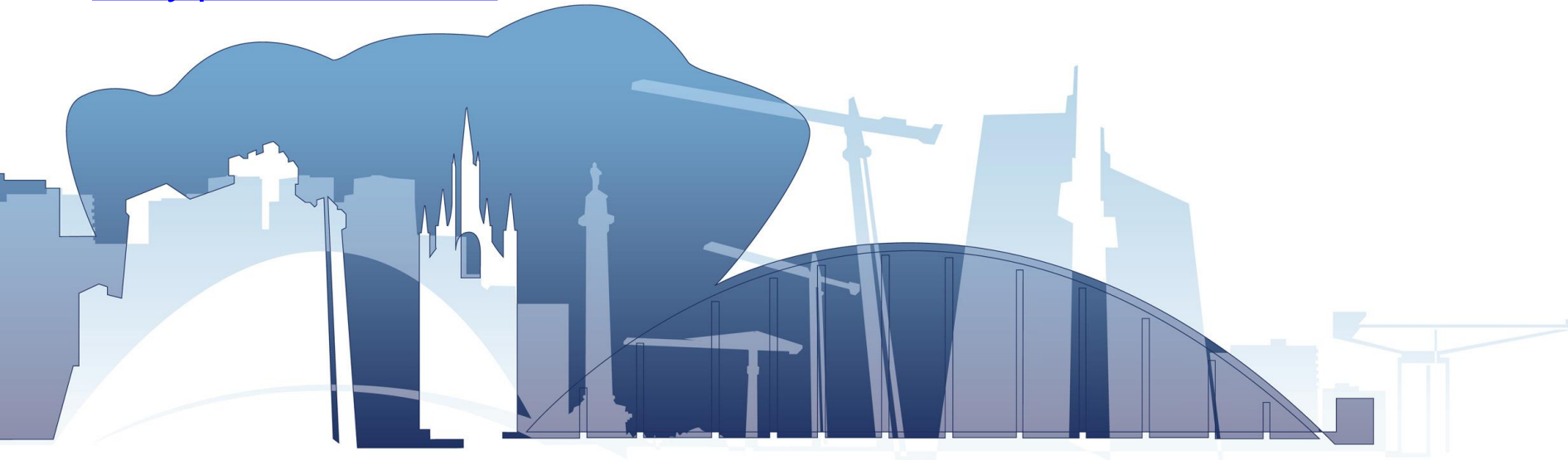


Continuity *and* change in territorial development and policy

'Building the next generation of research on territorial development', ESPON Scientific Conference 2018, London

Andy Pike

Henry Daysh Professor of Regional Development Studies
andy.pike@ncl.ac.uk



Outline

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

Shifting contexts and new questions



De-globalisation?



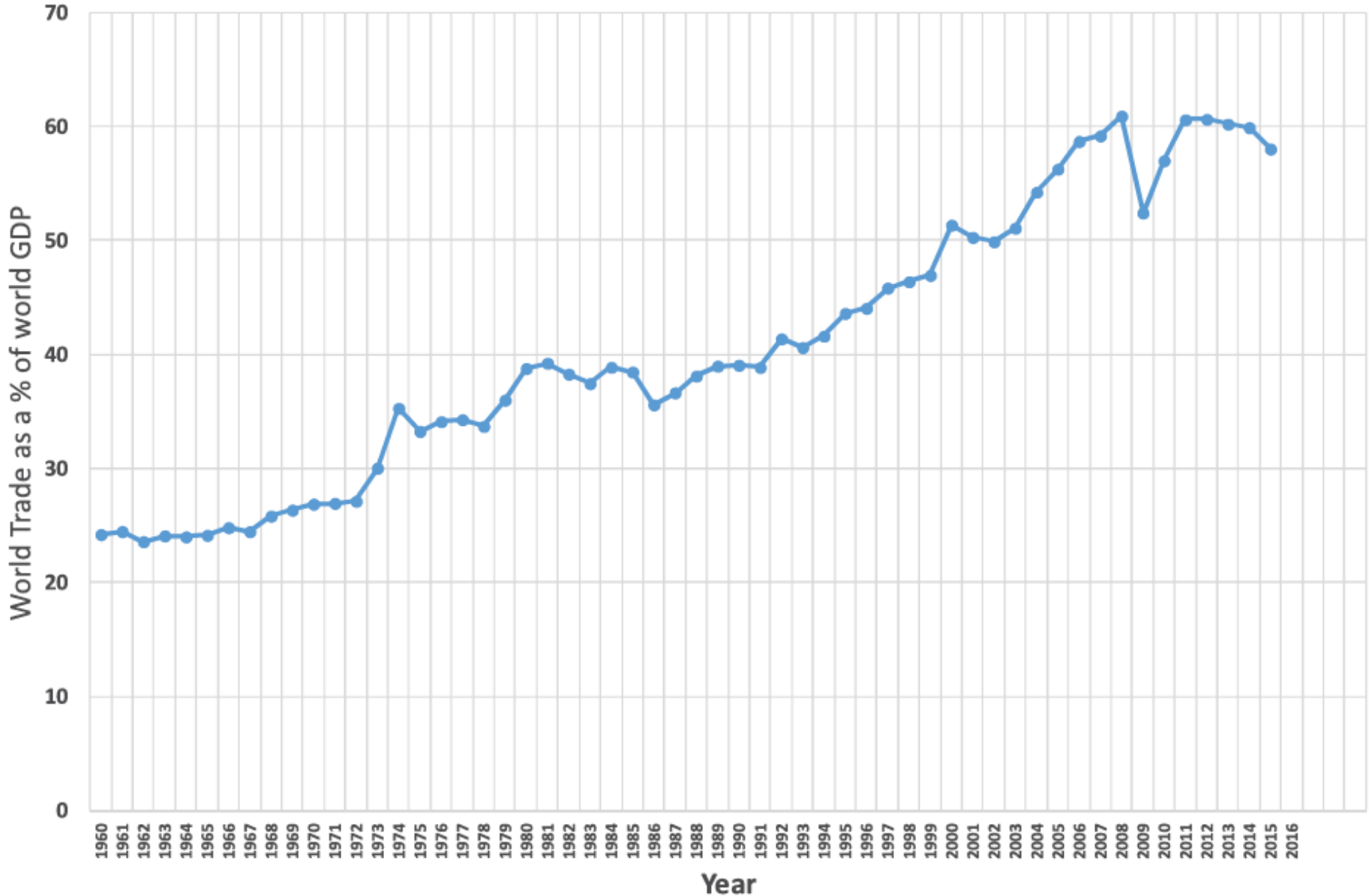
Economic nationalism, populism and economic (dis)integration...



EU COUNTRY EXIT #NAMES



De-globalisation?



