutional arrangements to establish a relatively coherent mode of regulation that 'fits' with the regime of accumulation. With respect to spatial policies, it is possible to distinguish three dimensions. A first dimension is the internal organisation of spatial policies. Do different features of spatial policy form a relatively coherent whole or do different features contradict each other? A second dimension is the relationship between spatial policies and the rest of the institutional framework: in how far do spatial policies complement other regulatory institutions? A third dimension is the relationship between spatial policies (as part of a more encompassing institutional framework) and capital accumulation: are spatial policies compatible with the attributes of the contemporary round of capital accumulation? I will refer to these dimensions at the end of the sections on respectively urban and regional policy to consider the position of these policy fields within a wider socio-economic context.

A brief overview of British spatial policies in the post-war period

Although there were some experiments with spatial policies before the Second World War, it was the centralisation of power at the level of the nation-state during the war that made possible the creation of a comprehensive 'planning machine' (Hall, 1992). The post-war, Labour-led government (1946–1951) formulated several policies to further growth in backward areas. The rigour with which these policies were pursued can be related to the intentions of Labour to win votes in designated areas as well as to utopian visions, related to the building of a welfare state and the prospect of a transition to a socialist state system. Besides these motivations, that were specific for the Labour party, the crisis of the 1930s and subsequent war formed a powerful stimulus for government intervention. Industries locating in designated areas could count on favourable loans and subsidies and their applications for licenses and permits were processed more rapidly and leniently than those of companies who preferred to locate outside designated areas. While such rigorous measures assured significant results, there was also substantial criticism; although there was a strong belief that capitalism could be 'administrated', it was equally felt that state institutions should not try to guide the complexities of market forces through theoretical blueprints (Parsons, 1988, pp. 70–93). Besides such *laissez-faire* objections, a significant decline in unemployment made regional policy less of a priority for subsequent Conservative governments. However, under Conservative rule (1951–1964), regional policy was maintained rather than abrogated, also because it was seen as a useful macro-economic tool for controlling inflation and unemployment (Balchin, 1990, Ch. 3). When Labour came back into power (1964–1970), it expanded regional policy to the point that designated areas covered 40 per cent of the national territory (Parsons, 1988, p. 170).

In sum, during the Fordist period, regional policies persisted over time, albeit with varying intensity and form. In general, regional policies were strengthened by Labour governments while they were consolidated or slightly diminished, but not abandoned altogether, under Conservative rule. It becomes clear that support for some kind of regionalism during the Fordist period was a consistent but erratic feature of successive governments. This suggests that it cannot be seen as a *stable* part of a Fordist institutional fix. However, even if the means employed showed considerable variation over time, the goals remained the same: to increase employment and to balance national economic growth. Another persistent feature over time is the discriminating nature of regional policy: only those areas that had a weak economic track record received aid. This implied that, during the Fordist

era, regional policy in the United Kingdom was generally concerned with bridging the North-South divide (e.g., Balchin, 1990).

In general, cities were quite prosperous during the Fordist era, so there was no real incentive to spur their economic growth through explicitly urban policies. However, there were extensive programmes to upgrade urban infrastructure as well as large-scale operations to 'modernise' inner cities, mainly through slum clearance. These local economic measures were supplemented by a national urban policy, the Urban Programme, which has been in operation in one form or another since 1967. While this programme was still characterised by an antipathy towards the 'social pathology' of urban communities, subsequent policies – following the publication in 1977 of a comprehensive and authoritative White Paper that called for public intervention to combat urban decline – aimed to improve the structure of urban economies. In the brief period from 1977 until 1979, a coalition between central and local government was taking shape, but this process ended with the turn towards privatisation following the election of Margaret Thatcher's Conservative Party (see below).

