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**GLOBALIZATION AND THE POLITICS OF LOCAL AND REGIONAL
DEVELOPMENT: THE QUESTION OF CONVERGENCE**

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Globalization and the increased exposure to international competition that it has supposedly induced has led to expectations of institutional convergence in, among other things, local and regional development policy and the politics surrounding it. There have been changes in the United Kingdom but not of the decentralizing, neo-liberalizing form anticipated. A comparison of the British with the very different, highly decentralized, American case seeks to shed light on this. Emphasis is placed on both the strongly embedded nature of institutions and on misunderstandings about the strength of the forces of globalization.

key words politics of local and regional development globalization class struggles state form United Kingdom United States

Introduction

The point of departure for this paper is the question of convergence – institutional, technical, macro-economic policy – that emerged in the context of the debate about globalization. The claim was that the pressures exerted on corporations and state agencies through international competition for markets and for inward investment, would result in the adoption of similar practices, institutional forms and the like. An extreme version of this was ‘the race to the bottom’ argument. This was later tempered by a recognition that the increased openness of national economies could only affect policy in combination with national specificities; specificities of both a limiting and enabling variety (Kenworthy 1997; Henderson 1999). This did not mean that there might not be some homogeneity of response. As Storper (1987) argued, the local does indeed make the global in many respects and we should be alert to convergences as much as to continuing difference. The idea of convergence has also found a home in discussions of the theory and practice of local and regional development policy. This has in turn generated expectations of some convergence in the sorts of politics that emerge around these policies. The paper provides a critical examination of ideas of convergence with respect to the policy and politics of local and regional development, and draws on the evidence provided by two cases: those of the United Kingdom and the United States.

What convergence might look like is unclear. Reading the tea leaves suggests that an important element of a local and regional development policy appropriate to the times and circumstances would be one that decentralizes powers and responsibilities to very local levels and induces competition between them either through local governments or growth coalitions. There is evidence for this in some of the initiatives adopted by British governments, of both political stripes, over the last twenty years. The idea of glocalization (N Brenner 1998; Jessop 1994, 1999, 2000; Swyngedouw 1997a, 1997b) explicitly links changes in the state’s scale division of labor with respect to local and regional development to both the pressures unleashed by globalization and to the possibilities that it opens up. This is complemented by the evident popularity of

promoting industrial clusters – an idea developed in the US – as the vehicle of choice for bringing about a revival of regional economies.¹

One virtue of this conception is that it is consistent with the neo-liberal agenda and with the ultimate purpose of these policies, the reimposition of the law of value. Arguably, this is what underlies the globalization that has occurred since the early 'seventies, and it in turn, through increased international competition for trade and investment, has served the original goal of disciplining capital. It does not seem unreasonable, therefore, to expect powerful pressures in the direction of neo-liberalized scalar division of labor of the state as it confronts issues of local and regional development.

In this regard the postwar US might be regarded as an appealing template. It exhibits a high level of decentralization to local and regional levels of powers and responsibilities appropriate to the economic development function. These include powers over landuse planning, financial incentives and also that fiscal responsibility which enervates the search for taxables. Not uncoincidentally localities and states engage in an intense competition for inward investment, and enhanced positions in wider geographic divisions of labor. Historically, the British case, as it has been defined for most of the postwar period, might be regarded as the antithesis of the American one: a scale division of labor characterized by a very high level of top-down control, working in particular through a centrally regulated planning system, and regional selective assistance. The assumption in this paper, therefore, is that a comparison of the two instances could shed light on the possibilities and limits of institutional convergence. To what extent is convergence apparent, either in ways unanticipated, or in ways which might bring the British policy and politics of local and regional development closer to the American version? And how might one account for these empirical trends, or alternatively, their absence?

An important context for this discussion is provided by Harvey's (1985a; 1985b) theorizing of what he called 'the geopolitics of capitalism.' He outlines a necessary

¹ For a strong statement on the significance of these and their political expression in what he calls 'regional directorates', see Scott (1998).

tension between fixity and mobility in the politics of capitalist development, or what one might call in the current parlance, globalizing and localizing tendencies. Struggles among the classes that, in virtue of their relative immobility, cannot escape one another, are the condition for ‘settlements’ which then provide the basis for what he calls territorial structured coherences. These would embrace production technologies, patterns of consumption, physical and social infrastructures, the division of the product between capital and labor, along with policies regulating the labor process and labor organizing.

Given the rise of competitors elsewhere, shifts in the circulation of value, however – what Storper and Walker (1989) called capital’s ‘inconstant geography’ (Storper and Walker 1989) – they are inevitably unstable. This initiates a politics of restructuring as classes and class fractions struggle to shift its costs onto others. Existing conditions are reworked, new models of state, labor or corporate practice imported from elsewhere, the redistribution of value through the state challenged, and so on.