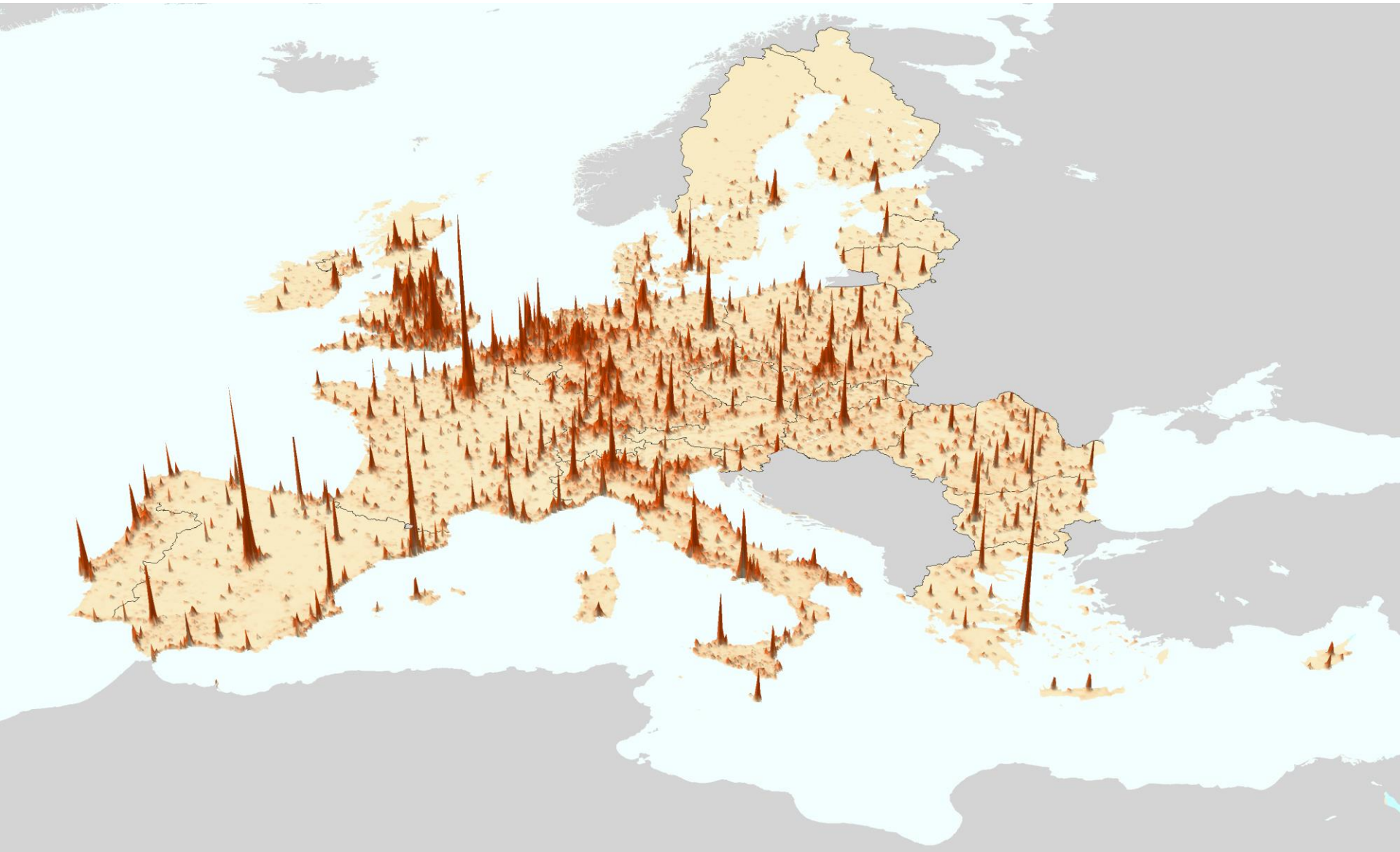
'Re-shoring'...

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

Beyond city-centrism?



Population density in the EU, 2015

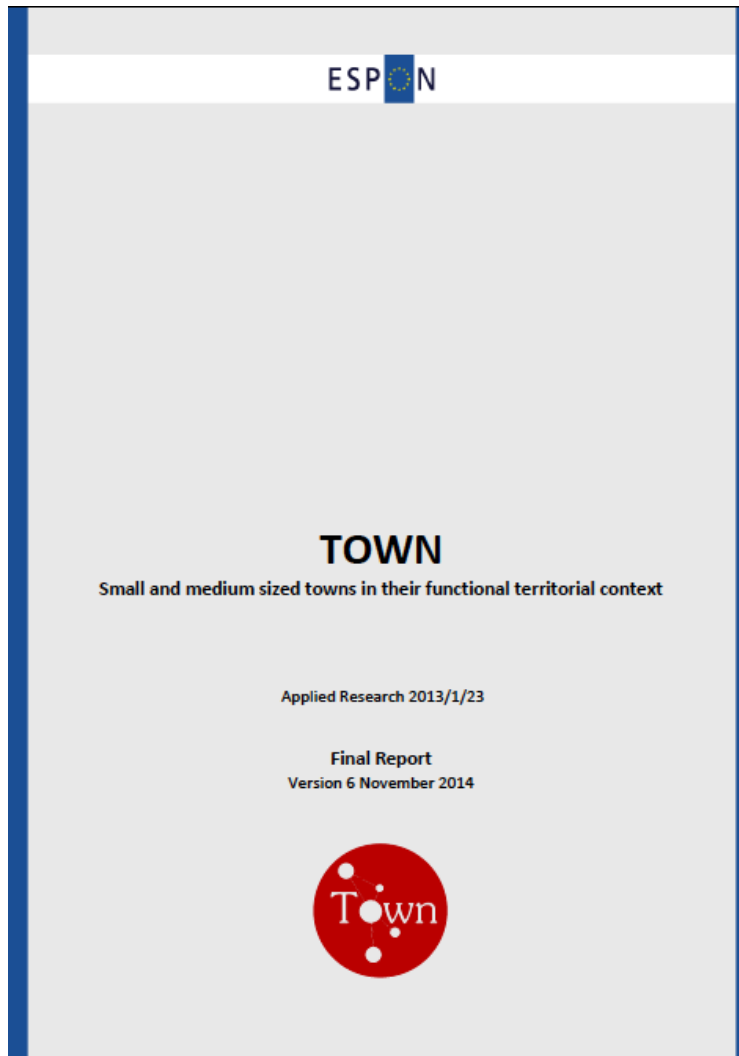


- Economic logics: urban scale, density and economic integration between cities and hinterlands; reducing geographical and social frictions and enabling rational sorting of people and capital over time and space
- Policies: planning liberalisation; education and skills upgrading; facilitating labour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

But...

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

ESPON Town project



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

New geographies of transformative and disruptive technologies?



Innovation and new technologies



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

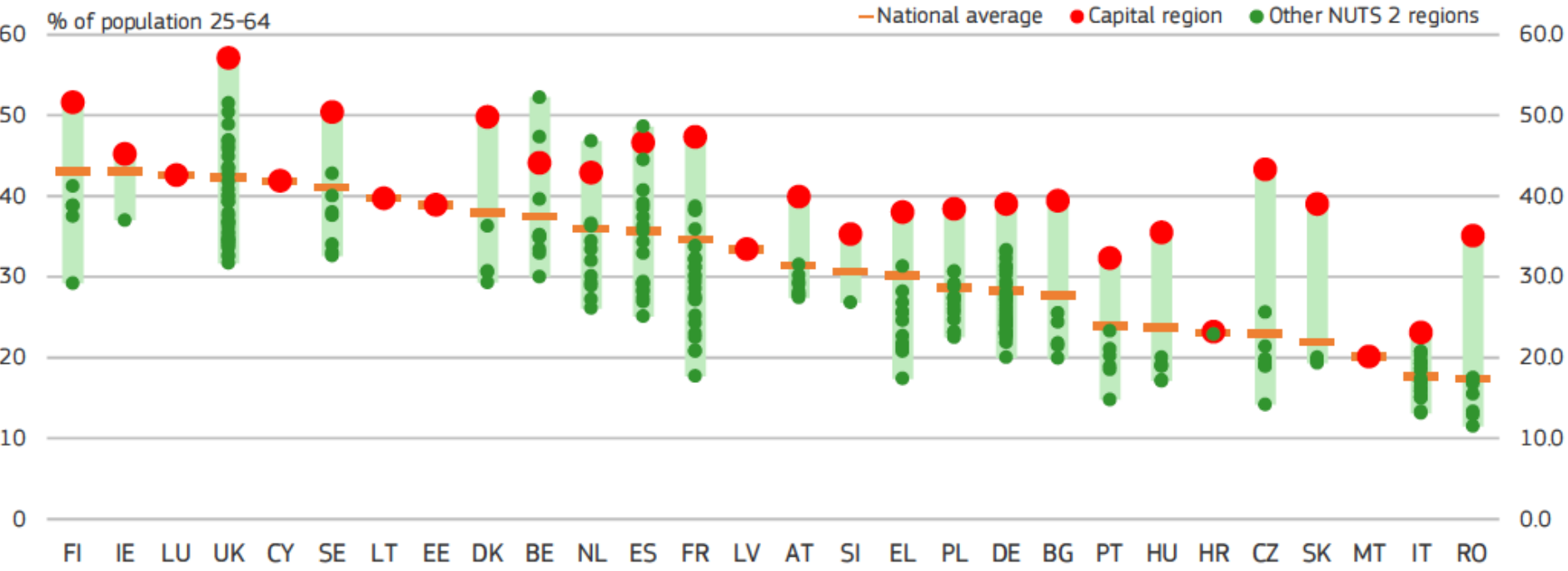
- 1 Cloud and Distributed Computing
- 2 Statistical Analysis and Data Mining
- 3 Marketing Campaign Management
- 4 SEO/SEM Marketing
- 5 Middleware and Integration Software
- 6 Mobile Development
- 7 Network and Information Security
- 8 Storage Systems and Management
- 9 Web Architecture and Development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