Regional resurgence in the 1990s

The previous section indicated that, although regional policy has an erratic history and shows marked variation within the Fordist period, it is fair to say that, during this period, regional policies always to some degree played a role as a macro-economic tool within a Keynesian context. This changed when Thatcher came to power. The lack of faith in Keynesian economic management resulted in a decrease in both the total sum of funds available and in the number of areas eligible for aid. In addition, cooperation between local planning departments was promoted in all regions but a lack of financial support from central government hindered the consolidation of regional initiatives (Wannop, 1995, Ch. 1). A shift in ideology did, however, not mean that the original goals of regional policy were abandoned altogether: whereas previous governments sought to stabilise the economy through macro-economic policies *and* provide relief for disadvantaged areas, the Thatcher government only pursued the latter goal. Although the different ideological stance of the Thatcher government permeated regional policy to some degree – there was an increased focus on small and medium-sized firms and an overt fear that aid would lead to a passive attitude on the part of recipients (Parsons, 1988, Ch. 8) – practice remained largely the same. So, while funds for regional policy were diminished during the Thatcher period, the institutional setting remained largely intact.

In the 1990s regionalism was back on the political agenda (John and Whitehead, 1997). The first significant result of this development is the creation of Government Offices for the Regions (GORs). These agencies were established to co-ordinate a plethora of regionally implemented policies and programmes that previously had no formal relationship to each other (Mawson and Spencer, 1997). While the establishment of GORs meant a strengthening of the importance of the regional scale in the implementation of policies, it has to be recognised that this does not imply a shift of responsibilities or power from the central to the regional scale. Rather, GORs have enabled the *regional* co-ordination of *national* policies that are implemented at the *local* level.

While GORs could be regarded as a stepping stone in the development towards regional governance, the electoral victory of the Labour Party in 1997 seemed to mark the beginning of a period in which regionalism gained unprecedented momentum. The devolution agenda of the new Labour government materialised first in the creation of the Welsh Assembly and the Scottish Parliament (Tomaney, 2000). These agencies now have considerably more power than hitherto and are capable of formulating policies that diverge considerably from those of England. Indeed, Scotland has to some degree succeeded in bypassing the nation-state and is now functioning as a highly autonomous European region (MacLeod, 1999). In addition to granting these 'nation regions' more autonomy, central government has decided to encourage regional policy making in the English regions. In recent years Labour has repeatedly declared that it intends to enforce regional governance and eventually introduce democratically elected regional governments. While the future of this devolution programme is as yet uncertain (see below), Regional Development Agencies (RDAs) were established in 1999 to bolster regional partnerships and to boost regional economic growth.

Before Labour came to power, its Regional Policy Commission indicated that the main rationale for establishing regional agencies was to spur *national* economic growth:

The United Kingdom's economic success depends on the success of all its countries and regions; if any regions are underperforming, then the UK is not maximising its economic potential.

(Regional Policy Commission, 1996, p. v)

While earlier initiatives for regional cooperation involved a variety of issues (ranging from environmental policy to transport policies), RDAs were primarily established to promote economic growth and to increase regional competitiveness. Formally, RDAs have five main functions:

- To further economic development and regeneration;
- To promote business efficiency, investment and competitiveness;

- To promote employment;
 - To enhance development and application of skill relevant to employment;
 - To contribute to sustainable development
- (Department of the environment, transport and the regions, 2001)

It becomes apparent that the government feels that the formulation of regional economic strategies (a core task of RDAs) will increase the competitiveness of individual regions and, as a consequence, the competitiveness of the nation as a whole. It also becomes clear that devolution in this case is not an answer to popular, nationalistic demands – as with Scotland and Wales – but, instead, a response of *central* government to changing economic conditions.