We should remark here, however, on just how problematic this is likely to be. If one is to take the notion of ‘coherence’ seriously, then *any* change has wide social ramifications. It is not just the redistribution of values that is likely to be at stake. In addition there are ingrained practices, deeply held convictions, structures of cooperation to be overturned. None of this can be easy. There are also scale aspects to this. What underpins structured coherences at more local levels is likely some more general condition having to do with policy or state structure, and over which power can be exerted only through a politics of scale that would require much wider alliances. Local and regional development policy is one aspect of structured coherences. Like other aspects it is conditioned by class struggles, as well as the state form within which struggle occurs. It is unlikely that it would prove any more malleable when the question of a ‘necessary’ restructuring arises.

The paper now divides into three major sections. In the first of these I provide an outline of the two politics of local and regional development in their classical forms and their necessary conditions of existence. A second section situates them with respect to arguments about globalization and identifies some of the – very modest – changes that

have occurred in local and regional development policy and what they might have to do with globalization. A final section then addresses the British case in the context of the American with a view to understanding why the changes that have occurred in the former have not been more dramatic.

Contrasting Politics Of Local And Regional Development

At a very high level of abstraction the fundamental process around which local economic development occurs is not that different between the US and Britain. In both instances it is a relation between local government and private investors within a set of limits and possibilities laid down by central branches of the state. Businesses negotiate with local government about planning permissions, rezonings, some financial aid, infrastructural changes perhaps. It is however, those centrally-defined conditions that have varied quite starkly between the two instances. In addition, and historically, it was not always the case in Britain that it was a relation between local government and private investors, since nationalized industries also made their location decisions, and central government could be involved in them. This involvement, moreover, could be on specifically local and regional development grounds.

In the United Kingdom the central government presence has been much stronger, and that remains the case to the present day, albeit with some recent, quite mild, weakening. Elements of this contrast include, in the first place, policies aimed at steering new investment into areas of persistently high unemployment. These have worked in the British case through grants of various sorts to firms making new investments in areas that turned out to be of quite limited geographic extent, although during the 'sixties there was an increase in their magnitude (Rees and Lambert 1985: 104). These policies were supplemented by attempts to limit investment in both industry and office employment in more buoyant local economies.

Local economic development is conditional in its geography on land use plans and on the permissions made within the context of those plans. In both countries local governments have their land use planning departments, their plans, and their policy positions. But in

the American case, these are almost wholly unconstrained by state interventions. For sure there is a body of law in each state governing land use zoning, subdivision regulations, building standards and the like. In contrast to the British instance, however, there is nothing corresponding to the structure plans, and regional planning guidance, with which local government plans must be consistent. Nor is there any possibility of recourse to a higher authority, other than a judicial one, when the necessary land use permits are refused. This is a conception of planning that, it is widely believed, should start at the bottom rather than at the top.

In addition to providing an overall regulatory context for the local economic development process, successive British governments have also played a more active role. An early instance of this was the new town program. In addition to relieving congestion in the major conurbations, in some instances it also provided new poles for development by concentrating labor resources. This was particularly the case with new towns in the old coalfield areas, like Peterlee and Washington in the Northeast,² Glenrothes in Fifeshire and Cwmbran in South Wales. Without the leverage provided over housing choices by a large public housing sector and the institution of local housing authority waiting lists, it seems unlikely that these projects could have come to easy fruition. Public ownership of industry also provided the government with tools for altering the geography of the space economy and for stimulating local economic development.³ And although the new town program ended thirty years ago, and through denationalization of industry the government has lost some of its leverage over local economic development, analogous initiatives in the form of the Urban Development Corporations continued until quite recently.

There is virtually nothing comparable to this in the US. Certainly there are ‘new towns’ – typically originating in small settlements on the fringes of major metropolitan areas that, through the private development process can quickly acquire the trappings of the urban and which are certainly as ‘new’ in the sense of mushroom growth as Britain’s new

² See Hudson (1982) on the Washington case.

³ An example of this was the – ultimately abortive – attempt to build up the iron and steel and chemical industries on Teesside in the ‘seventies (Beynon, Hudson and Sadler 1986).

towns. But they have never been part of a concerted government policy, subject to goals of relieving congestion by, for example, choosing sites which would minimize commuting back to major cities. Likewise, even if state and federal governments have never taken industries into public ownership, they have controlled huge amounts of technically ‘footloose’ investment which can alter the topography of development: military bases, federal office buildings, branches of the state university, federal and state prisons, state and federal research facilities. But again, this has never been used to impose some top-down vision of what the map of development should look like; redistributing in order to create some measure of interregional equality or possibly to underpin a settlement policy. Rather what state and federal branches have had under their control has been up for grabs for local governments, the local growth coalitions in which they typically play a part, and their friends in state and federal legislative branches looking for new forms of patronage. In consequence, it should not come as a surprise to learn that federal expenditures across the states have virtually no equalizing effect in terms of per capita incomes.