‘Hottest Skills’, LinkedIn Global, 2015

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

Population aged 25-64 with tertiary education, 2016

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

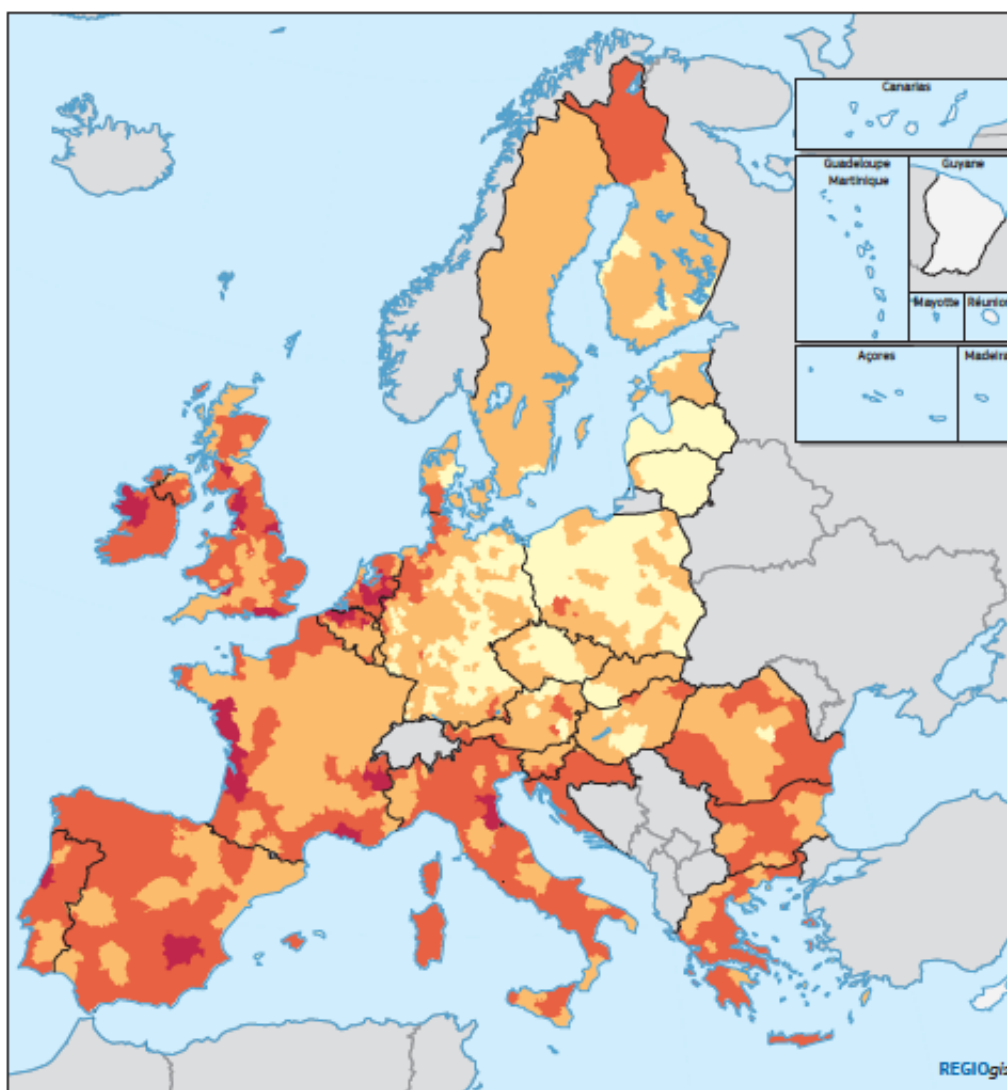


London corresponds to the NUTS 1 region
Source: Eurostat, DG REGIO calculations

Sustainability lost?