However, from the viewpoint of national economic management, regional competitive strategies can be harmful as well as beneficial. In considering the regulatory function of New Labour's regional policy it is thus necessary to consider *what kind of competition* regions will engage in. In this regard, making a distinction between 'weak' and 'strong' competitive strategies could be useful (see Cox, 1995; Storper and Walker, 1989). Weak competitive strategies are those strategies that rely on altering the balance of competitive advantages without altering the technological and organisational features of the production process. Examples include the relaxation of environmental regulations and the granting of financial incentives. These strategies can only create competitive advantage in the short term since they can also be applied by other localities (or firms): "while in the short run it would appear that communities have no choice but to submit to coercion by the private sector, incentives will not guarantee the long-run location of industry" (Vogel, 2000, p. 445). Strong competitive strategies, in contrast, aim to revolutionise the production process. These strategies result in the creation of knowledge and technology that are typically embedded in a particular locality for a relatively long period of time. While strategies of the first sort have redistributive consequences that are particularly favourable for capital, strategies of the second sort can result in 'super-profits' that can be redistributed without impairing the competitive edge of businesses in a particular locale. In sum, while weak competition increases the opportunities for firms to substitute one location for another, strong competition results in relatively stable investments.

A good indicator of weak competition is the degree of dependency of regional governments on the use of financial incentives as a means to influence the location of businesses. The steady increase in Regional Selective Assistance – the principal regional financial incentive in Britain – during the period 1987–1996 suggests that regions' dependency on weak competitive strategies increased during this period (see Table 1).

Table 1. Regional variation in RSA offers over £ 2 million

	Value (£million, 1987 prices)	% total RSA expenditure	No.	% total RSA number
Great Britain				
1987–1990	177.0	35.3	41	0.8
1990–1993	286.8	41.1	54	1.6
1993–1996	366.7	43.5	84	1.8
Scotland				
1987–1990	31.3	18.3	10	1.6
1990–1993	129.6	47.7	21	3.8
1993–1996	140.7	47.2	31	4.5
Wales				
1987–1990	32.1	19.2	10	2
1990–1993	78.6	38	17	2.9
1993–1996	74.1	44.1	23	4.3
North East				
1987–1990	47.7	38	6	0.9
1990–1993	46.6	8.5	6	1.3
1993–1996	55.4	47.1	8	1.1
North West				
1987–1990	32.2	41.2	8	1
1990–1993	15.8	22.3	5	0.7
1993–1996	10.6	18.7	3	0.4
West Midlands				
1987–1990	9.8	11.2	2	0.1
1990–1993	7.0	23	2	0.4
1993–1996	18.0	26.2	3	0.7

Source: Raines, 2000, p. 294.

Table 1 also draws attention to diverging levels of expenditure between the English and Celtic regions. This pattern has led some commentators to argue that the Celtic regions had an unfair advantage over other regions because their stronger institutional structure gave them more leverage to generate funds (Raines, 2000). The creation of RDAs partially cancels out that advantage and increases the opportunities for English regions to appropriate financial incentives to attract inward investments. It is thus not unlikely that the creation of RDAs will lead regions to engage in cut-throat competi-

tion. Although it is not yet clear that this is the case, the prospects do not seem very favourable. For example, an evaluation of regional strategies (Robson et al., 2000) finds that all RDAs claim to capitalise on endogenous potential, i.e., they claim to engage in strong competition. In practice, however, their strategies are remarkably similar, indicating that RDAs and their partners have until now not succeeded in identifying opportunities that are specific for their respective regions – all regional strategies talk about knowledge generation, the threats and opportunities of globalisation. In addition, regional actors themselves indicate that interregional competition – mainly over inward investments (MacKinnon and Phelps, 2001) – can have detrimental consequences; it can drain resources and interregional struggles can even scare off foreign investors (Jones and MacLeod, 1999). Dependency upon weak competition strategies can in part be related to the fact that most RDAs have to represent regions that have no coherent socio-economic structure and lack a clear identity – there are therefore few possibilities to work towards a common agenda and to capitalise on regionally based knowledge networks (Jones and MacLeod, 1999).⁴

Another crucial issue is the problematic relationship between political strategies and economic objectives. So far, the Blair government has insisted that what is good for the regions, is good for the nation. But research shows that the relationship between regional and national authorities is potentially conflictual and that the loyalty of regional officials often lies with (their personal connections at) White Hall rather than with the regions they are supposed to represent (R. Jones, 2001). Indeed, it seems to be the case that the (institutional as well as economic) autonomy of regions is circumscribed because White Hall officials seek to retain control. As long as this situation persists, i.e. as long as regional officials operate at arm's length of the central state and have only limited willingness or authority to function as key players in regional networks, the possibilities for the development of regional institutional structures are limited.