Historically, therefore, the scalar organization of the state, as it pertains to local economic development in the United States and Britain, has been quite different; in fact, starkly so. In the British case there have been clear central government attempts to control and regulate the local economic development process in order to achieve some objectives for the country as a whole; objectives which can be referred to some conception of ‘the national interest.’ In the American case, however, central control has been very limited indeed. Local economic development policy has been formulated locally and with minimal central oversight. It has been accompanied, for reasons which will become clearer later on, by an intense territorialization of its subsequent politics. Local governments are part of local growth coalitions, made up largely of private businesses with a strong interest in the expansion of ‘their’ local economies. Under these conditions, state and federal government become objects of lobbying for various expenditures and regulatory relief that will redound to local economic growth in some way. Where in the postwar period British policy and politics was led from the center, American policy and politics started in the localities.

It is this which, in conjunction with the form of the American state, accounts for the strongly centrifugal effects to which *any* central state initiatives are subjected there. Accordingly, seemingly *any* attempts to channel government money into areas of significant economic distress along the lines of British development area policy have been severely compromised. The same tendencies can be observed in respective enterprise zone legislation. Whereas in the British instance local authorities were asked to bid for a very limited number of enterprise zone designations, in the American case the legislation of the individual states has been extraordinarily permissive. While in Britain there have only ever been eighteen, there are currently 39 in California, 91 in Illinois, 52 in New York State and in the State of Ohio, with just under a sixth of the population of the United Kingdom, there are well in excess of 300.

So how might one understand these very considerable differences in local and regional development policies and the politics surrounding them? My fundamental assumption here is that country-specific policies of local and regional development, along with their scalar organization and forms of politics, are constructed over long periods of time, and in the context of geohistorically very specific conditions. The accumulation process and the class struggles that constitute it and which it deepens, occur within a (geographically) constituted field of limits and possibilities that varies greatly: one of state forms, national imaginaries, geographically uneven development, and historically embedded interests and identities, among other things. It is within this field of limits and possibilities that contending, class-pertinent, forces, with interests in places at different geographic scales, try to organize and forge coalitions and develop supporting imaginaries around particular state projects – again at a variety of scales – aimed at furthering those interests.⁴ At the level of form, the variety of possibilities cannot be overemphasized. Class has been a significantly more overt organizing principle in Britain than in the US while territory has been more prominent in the latter. But projects can also be organized around ethnicity, some putative national affiliation, or, to infer from the success of the BNP in particular

⁴ Compare Harvey: “The tension between free geographical mobility and organized reproduction processes within a confined territory exists for both capitalists and laborers alike. And how that tension is resolved for either depends crucially on the state of class struggle between them.” (1985a: 149).

labor markets in Britain, and Le Pen's National Front in France, racial attributions. Moreover, particular understandings of local and regional development, of interests in the process, of its conditions, both limiting and facilitating, and to the extent that they are realized through practices that at least in some instances, are effective, tend to endure and acquire the status of a received wisdom. Accordingly they become very difficult to change when subjected to new forces of, for example, a neo-liberalizing kind.

State forms have provided an essential context for these struggles and an object of their transformative power. The American state, as befits the checks and balances for which it is typically celebrated, is defined by a high degree of fragmentation of state power: parties are weak relative to individual legislators, the executive branch is checked not just by Congress but by the committee system, which in turn provides a vehicle for delivering to those individual legislators or factions of them, district- or state-specific fiscal flows or regulatory relief, and in ways often contrary to party programs. The internal organization of the state, including its federal form and the powers that the states delegate to local governments, reinforces that fragmentation as does the penchant for more commodified forms of intervention in which state agents rely heavily on markets in order to achieve their purposes. The latter is reinforced by the divided nature of state power, including its territorial division, since this has tended to further the commodification of the state itself.

The British state is quite different. State power is highly concentrated in that overlapping of the national legislative and executive branches known as 'the government'. Strong party discipline prevails. Committees are relatively weak. The state for most of the post-war period has been highly unitary with local government subjected to strong central oversight and limited in its ability to create fiscal space of its own. Modes of intervention, at least in form, have leaned towards the decommodified, seemingly challenging the wisdom of the market, as we noted in the discussion of attempts to regulate the location of industrial and office investments.

Working within, with, against, these very different state forms we find, again, quite sharply differentiated labor movements. The greater strength of the labor movement in

Britain is widely acknowledged. It has been apparent both institutionally and, one might argue, in terms of results. Union membership has always been significantly higher in Britain, and since the Second World War, at least twice as high. Unlike the United Kingdom, there is no social democratic party, even of the relatively conservative caste that has been true of the Labour Party, to contend for state power. Policy and changes in state form in the British case bear out the greater strength of the popular forces. The welfare state is altogether stronger, a relatively large fraction of the population still lives in public housing, industries were taken into public ownership, access to health services is universal, and so on. Accordingly the discursive environment, the relative balance of beliefs between the competing claims of individualism and collectivism, and of growth and distribution as policy priorities, remains different. This is so even after the markedly privatizing, pro-growth impetus of the Thatcher years.