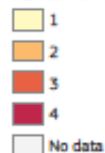


Projected increases in multi-hazard climate-related exposure, 2050



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

Number of hazards with moderate increase



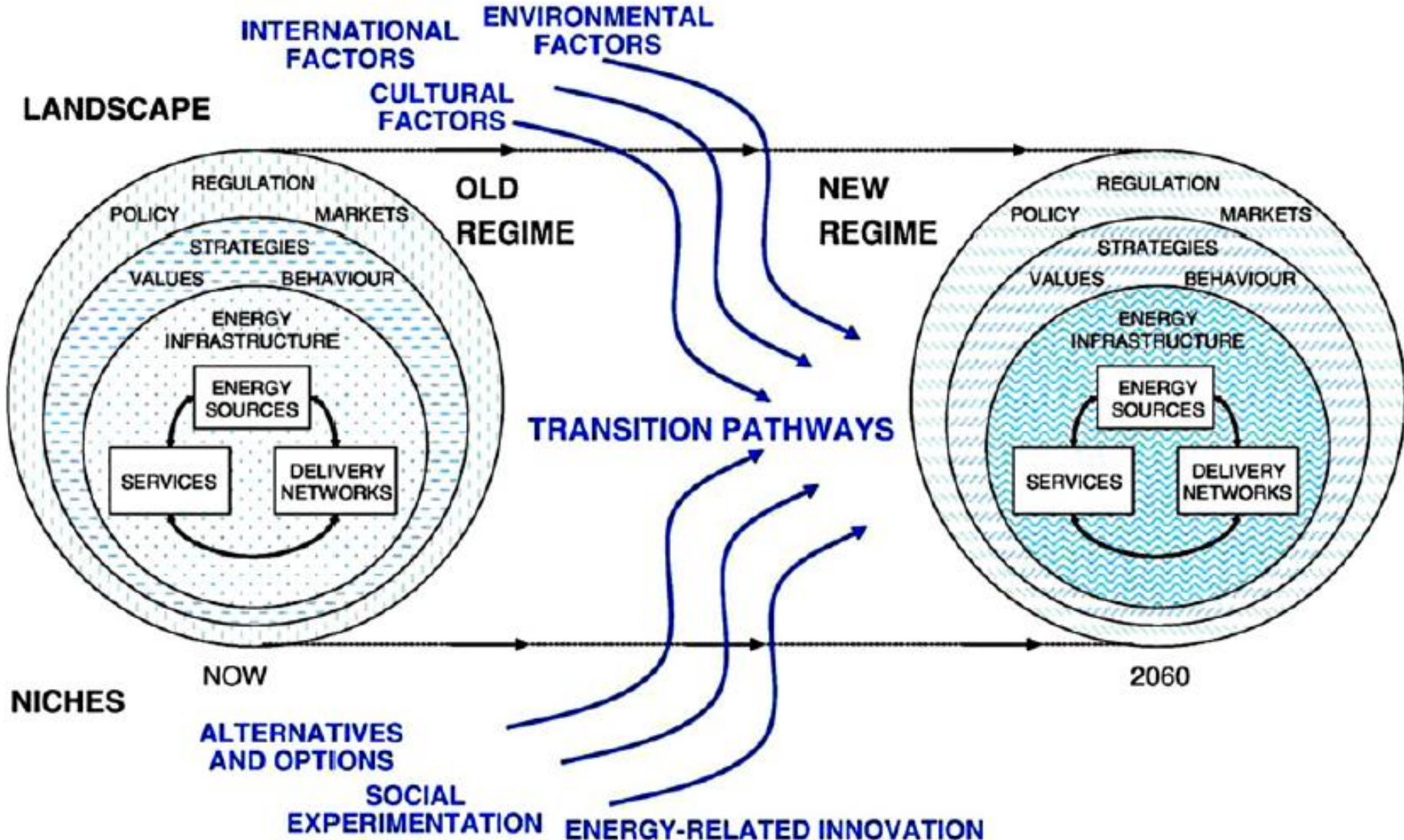
Source: JRC, Forzleri et al., 2016



© EuroGeographics Association for the administrative boundaries

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

Factors influencing transition pathways from high to low carbon



Increasing social and spatial inequalities?



The
Economist

OCTOBER 25TH - 31ST 2017

Stopping sexual harassment

The vacuum after Islamic State

AlphaGo goes it alone

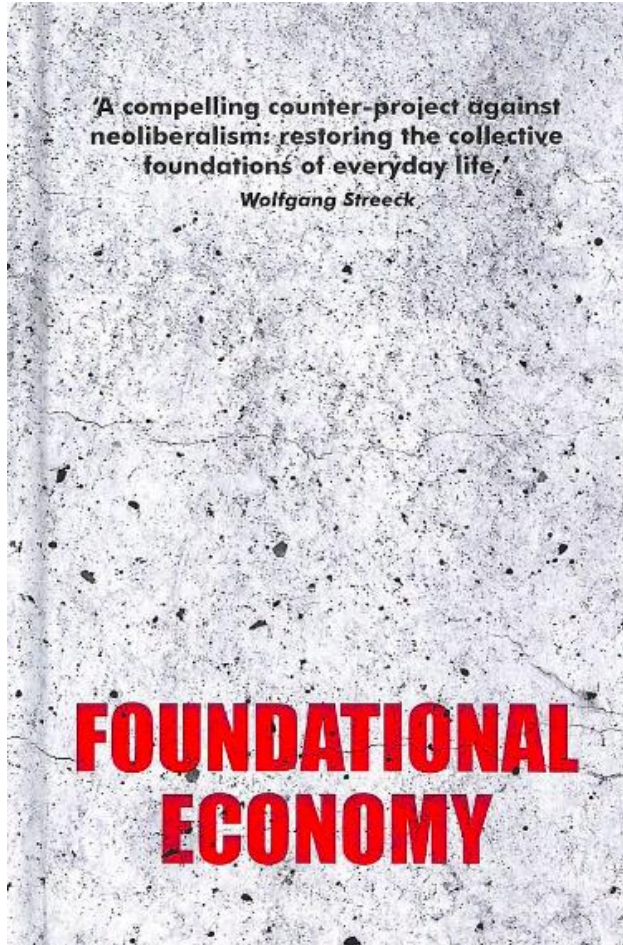
Walter Bagehot on Brexit

Left behind

How to help places hurt by globalisation



'Foundational Economy' I



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

'Foundational Economy' II

FOUNDATIONAL ECONOMY

What Wales Can Do:

Asset Based Policies and the Foundational Economy

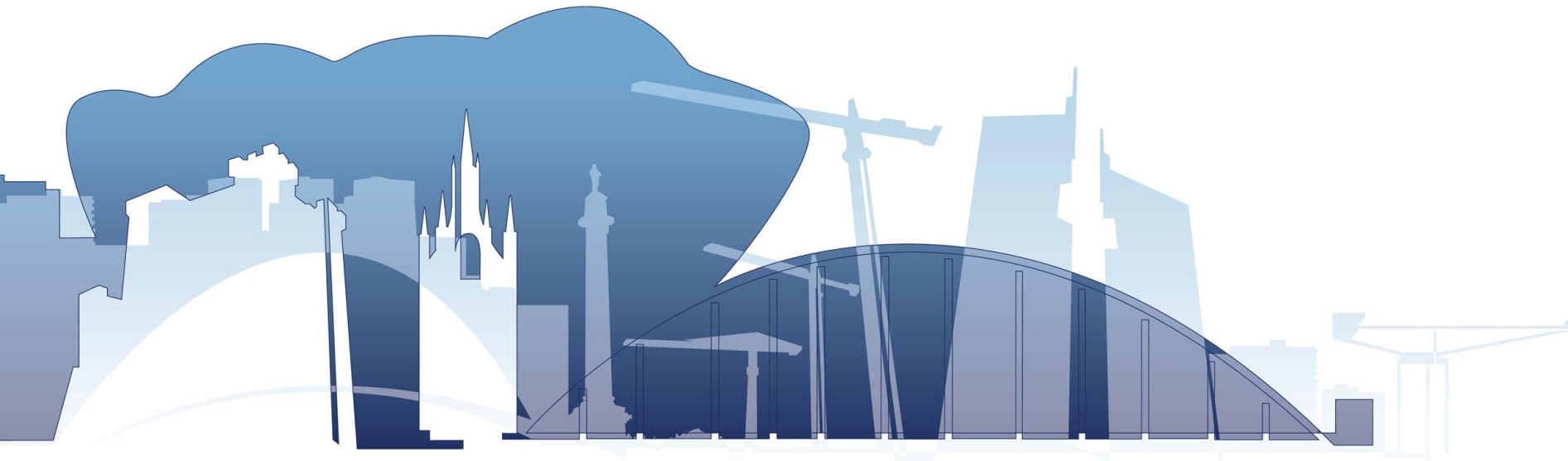
A CREW/ foundational economy.com report

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

June 2017

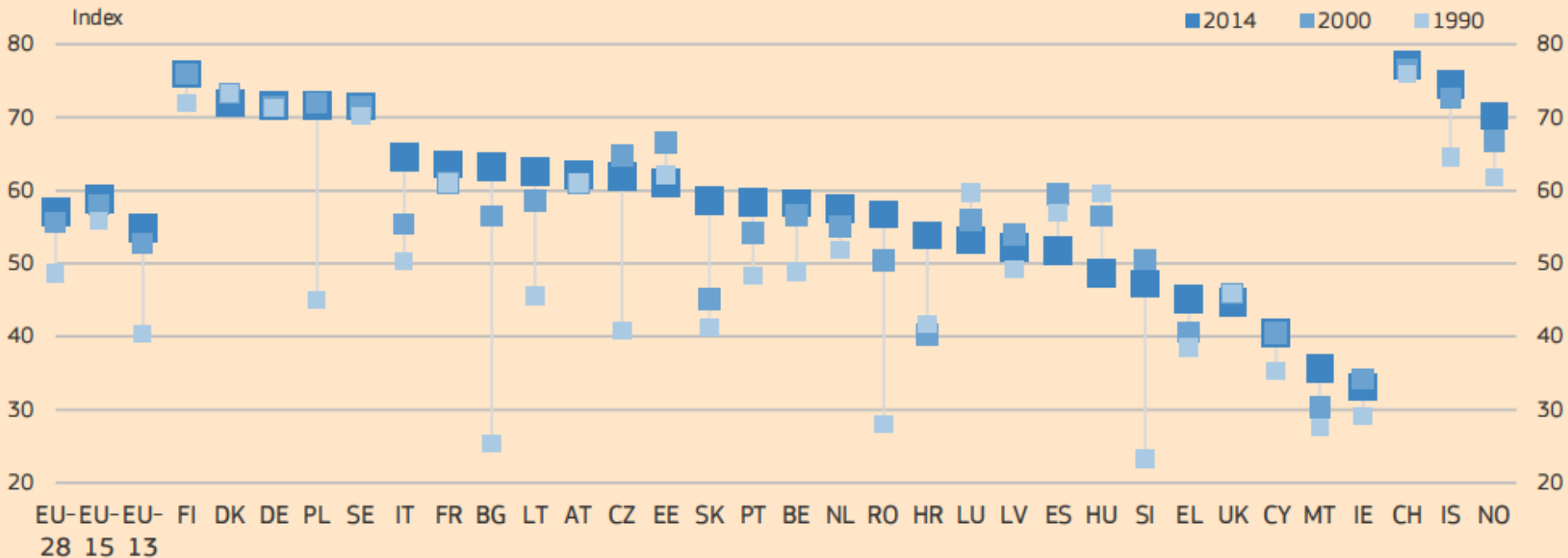
- Refocus onto the social and material infrastructure foundation of civilised life (e.g. electrical networks, water pipes, sewers)
- Providential services (e.g. education, health, elder care)
- Renewal of collective provision, funding and consumption

Uneven decentralisation and institutional quality?



Local Autonomy Index, 1990, 2000 and 2014

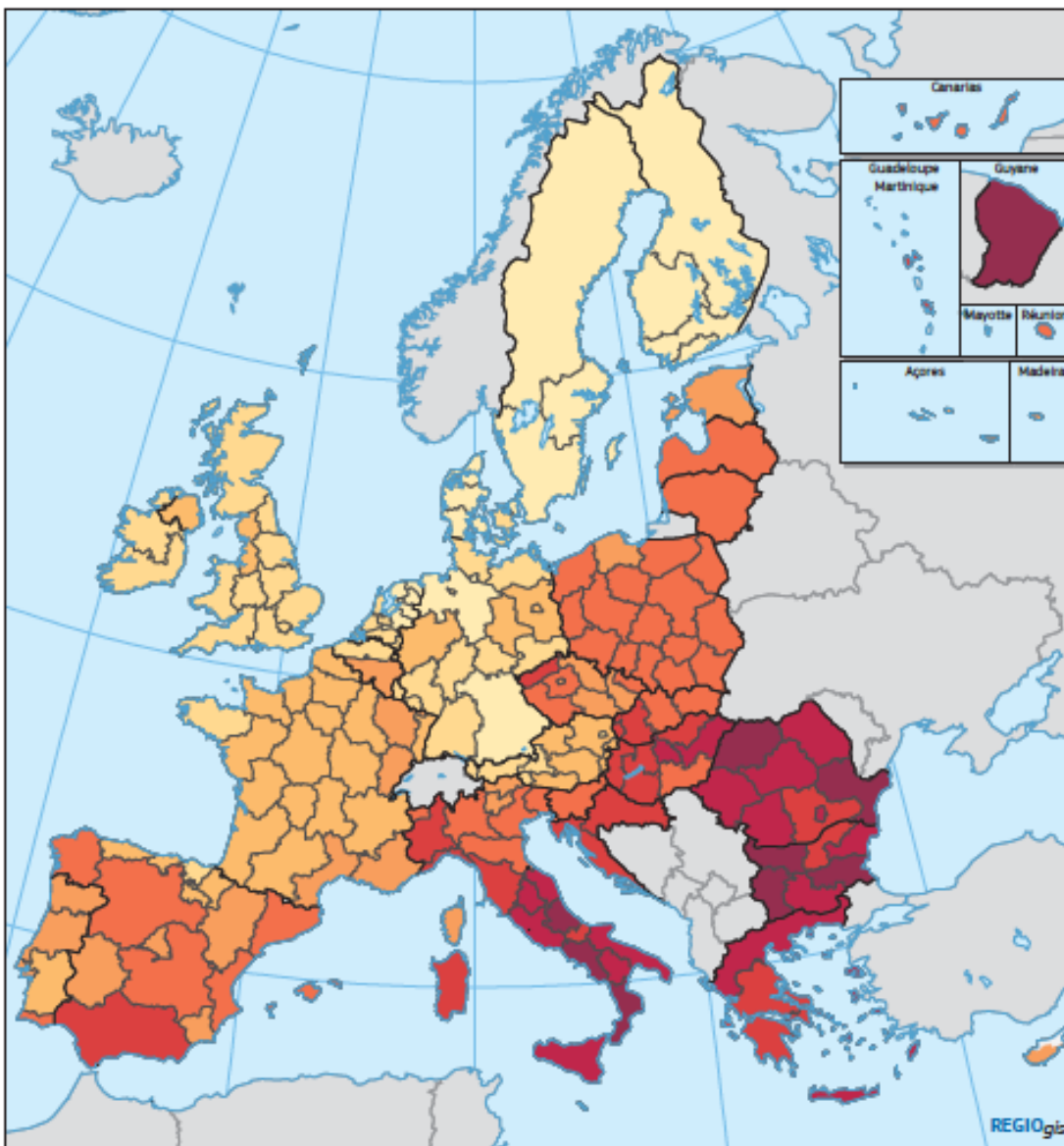
Figure 4.17 Local Autonomy Index, 1990, 2000 and 2014



Local autonomy index: 0 = low autonomy, 100 = high autonomy

Source: DG REGIO, Ladner, A., Keuffer, N. and Baldersheim, H. (2015).

European Quality of Government index, 2017



Map 6 European Quality of Government index, 2017

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



EU = 0

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

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

'Government quality'

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

ANDRÉS RODRÍGUEZ-POSE†* and ENRIQUE GARCILAZO‡

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(Received August 2012; in revised form September 2014)

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

Quality of government Investments Regional development and growth Region European Union

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

On-going disruptive change and geographically differentiated adaptive paths?





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WINE STORY **Eat or be eaten: why Cadbury was a sitting target**