As Table 2 shows, an old problem – the lack of opportunities for regions to engage in economic management – now seems to have been exchanged for two new ones. First, there are adverse effects of 'weak competition' between regions that seem incapable of capitalising on their 'endogenous potential'. Second, there is a discrepancy between the perceived role of regional officials as key players in a network of regional actors and their current functioning as representatives of White Hall in the regions (rather than *vice versa*). Table 2 also draws attention to two other factors that limit the opportunities for RDAs to build competitive regions in the short term. First, in spite of central government's official policy to give RDAs as much action space as possible, RDAs were charged with the co-ordination of a wide variety of previously estab-

Table 2. Complementary and contradictory features of regional policy

	1979–1999 problems	post-1999 solutions	New problems
Within regional policy	Small scale; few designated areas; aid only available on the basis of need	Establishment of agencies in every region so that whole of national territory is covered; increased funding; integration with earlier institutions and policies	Modest internalisation of contradictions: formally RDAs have the obligation to strengthen social cohesion, but their main goal is to increase competitiveness; tension between 'old' and 'new' functions
In relation to rest of regulatory framework	Regional tier of government not developed; fear for 'dependency' on subsidies Neo-liberal reformulation regional agenda	Uncertain future. Currently: overt dominance of business agenda and the control of the central state could conflict with interests of other regional and local actors. In the future, the utility of RDAs for capital accumulation could be hindered by increased regional accountability.	
In relation to attributes of capital accumulation	Regional policy designed under 'Old Labour' government; anachronism from Fordist era	Reformulation aims: regional policy now primarily concerned with making use of opportunities and increasing competitiveness (rather than redistribution).	Focus on endogenous potential leads in practice to very similar programmes; zero-sum competition; actions RDAs have so far remained limited to developing economic strategies.

lished policy initiatives – so far, the RDAs have not been primarily concerned with their supposed core functions (Robson et al., 2000). Second, as long as the political struggles over the functions and limits of regional governance have not been fought out, uncertainties surrounding the future of RDAs could undermine their current efforts.⁵

Central control versus regional autonomy

If the ‘new regionalist’ ideas about the importance of regional economic management and regulation in the current and future period (see above) are only half true, it appears that the regionalisation of governance in the United Kingdom is a somewhat belated but rational response to a changing economic global economic context. In line with a shift in the scale of governance, there is also a clear shift in the content of regional policies; while it was previously the case that *a few* areas received aid on the basis of *need*, now *all* regions receive grants to boost *competitiveness* – a shift associated with the advent of supply-side management. However, it remains to be seen if the attempt of the national government to capitalise on regional potential will indeed be successful. Given the comments above, it seems that this shift in economic governance is actually more accurately described as a scalar shift in state power (Jones, 2001a,b). Even if the government succeeds in building regional ‘partnerships for prosperity’, this is likely to increase interregional competition – and most regions do not seem able to develop those competitive strategies that would make interregional competition a positive-sum game. So far central government has not actively interfered to alter the nature of competition between different regions. But even if central government would be more assertive in this respect, it would probably be more successful in reducing zero-sum competition than in promoting strong competitive strategies. In that case the considerable control of central government over regional development would further increase, which is against the whole concept of giving regions more autonomy.