One should recognize at the outset, however, the clear possibility of a link between state form and the strength of respective labor movements. This is not to attribute causality to any one direction. Rather one could argue that state forms were a condition for the development of respective labor movements as much as they were a result of their respective transformative powers. For sure there is a tradition in British historiography linking the growth of the central branches of the state to the intense challenges often faced by an emergent industrial capitalism at the local level (for example, Foster 1974; and Corrigan and Sayer 1985). But to what extent was it the centralization of power that encouraged class organization at a national scale to begin with? In the US the obstacle that the constitution has provided to working class organization has been frequently recognized. As Madison famously argued in the *Federalist Papers* (no 10), the “majority ... must be rendered, by their numbers and local situation, unable to concert and carry into effect schemes of oppression.” (see also Lazare 1998). On the other hand, American labor has had its moments, moments at which national politics might have taken a decisive turn in its favor, if conjunctural forces had not conspired against it, as Katznelson (1989) has argued. So there remains an unresolved tension between state form and mass politics.

In the event, the combination of a weak labor movement and a fragmented state has been a divided capital, its diverse forces inimical to state initiatives attempting to unite them around some grand vision. American capital has never felt the need to unite around a state project because it has never felt threatened in the way in which British capital has.⁵ Rather, and as Lowi (1969) has argued, national politics in the US has been an interest group politics, with labor as one interest among many, rather than a class one. The federal state has been parceled out, and to the extent that there is a national interest, it is simply defined as the outcome of the struggle between these various ‘special interests.’ This is a process that has clearly had its territorial aspects, though they cannot be read off from either state form or the relative weakness of the labor movement.

It is the dispersion of state power that has tended to select in, in more direct, unmediated ways, the representation of territorial coalitions of various sorts. Given the organization of the state, these commonly include state officials anxious about revenue streams or simply votes from an electorate primed by an incessant drumbeat of business-orchestrated concern about the local economy and its significance for ‘jobs’. The, often quite specific, demands of these coalitions can then get funneled upwards, again in a fairly direct way, through local legislators. The primary system of nominating candidates has provided incentives to put together specifically local coalitions of forces for electoral purposes. Weak party discipline⁶, the ability of congress-persons and senators to then get on the committees whose deliberations have the most serious import for their respective districts or states, have subsequently facilitated delivery to those same local coalitions. In short, territorial coalitions achieve their goals at higher levels of the state – both federal and in the constituent states – through the networking of ‘their’ legislative representatives in committees and with the state agencies anxious for affirmative votes from those committees⁷, and through – often – bipartisan voting blocs on house and senate floors.

⁵ For a good discussion of the British case see Leys (1985).

⁶ A function of the separation of powers, and therefore of state form.

⁷ For an excellent case see Chapter 5 of Berkman and Viscusi (1971) on the politics of the Central Arizona (irrigation) Project.

But in no way can the presence or absence of territorializing imaginaries and practices be *reduced* to state forms. Local governments with strong interests in expanding respective tax bases are also an important condition for them, but their appeals will have limited effect if they are restricted to concerns about tax burdens. In this regard, one of the absolutely crucial differences between the American and British cases has been the presence or otherwise of strong, local capitalist classes. American cities, metro areas, suburbs, almost invariably have sizeable capitalist classes – groups of firms, individual operators, franchise holders, perhaps, who have major stakes in particular local economies and in their expansion. These have been the heart of growth coalition politics and have consisted, with some variation depending on scale, of developers, local newspaper and media empires, landlords, the public utilities, sometimes a bank or two that have yet to take advantage of the changes in the law permitting inter-county and inter-state branching, the owners of auto dealership and beverage franchises. All of these experience some sort of local dependence by virtue of some combination of local knowledge, property investments, dependence on a specifically local market, fixed capital assets, which limit movement into other, geographically defined, markets. This is a local dependence, moreover, that can deepen as a result of the way the agents involved constitute a local investment community that commits funds to development projects simply by virtue of their local knowledge and the super-profits available to them as a result of their monopoly of that information. As we will see, there has been nothing quite like this in Britain and that remains so to the present day.

Adding an extra wrinkle to the role of local initiatives and their ability to make a difference has been the relative co-optability of the masses. Local growth coalitions have enjoyed a good deal of success in achieving popular support for, or at least acquiescence in, the policies they pursue, even though they often have adverse effects on the popular classes. The ability to co-opt has been particularly evident in plant closure issues where local growth coalitions have been instrumental in putting together rescue packages but where union locals have often gone along with plans for so-called ‘worker givebacks’ as part of the package. Certainly one can say, in trying to explain this, that labor has indeed

its own forms of local dependence, as was discussed earlier in the paper and this could make them susceptible to growth coalition overtures. But this is true of Britain too.