World Business Newspaper

Lehman file rocks Wall St

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

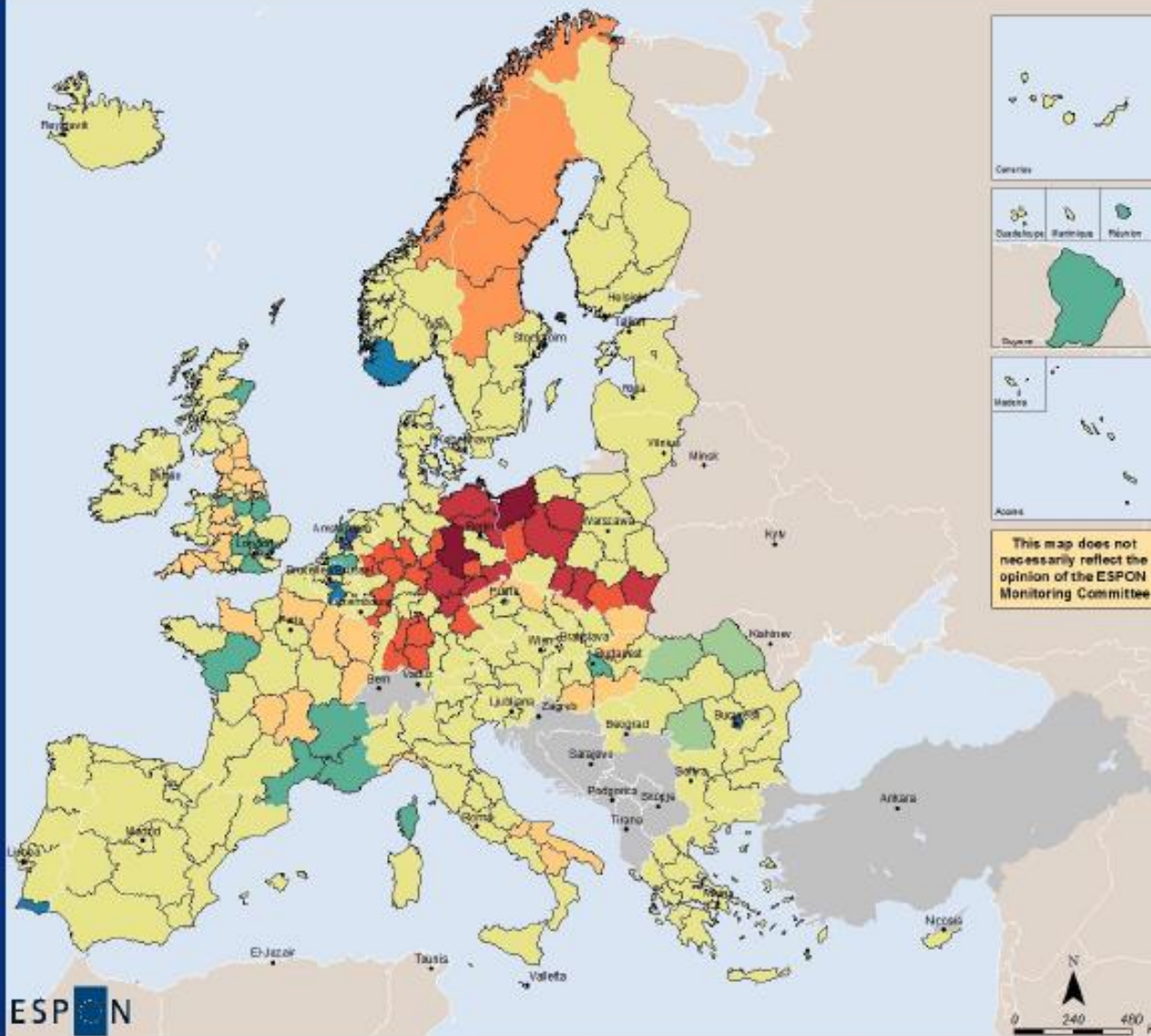
BAE loses to US in £1bn army 'Scout' race

Lehman
Lunch with the FT architect Jacques Herzog
Andrew Marx on a moving family memoir
Never too young pensions for your children
News Briefing
BAE prepares for showdown with Lockheed
Bank levy Germany
Plus challenge
Next target for Aesop

Inside
The Lehman brothers'...
Plus challenge
Next target for Aesop



Relative regional resilience



This map does not necessarily reflect the opinion of the ESPON Monitoring Committee

ESPON

EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

Regional level: NUTS2
Source: ESPON Database, ESPON ECR2 Project, Cardiff University, UK
Origin of data: Experian, Cambridge Econometrics, Eurostat
© EuroGeographics Association for administrative boundaries