In sum, at least on paper, RDAs seem to fit well within the general process of neo-liberal restructuring: they internalise contradictory goals only to a limited degree and they could complement and co-ordinate other neo-liberal policies. However, in reality several obstacles, mainly of a political nature, are in the way. If RDAs are to function as key players in an institutional web, a degree of autonomy and close affiliation with regional actors (as opposed to White Hall officials) seems necessary. Moreover, it remains to be seen if neo-liberalism itself is capable of establishing a coherent mode of regulation. Central government seems to be captured in a paradox: on the one hand it tries to encourage regions to make use of endogenous potential, but on the other hand it seems evident that it needs to restrain regional autonomy to mitigate

the harmful consequences of interregional competition. Such contradictions will only be exacerbated if regions are given more (political) autonomy.

Changing partnerships on the local scale

While regional policy was pushed somewhat to the background during the Thatcher era, urban policy became a major field of after-Fordist experimentation. During the 1970s it became increasingly clear that the old 'North-South divide' was complemented by another socio-economic divide, that between inner cities and their surroundings (Robson, 1988). Whereas the Labour Party had 'monopolised' regional thinking in the post-war period, the Thatcher government had shaped urban policy according to its own beliefs in the 1980s. This resulted in measures that relied heavily on fiscal incentives, private parties and property development. Urban Development Corporations (UDCs) were established to trigger regeneration through property development, while Enterprise Zones offered fiscal incentives to attract companies to derelict areas. Although the concept of 'partnership' played a key role in urban policy under the Thatcher government, policies were in practice exclusionary to those parties that did not conform to the ideals of privatisation and centralisation (Hastings, 1996). In general, local governments were considered as a possible source of disturbances, so in many ways urban policy in the 1980s took the form of a partnership between central government and local businesses (Thornley, 1993; Imrie and Thomas, 1999).

A cyclical downturn in the property market, a growing awareness that prosperity does not necessarily trickle down to those in need and antagonisms between central and local government led to calls for a reorientation of urban policy (see, e.g., Robson, 1993). While the private sector continued to play a dominant role in the 1990s, the aims and processes of urban policy were redefined. Arguably the most important feature of urban policy in the 1990s is the formation of a 'Challenge Fund' (Oatley, 1998a; Oatley and Lambert, 1998). This process of change started when John Major took over the leadership of the Conservative Party in 1990 and was continued by the Labour government after its installation in 1997. 'Challenge' indicates that only a limited number of local governments will receive aid, typically around fifty per cent. The decision which cities are to receive funds is based on an evaluation by central government of the respective 'bids', a sort of spending plans. After the introduction of this allocation mechanism in 1991, the range of policies and funds that are linked to some kind of competitive bidding process increased substantively (see Oatley, 1998b, pp. 12–13). In addition to sticking with competition as an allocative mechanism, the Blair government has used several means to ensure that its grip on local governance structures

is maintained or increased whilst its formal responsibilities remain limited. In particular, central government seeks to endow local actors with a sense of responsibility in order for them to 'conduct each others conduct' (see Raco and Imrie, 2000). For example, because it is more likely to condone bids that are prepared by a diverse group of local actors, central government intervenes in intra-local relationships in such a way that local actors are stimulated to cooperate and to overcome departmental, cultural and social cleavages.

The relationship between central and local government has also been redefined. Whereas previous policies (notably the UDCs) tried to bypass local government, current allocation mechanisms ensure that local coalitions have to meet demands formulated by central government in order to qualify for support. In addition, central government has to approve subsequent plans and it continuously monitors the actions of local governments. Whereas central government formerly tried to control local development directly, the bidding and monitoring procedures provide it with instruments to maintain 'remote control' without using (political) force.