In significant part it has to do with the strengths of respective labor movements and the discursive environments that have been built up in their wake. Arguments about property taxes, property values, competition with other localities or regions, appeal to the individualizing element in popular ideology, just as claims about moving up the ladder to ‘major league city’ status appeal to the search for some sort of community not available in other forms (Cox 1999: 29-34). But in addition, and particularly fueling the co-optability of labor in the workplace, has been a difference in degrees of uneven development of the labor movement. In the American case union density has always been geographically highly variable with organization typically much stronger in the industrialized states of the Northeast, Midwest and West coast. As firms sought out locations in less unionized states, and ones usually with lower wages, such as the Sunbelt states of the South, the Great Plains and the Mountain West, this was a challenge to a clearly localized faction of labor and made it vulnerable to appeals from capital to join a cross-class alliance which would stem the losses.

The contrast provided by the British case is considerable. It is not just that a state form in which power is highly concentrated at the center makes it an unsuitable vehicle for initiatives aimed at securing advantages for particular localities or regions. It is also the weakness of local interests, either in the state or in civil society. Unlike the American case, banks and utilities have lacked the sort of local dependence that has put them in the forefront of local economic development initiatives there. Historically banks have been extraordinarily concentrated in their ownership, and electricity and gas were brought under public ownership shortly after the Second World War. Local growth coalitions have therefore lacked the strong business base that they have historically enjoyed in the US. Furthermore, there has been only very, very limited incentive for local governments themselves to get involved. This stems in large part from the virtual absence of local government dependence on own tax base. Local governments have limited interest in bolstering property values – which, through the rates, is the main source of locally raised

government revenue – because, and in contrast to the American case, it won't do them much good. Rather a central feature of local government finance has been the centrally provided 'rate support grant.' This doles out by far the larger proportion of local government revenue – 75% on average – through a formula that takes into account both local resources, including the rate base, and local needs; so holding needs constant, increasing the resource base will simply result in a lowering of the rate support grant that local government receives. In addition, any local initiative along American lines aimed at securing concessions from local workers would quickly encounter limits imposed by the relative strength of the labor movement and the fairly even geographical spread of that strength. There might be variations between urban and rural areas, but not the sort of interregional variation one finds in the US.⁸

In sum: In explaining the peculiarities of the American politics of local and regional development, one has to look to the way in which strong local and regional interests have been inserted in a state whose highly fragmented form facilitates their expression; and to a national balance of class forces, at both material and discursive levels, which has tended to work to the disadvantage of the vast majority. In consequence of the weakness of the labor movement and the enabling features of the state, American business has remained divided, not just unable but uninterested in uniting around a national program which would subordinate the interests of some to the advantage of American capital as a whole.

⁸ A suggestive example of how the very different conditions of the British case, in terms of levels of geographically uneven development, affect the politics of local and regional development comes from Foster and Woolfson. They have discussed (1989) an instance that erupted in 1987 around plans on the part of Ford to locate a plant in Dundee, Scotland, an area of persistent and high unemployment. This was a plant projected to eventually employ over 400. Part of the agreement was that the new plant would operate outside the collective bargaining structures of the rest of the company in Britain. Existing unions in the Ford worker representation structure were sidestepped by the completion of an agreement with the Amalgamated Electrical Workers' Union which would be the sole organizer at the plant. The plan was to exempt the plant from the Ford National Joint Negotiating Committee (FNJNC) that bargained on wages and conditions for Ford's 22 other plants in the UK, and that it would be exempt from all existing agreements incorporated into the FNJNC's 'blue book'. This proved highly controversial. There was strong opposition from those unions party to the FNJNC and a later agreement by the FNJNC to black all parts coming from the new plant. Amidst widespread recriminations against the unions on the part of the Scottish Office, which had midwived the agreement, this led to a decision on the part of Ford not to proceed with the plant. The claims of a national wage bargaining agreement took precedence in this instance over the claims of locality.

In the United Kingdom, on the other hand, a different disposition of class forces, along with a highly centralized state, has resulted in a greater susceptibility to central state definitions of what the national economy, its sectoral disposition, its balance between financial and industrial fractions, and its geography, should look like. This does not mean that those national visions have always been translated effectively into practice. But in contrast to the US, they have existed and there has been enduring appeal to them.