Legend

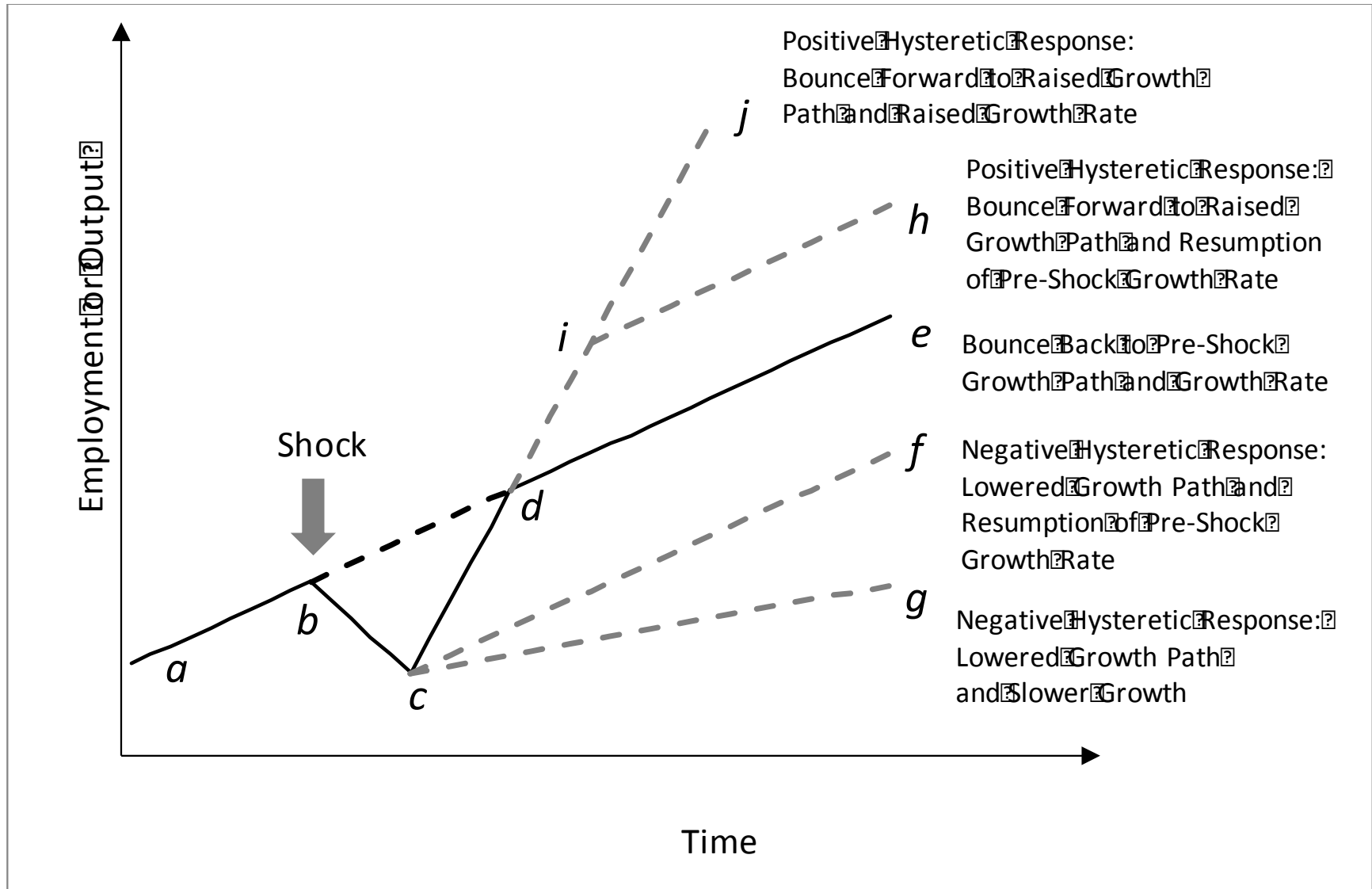
Weaker Equivalent Stronger



Grey box No Data

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

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



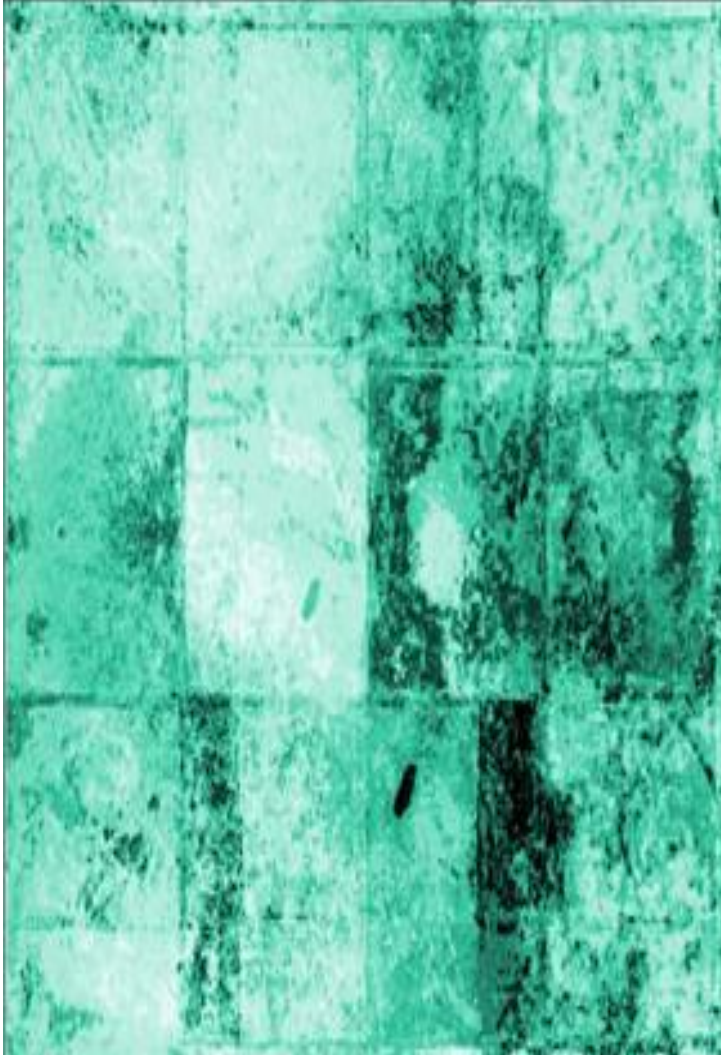
Territorial development, interrupted...

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

What kind of territorial development and for whom?



Back to the fundamental questions...



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

Key distinctions

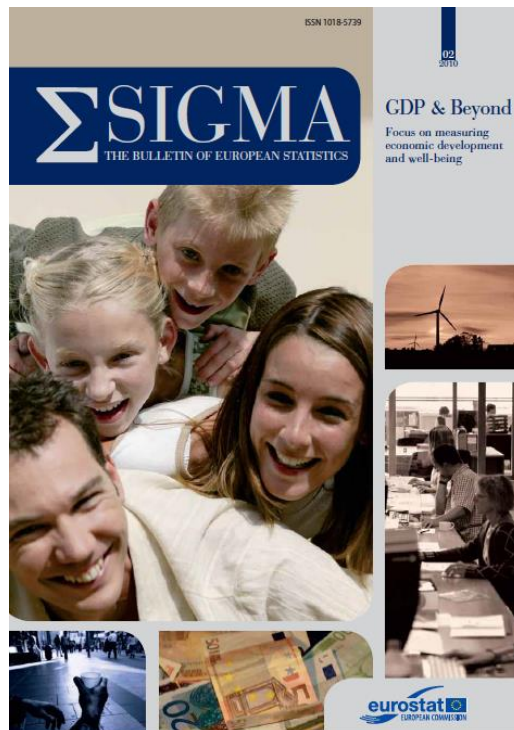
Dimension	Distinction	
Approach	Absolute	Relative
Autonomy	Local, regional	National, supranational
Direction	Top-down	Bottom-up
Emphasis	Strong	Weak
Focus	Exogenous	Indigenous
Institutional lead	State	Market
Inter-territorial relations	Competitive	Cooperative
Measures	‘Hard’	‘Soft’
Objects	People	Places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

Broadening development beyond the economic...



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

'Beyond GDP'...



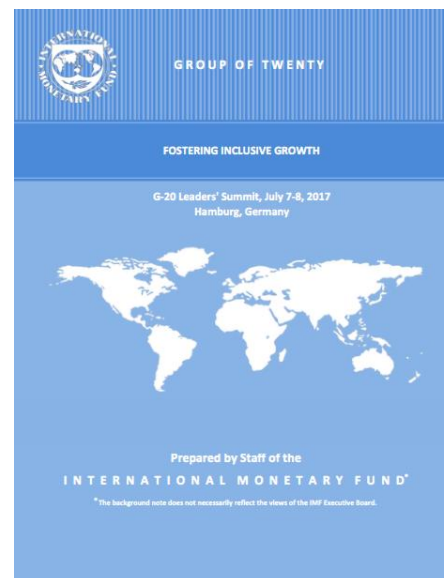
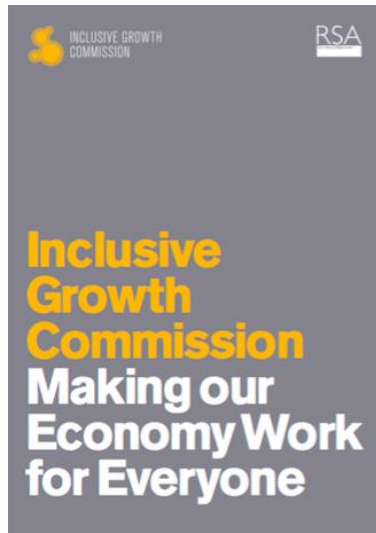
Report by the Commission on the Measurement of Economic Performance and Social Progress

Professor Joseph E. Stiglitz, Chair, Columbia University
 Professor Amartya Sen, Chair Adviser, Harvard University
 Professor Jean-Paul Froussi, Coordinator of the Commission, IEP

www.stiglitz-sen-froussi.fr



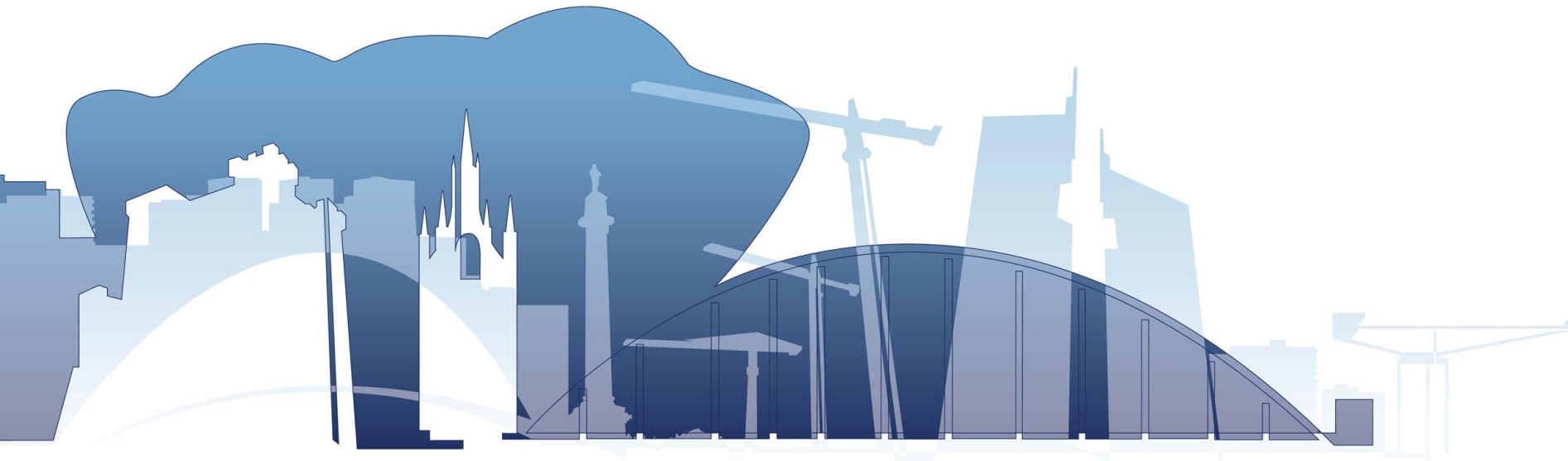
'Inclusive growth'...