Continuous experimentation

It is not difficult to see the shifts in urban policy that occurred from the 1980s onwards as attempts to create an institutional ensemble that fits within a new economic and political context. The earliest policies of the Thatcher government certainly played a role in a more encompassing attempt to establish a new, neo-liberal institutional fix. The policies offered considerable support to the private sector, while they simultaneously served to overcome local opposition. Capital injections in targeted urban areas, as they softened the worst effects of cuts in general public spending, also played a part in containing discontent (see Balchin, 1990). In many ways, however, the institutional instruments employed during the Thatcher period no longer fit within their wider regulatory context. An obvious problem was the overreliance on property development; the success of urban policy was dependent upon, rather than regulated, the vagaries of the market (Brindly et al., 1989). Although the Thatcher government was strongly opposed to intensive public intervention, its urban policies reflected a desire of the central state to keep close control of the economy (*à la* Fordism). Another problem was that there were many individual policy initiatives that did not form a coherent whole. In sum, although some individual projects may incidentally have succeeded, urban policies in the 1980s were part of, rather than a solution for, a regulatory deficit.

As Table 3 shows, the subsequent round of policies, with the competitive bidding process as its distinguishing feature, has solved some of these (regulatory) problems. While the 1980s were characterised by a conflictual relationship between localities and central government, the subsequent

Table 3. Complementary and contradictory features of urban policy

	1980's problems	1990's solutions	New problems
Within urban policy	Loose collection of policies that derived from the same ideological beliefs but did not form a coherent whole	Large number of aims and means fused into several 'integral' programmes	Contradictions internalised. On the one hand there is a focus on sustainability, social cohesion and community involvement. On the other hand there is pressure to facilitate the private sector, to spur competitiveness, and to meet the demands of central government
In relation to rest of regulatory framework	Concerted attempt to control local economies in period of deregulation; antagonisms between central and local government	Bidding procedures penalise local agents who fail to meet demands; multi-sectoral approach increases coordination	New coalitions form unstable component regulatory framework due to a lack of funds, uncertainty on whether funds are provided and disillusionment in case bid is not approved
In relation to attributes of capital accumulation	Over-reliance on property development; little consideration for local context	Incentives for making use of local opportunities; several financial sources; regulation of labour market	Lack of distinctly 'local' opportunities; overemphasis on supply side of labour market

decade saw several initiatives to co-opt local governments. There also were concerted attempts to synergise policy measures and to stimulate intra-local cooperation. In addition, it was an explicit policy goal to make use of, rather than disregard, the specific features of different localities: cities have to identify local opportunities for economic growth.

However, these 'solutions' bring forth several new problems. The upper-right corner of Table 3 draws attention to a likely side-effect of integrating several policy fields, namely that the aggregate policy has to perform contradictory functions. Indeed, it can be expected that the partnerships that have been created in response to the demands of central government ('grant coalitions') will be of a fragile nature since different departments, actors and individuals have different goals that cannot be combined in a harmonious plan (e.g., Cox, 1995). It is therefore doubtful whether 'grant coalitions' will evolve into 'growth coalitions' and play a significant role in promoting capital accumulation. This is affirmed when we consider the fate of unsuccessful applicants; partnerships that are formed for the bid show limited vitality and originality after the bidding procedure has unsuccessfully ended (Taylor et al., 2001). Another potential positive side-effect (from the viewpoint of capital accumulation) of the new approach is that it is potentially sensitive for local specificities. For example, 'localising' welfare-to-work strategies, which form a part of both urban and regional policies, could provide opportunities and provide a basis for targeted public intervention in a 'flexible and specialised' labour market. In practice, however, there is an overemphasis on the supply side of the labour market and, partly as a result of a universal exposure to the demands of central government, different localities produce similar plans (Jones, 1998; Peck and Theodore, 2001).