Urban and regional policy provides an illuminating case in point. For most of the postwar period, the United Kingdom had a relatively coherent urban and regional policy designed to take the labor- and housing-market pressure off major urban centers by redistributing employment to new towns and to areas of relatively high unemployment. This was always interpreted in terms of national goals that capital could find acceptable. For sure the initial justification of depressed area policy was in terms of the welfare of the unemployed, but in the immediate postwar period of shortages of building materials, making use of existing infrastructure made sense from the standpoint of a national accumulation strategy. Later, in the 'sixties, the rationale shifted. The rapidity with which economic expansion in the 'fifties led to overheating and subsequent deflationary measures, suggested that regional policy could work in a counter-inflationary manner, and that was the way it was defined.

In the US no such rationalization was required because there was no strong capitalist interest in, willingness to go along with, a federal urban and regional policy. Nowhere is the disunity of American capital more apparent than in the cannibalization of those measures that the federal governments *have* proposed. Indicative is a program in the 'sixties, orchestrated by the Department of Commerce's Economic Development Administration which aimed to provide various soft loans and grants for infrastructural investments in areas of high unemployment. But at the end of the legislative process some eighty percent of the population found themselves living in eligible areas (Barnekov, Boyle and Rich 1989: 111).⁹

⁹ Ellwood and Patashnik (1993) comment in a similar vein on the outcome of the Model Cities program of the mid-'sixties. Originally intended to funnel billions in demonstration grants to the nation's ten most

Recent Changes and the Question of ‘Globalization’

These are the classical forms assumed by local and regional policy and politics in the postwar period. From the early ’seventies onwards, however, there were signs of change; ones that have picked up momentum over the period since then. Some of this was common across different countries, including the United Kingdom and the United States, and can be linked to changes in the overall policy climate, particularly its neo-liberal character and the increasing internationalization of the economy that was subsequent to this. There is, however, only very limited sign of convergence on a decentralized model for local and regional policy. In this section the changes that have occurred are described and their links to globalization and more particularly the neo-liberal policies underlying it, exposed. In the penultimate section of the paper I return to consider why British policy continues to be so centralized, despite the continuing challenges of intensified international competition in product markets and for inward investment.

Change in Respective Policies and Politics of Local and Regional Development

One of the changes that has occurred in both countries is a heightened level of territorial conflict around development issues. This has been apparent since the late ‘seventies. In Britain, during the ‘eighties, the support for the two major political parties took on a distinctly regionalized character. The Labour Party was dominant in the relatively depressed labor and housing markets of Wales, the North and Scotland with the Conservative Party dominant in the (relatively) booming London and the Southeast (Savage 1987). This changed somewhat in the ’nineties as it became evident to the Labour Party, in the guise of ‘New Labour,’ that in order to regain power their program had to be modified in a more private-sector friendly direction in order to carry some of the constituencies in the Southeast.

severely distressed cities to see if comprehensive aid could alleviate urban poverty, by the time the bill became law the number of eligible cities had increased by a factor of fifteen.

These tensions, ongoing to the present day, have been manifest in specific territorial issues.¹⁰ The so-called Barnett formula, according to which local authorities in Scotland and Wales get considerably higher per capita grants than local authorities in England – something introduced in 1976 in order to dampen down separatist sentiment – has also come under attack.¹¹ Along similar lines, cities are now making calculations of the difference between the share of national taxes that their residents provide and the share of national domestic spending that they receive. This was an issue raised by all candidates for the recent mayoral election in London: an historic first in British local politics. This new interest in ‘territorial justice’ has been picked up by the regional studies literature (for example, Mackay 2001; and Morgan 2001) Also symptomatic has been the establishment of the Core Cities group by the cities of Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield. According to their mission statement their goal is ‘to work in partnership with Government and other key stakeholders to promote and strengthen Core Cities as drivers of regional and national competitiveness and prosperity with the aim of creating internationally competitive regions.’ The territorialization of the politics of local and regional development could not be clearer.¹²

Similar tensions are evident in the American case. In the mid- to late ’seventies a regional question got defined around an emerging differential in terms of income and employment growth. Central to this was the distinction between a so-called Sunbelt and Coldbelt (Markusen 1987). In an attempt to shift the channels through which state economies are irrigated with federal money, a group of senators and congresspersons, with the backing of local governments and growth coalitions organized the Northeast Midwest Congressional Coalition. Much of their focus was a demand for greater equality of treatment based on the notion of some sort of balance between what a state sends to the federal government in the form of taxes and what it gets back in the form of expenditures.

¹⁰ One such was the decision to award a major, five hundred million pound addition to a research facility in the Oxford area rather than to one at Daresbury in the Manchester area.

¹¹ These are not insignificant differences. Scotland receives 25% more per capita in public expenditure per year than the English regions, and Wales, 15%.

¹² Yet another concern has been interest rate policy which it is believed in many areas outside the Southeast, including Scotland, is driven by inflationary pressures arising in the Southeast and to the detriment of areas elsewhere that have unused resources.