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

Source: Adapted from Inclusive Growth Analysis Unit (2017)

Towards integrated and tailored territorial development and policy





The revenge of the places that don't matter

Andrés Rodríguez-Pose 06 February 2018

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



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Andrés Rodríguez-Pose

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

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

Related

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Housing expenditures and income inequality

Dustmann, Fitzenberger, Zimmermann

The next recession will be a bad one

Frankel

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

Efficiency versus equity

'Top-down' versus 'bottom-up'

Singular and fixed 'global North' versus 'global South' concepts and theories

State versus market

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

'People' versus 'place-based'

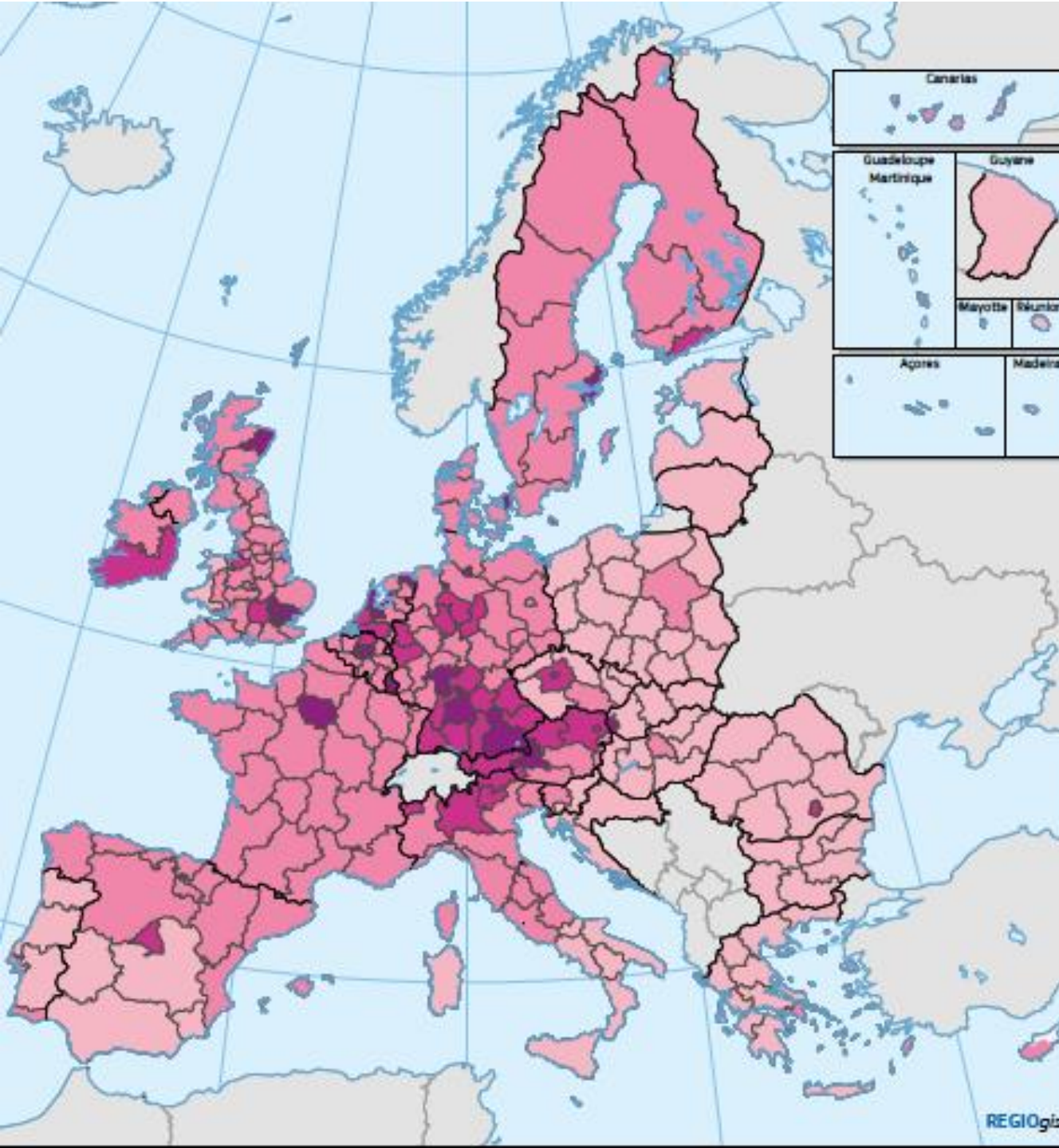
Exogenous versus endogenous

'Redistributive' versus 'growth-oriented'

High versus low productivity activities focus

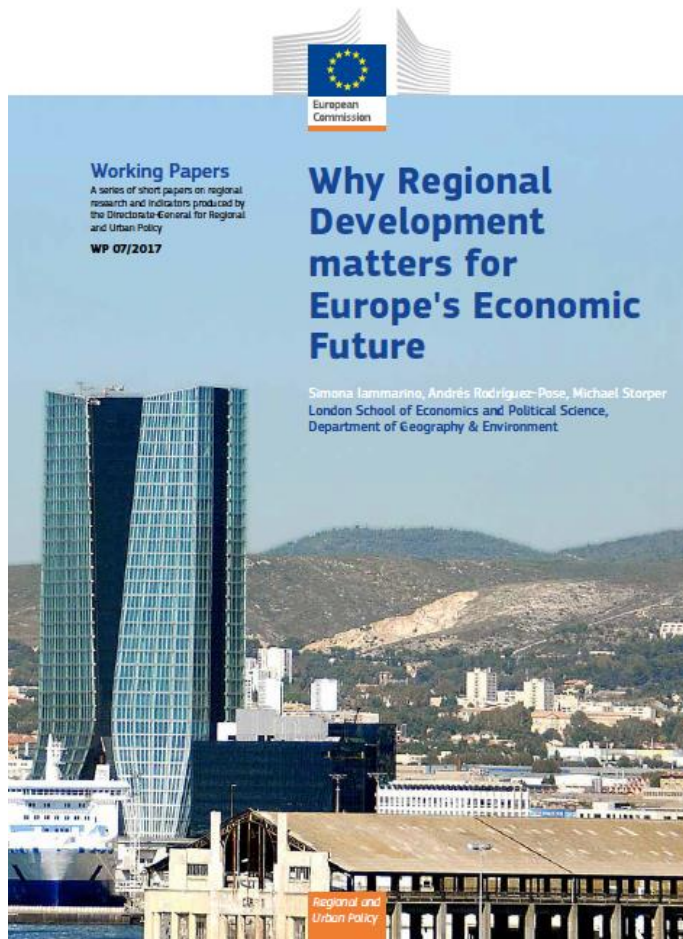
Singular, privileged geographies of city-centrism and metropolitanism versus
other geographies

Economic development clubs of European regions



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

'Place-sensitive distributed development policies'



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



Cohesion Policy for 2021-

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

Challenges ahead...I

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

Challenges ahead...II

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

Acknowledgements

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



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