Conclusion: tensions and flux

During the post-war period, regional policy was mainly used as a tool to balance national economic growth and as a way to alleviate deprivation. Urban policies mainly served the latter goal. However erratic spatial policies were in this period, they did form an integral part of the Fordist framework in the sense that they served as a tool for macro-economic management. When the idea of income redistribution as a tool for economic management lost its political support after the election of the Thatcher government, regional policy, too, was solely employed to alleviate deprivation. In this first stage of experimentation, the regulatory function of spatial policies was almost completely missing: economic growth did not trickle down to low-income households, urban policies often put local and national government in opposition to each other, and redistribution was not an integral part of a broader

macro-economic policy. Some of these characteristics changed during the Major period (1990–1997). GORs were established to co-ordinate regional policy, and, most significantly, it was a period in which the relationship between central and local government was altered. With the Challenge model, central government can impose its will upon local governments while at the same time retaining the latter's support. One could say that direct control has been exchanged for remote control. The major change in regional policy, the establishment of RDAs, occurred during the first Blair government.

In principle, the plethora of policy changes could be interpreted as an understandable by-product of a shift towards a neo-liberal institutional fix. Such a fix is a particular variant of Jessop's (1994) Schumpeterian workfare state, a state that is in fierce competition with other states and aims to spur economic growth through innovation and labour management. One could also say, using the words of Lipietz (1994), that there is a concerted attempt of the central state to transform (administrative) 'regions (cities) of themselves' into 'regions (cities) for themselves', i.e., regions (cities) should no longer be dependent upon national policies for their resources but should make use of their own potential. Both Lipietz and Jessop feel that their respective ideal types could play a more important role in the future as a (socially regressive) alternative to the Fordist state. However, it remains questionable in how far this is true for the English regions/cities for at least two reasons.

Firstly, it is questionable to what extent central government succeeds in constructing sub-national growth coalitions. With respect to cities, it remains to be seen if grant coalitions will evolve into growth coalitions, especially because the alleviation of deprivation is an important goal for urban policy. In addition, and besides the set-back faced by unsuccessful bidders, it seems that successful bidders do as yet not come up with truly 'local' plans. This latter problem is also evident with respect to regional policy. It is impossible for regional partners to develop plans that fit the specific qualities of their region as long as central government strongly interferes with RDA operations or if there is no pre-existing regional cohesion – currently, both conditions seem to prevail in the English regions (Jones and MacLeod, 1999).

Secondly, even if central government would, to some degree, succeed in fostering sub-national growth coalitions, it remains to be seen if such a structure is sustainable. The most fundamental weakness of such a constellation seems to be the negative effects of inter-territorial competition. Constructing partnerships for prosperity at the sub-national level may have certain benefits, but these may – in the absence of opportunities of strong competitive strategies – be nullified by the adverse consequences of beggar-thy-neighbour strategies (see Peck and Tickell, 1994; above). Until processes of localisation and regionalisation are (also) initiated organically by local and regional

communities, scalar reorganisation is more likely to result in strong competitive strategies. In addition, a situation in which cities *as well as* regions compete for resources is likely to promote competition between cities and regions. Deas and Ward (2000) give support for such a thesis as they show how the regionalism of the Blair government has given rise to city-regional tensions. Such tensions are more than likely to exacerbate in the current wave of devolution to both cities and regions. As more resources are being directed to both cities and regions, the probability of conflicts increases.

In all this, the central state seems to be captured in two paradoxes. The first paradox concerns the role of the central state in the institutional restructuring of its own territory. On the one hand, the central state seems anxious to increase regional autonomy because this could potentially further economic growth. On the other hand, the central state seems to be the only actor that can actively interfere in such a way that the negative effects of inter-territorial competition do not prevail. So far, central government has not formulated a role for itself within the projected 'economy of (English) regions'. The consequence seems to be, on the one hand, continuous interference of the central state in local and regional operations and, on the other hand, a continuous redefinition of policy goals and means.