There have also been calls for a 'leveling of the playing field,' meaning abolition of the right-to-work clause of the Taft-Hartley Act which gives some Sunbelt states an advantage in attracting the most seriously union-averse of corporations; and a federalization of the welfare state with standards defined as those presently prevailing in the more generous Coldbelt states. The objective has been to take away some of the so-called 'business climate' advantages enjoyed by Sunbelt states and their localities.

The interest in 'business climate' is also expressive of some change in the institutional character of local and regional development policy in the United States. It is, in fact, a concern for honing it, comparing it with that of other states, that seems to be one element of what Jessop has referred to (2002) as a refunctionalization of the central government's role in local and regional development. Other elements include enhanced financial assistance in the case of investments seen as having strategic significance: American states have been very active in easing the way financially for foreign automobile manufacturers, for example, or even in attracting the headquarters of major American firms as was apparent in the recent bidding war for Boeing. And finally there is the turn to the so-called 'knowledge economy': part of the effort to create new niches in an international division of labor that is increasingly inhospitable for them in what have come to be known as lotech industries. This has been particularly evident in the states of the old Manufacturing Belt where a number of them, including Michigan, Ohio and Pennsylvania, have all sponsored research and development agencies funded by public-private partnerships with the aim of providing a technical leg-up to existing industries

and nurturing new ones.¹³ These are typically specialized in particular lines and located so as to complement local specializations.¹⁴

Similar changes are evident in the British case. Although still presiding over a, now diminished, program of aid to the distressed regions, the establishment of enterprise zones, and other relics of the old regional development regime, the British state now plays a central role in orchestrating the knowledge or learning economy, providing the necessary assistance for investments, like those of the German and Japanese automobile and electronics companies, regarded as of strategic importance, and ensuring, through its labor policies, that Britain remains attractive to foreign investors.

The particular niche that British governments have tried to develop over the past twenty years or so has been as a relatively low cost platform for inward investors producing for the West European market and keen to get behind EU trade barriers. To the extent that the government has had a 'regional policy', one of regenerating the zones of de-industrialization outside of London and the Southeast, this has been it. But in order to carry it through, the issue of 'low costs' has had to be addressed. The struggle around whether or not Britain should opt into the EU's Social Chapter, requiring the introduction of management-labor councils to confer on issues like redundancies and plant closures, was central to this. Of all EU members Britain was the only one that initially opted out.¹⁵

¹³ Compare Friedmann and Bloch (1990): "On the terrain of state economic development planning, the narrow focus on attracting industry has shifted to a broader concern with fostering economic competitiveness, primarily through the creation of an entrepreneurial regional milieu in which innovation can flourish ... Through the 1980s, the economic development agencies of many states, often in partnership with business and academia, and sometimes with labor, have crafted a large number of programs and tools to serve these ends. Increased funding for universities, university research parks, attempts at improving educational systems, business assistance centers, small business assurance centers, small-business incubators, improved sources of venture and seed capital, subcontracting assistance programs, consultancy services, mediation programs and upgraded vocational training are all mechanisms that have been used here." (p.593).

¹⁴ In the case of the Edison Center program in Ohio, the Center in Cincinnati is devoted to research in machine tools, while that in Cleveland specializes in medical technologies and the one in Akron - onetime center of the rubber tyre industry - on polymers.

¹⁵ The reason given at the time: "There is a clear difference between the British and continental models of industrial and employment policy. The British approach is one of low burdens on business and voluntarism. The continental approach is based on regulation and statutory obligation. The Social Chapter embodies the continental approach ... it would not help either businesses or employees in the United Kingdom. It would lead to higher costs, more restrictions and higher unemployment." (Ian Lang "The Social Chapter – Blank

The failure of successive British governments to agree to the Social Chapter remained a thorn in the side of the union movement until the decision to join in 2001. Nevertheless, continuing differences in labor law remain an issue. Firms often have plants both in Britain and elsewhere in the EU. The closure of a British plant and the retention of one in, say Belgium or France, is invariably interpreted in terms of the greater ease of closing plants in Britain.

This is not to ignore what is supposed to have been the big change in local and regional development policy in England: the creation of the (nine) Regional Development Agencies (RDAs) in 1998 and the earlier emergence of sub-regional partnerships among local government authorities and with some business participation.¹⁶ Each of the RDAs has broad responsibility for economic development within respective regions, orchestrating inward investment from outside the country, developing new industrial estates in areas of the country where private investment has been reluctant, and exercising power over regional planning through its own regional economic strategy: something which Regional Planning Guidance is statutorily obliged to take into account.¹⁷ However, ambitions for the funding and responsibilities of the RDAs were much greater before some central government departments stepped in and opposed the transfer of powers. Secretaries of State for Trade and Industry and Education and Employment resisted transfer of apparently relevant functions such as Regional Selective Assistance and funding for Training and Enterprise Councils (Mawson 1999). Moreover, the centralized planning apparatus remains in place, slowing down change in the national space economy and often frustrating local economic development plans and projects. Regional Planning Agencies take the lead in the construction of regional economic plans, but these are

Cheque and Competitive Disaster.” Press release from the Department of Trade and Industry P96/725, September 30, 1996).