A second paradox arises from the fact the devolution programme is strongly politicised and orchestrated by central government in a top-down fashion. There seems to be a discrepancy between the stated aims of central government – to localise and regionalise responsibilities in order to give communities a say in how they are governed and to promote economic growth – and actual practice. For it is clear that White Hall officials, intentionally or unintentionally, do not 'let go' of its regions and cities; they exercise power through (1) new mechanisms to 'govern from a distance', (2) direct control through personal connections. This situation is at odds with two main presumptions that underlie both the idea that regional institutional networks can be instrumental in creating economic growth and the idea that urban communities should have a say in how they are governed, namely that representatives and institutions have an organic relationship to the communities they represent and have the power to act on the basis of that relationship. Should local and regional representatives and institutions fulfil such a role in the future, it is likely that conflicts between regional and national interests will become evident. The paradox, then, is that the kind of institutional restructuring promoted by 'new' Labour to give communities a greater say has probably increased rather than decreased its control over English regions and cities.

By noting these paradoxes, I want to argue that the re-scaling of the British state can be interpreted as a *political* project. That is, re-scaling cannot be

understood as an automatic response to wider political economic processes that somehow make the localisation and regionalisation, as part of a more general development towards a Schumpeterian welfare state, self-evident. What seems missing from the scenario of a development towards an ideal-typical Schumpeterian welfare state is a move away of the national scale as the centre of gravity for the exercise of power. Until processes of localisation and regionalisation are (also) initiated organically by local and regional communities, scalar reorganisation is more likely to take the shape of a constant flux fuelled by political struggles and strategies than to consolidate into new state forms that are compatible with new types of capital *accumulation*. This does not mean that it is not possible to conceptualise recent policy changes as a shift away from Fordism and towards a new mode of *regulation*. For it is clear that local and regional policies play a pivotal role in the implementation of neo-liberal policies and strategies, especially in the sense that they allow the re-scaling of responsibilities and tasks without fundamentally affecting the distribution of power between central government and the (English) regions. Indeed, it might well be the case that Great Britain is developing towards an a-typical Schumpeterian welfare state in which regional and local policies play a pivotal role in the neo-liberalisation of regulation without, however, actually leading to the formation of strong local and regional quasi-states.

Acknowledgements

I would like to thank Christine Lambert and one anonymous referee for providing many detailed comments and helpful suggestions. The usual disclaimers apply.

Notes

¹ In this paper, the term 'spatial policy' not only refers to regional and urban policy *per se* but also, more generally, to the 'spatialities of state action'. When spatial policy is defined in such a way, a localisation of labour policies – to give just one example – is also regarded as a shift in spatial policy.

² A glocal spatial order refers to a spatial configuration of capital accumulation in which the production of surplus value take place within networks of local and regional production systems and in which the coordination and organization of the production process primarily take place on sub- and supranational scales and less on the national scale.

³ For example, the importance of defence expenditure for the development of American high-tech regions, such as Sillicon Valley or Massachusetts has often been noted (Markusen, 1986).

⁴ Some RDAs do represent regions with a coherent identity. But as these identities are mainly based upon their industrial heritage, they are not likely to fit with contemporary ideas about,

for example, knowledge-based industries. In time, however, it could well be that these regions find ways to capitalise on their identity and industrial networks if they succeed to reshape these old institutions in ways compatible with current demands. Compare on these issues the account of Lowland Scotland by MacLeod and Jones (1999) with various accounts of the ways in which the 'Manchester men' have succeeded in building a growth coalition in an old industrial city (e.g., Peck and Tickell, 1995).

⁵ Initially, it was suggested that the establishment of RDAs was an important step towards the establishment of regionally elected governments. Contextualising RDAs in such a way makes it possible to suggest that RDAs are meant to strengthen regional democracy, in spite of the overt dominance of business interests on RDAs boards (see Jones, 2001a). But an extension of regional governance to include elected regional councils – which would mean the establishment of agencies that are officially accountable to regional inhabitants rather than to the Secretary of State – is only possible if the Labour Party continues to dominate the British Parliament and if there is sufficient support for further regional devolution within the Labour Party. Especially this latter condition is unlikely to be fulfilled as Labour leadership has different views on the issue. Some, notably Tony Blair, seem to favour city-based policies over region-based policies, which undermines the chances for regional democracy (Morgan, 1999; Harding et al., 1999).

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