¹⁶ From the ‘seventies on both Scotland and Wales acquired their own regional development capacities through the Welsh and Scottish Offices – agencies of the central state – respectively and so they were not affected by the 1998 legislation.

¹⁷ Note, however, that the territorialization of the politics of local and regional development was never entirely absent prior to the Thatcher revolution. Some useful case studies are provided by Cooke (1983) and Bassett and Hoare (1984).

subject to central monitoring and intervention. In other words: The significance of the RDAs should not be exaggerated.¹⁸

The Role of Globalization

Turning to how we might understand these changes, modest as they might be, one can certainly see why globalization as it is conventionally understood might be implicated. The dramatic changes in the international division of labor are a clear condition for the refunctionalization of central branches of the state towards a learning economy. The emergence of the idea of ‘business climate’ and correlative benchmarking, likewise make little sense outside of the increase in FDI and foreign trade and the increased exposure of local economies to competition from outside.

Yet things are more complex than this. One can get a sense of what might be at stake through a critical examination of those theories of globalization which abstract from broader social changes; which see it, for example, as an emanation of technical changes or contingent factors such as the oil shock and the need to recycle petrodollars. One competing explanation would understand globalization as conditioned by the long downturn (R Brenner 1998) and the measures taken by Western governments and businesses to re-establish the conditions for profitability. The general tendency of these measures, of course, has been what has come to be known as neo-liberal. Some of the measures undertaken under that banner have had direct consequences for ‘globalization’ as it is conventionally understood. These would include the move to eliminate capital controls, and an easing of trade restrictions, associated, *inter alia*, with the rise of common markets and free trade areas. In addition, there have been moves whose relation to globalization is more mediated and complex. Among these are the privatization of previously nationalized industries exposing them to foreign ownership, once their more serious loss-creating assets had been eliminated in order to make them attractive purchases; the attempt to rein in the welfare state and the power of labor unions; and the increased commodification of the state through competitive tendering.

¹⁸ As Kevin Morgan has written: “The RDAs may be a step in the right direction so far as the under-endowed English regions are concerned, but their ambitions seem to have raced ahead of their resources, indeed they control less than 1% of total public expenditure within their areas.” (2001: 345).

As numerous others have noted, there have been clear consequences for the politics of local and regional development. It would be difficult to contest that there has been an intensification of territorial competition as the economic bases of local and regional economies have been subject to increased challenges from elsewhere and local / regional / national quasi-monopolies have been undermined. Harvey (1989) wrote about the rise of urban entrepreneurialism, and while I think this is an overgeneralization since American cities have been entrepreneurial going back at least to the 'sixties,¹⁹ it does have applicability to Western Europe, including Britain.

Equally important, however, and less emphasized, is the fact that the stakes for some localities / regions / countries have been intensified as a result of increased geographically uneven development.²⁰ This has had diverse origins. Old sectors have dramatically declined as new ones have – equally dramatically – risen. The removal of barriers to trade and investment has facilitated offshore relocation of lower skill, less knowledge-intensive manufacturing, though this has also been enabled by deskilling of labor processes and changes in transportation. Privatization and the selling off of nationalized industries has also had striking effects on local and regional employment as Ray Hudson (1986) has documented for the British case; to paraphrase him, the veritable 'wrecking of regions.' At the same time, there have been new and revived localities and regions. The movement of money into speculative activity since 1970, the enhanced financialization of the global economy, along with the growth in trade of currencies has stimulated the emergence of the so-called 'world cities.' Alongside rustbelts there have been silicon valleys, silicon fens and silicon prairies. The macroeconomic austerity that has been part of the neo-liberal medicine has accelerated these changes, driving low profit businesses, and the regions in which they are disproportionately located, to the wall.

¹⁹ For example: Salisbury 1964; Mollenkopf 1976.

²⁰ On the British case, see Dunford (1997). In the American case there has been convergence, but this has been due to a simultaneous increase in incomes and employment in the South and West and a relative decline, along with quite severe local pockets of unemployment, in the old Manufacturing belt.

It is in the context of this intensification of geographically uneven development and the lowering of barriers to movement and to spatial substitutability that I think we can make sense of recent changes in both the politics and policy of local and regional development. Central branches of the state have engaged in a twofold strategy in their refunctionalizations of the regional development role. On the one hand they have tried to save what they can through a newfound emphasis on ‘business climate.’ On the other they have moved to stimulate the creation of new, knowledge-intensive firms and sectors or to revivify existing ones, as in the case of London’s financial services: sectors, in other words, that will be more immune to competition from firms in developing countries.

The heightening of territorial tensions, widespread notions of territorial exploitation, have been common to both the United States and to Britain, as we have seen. The central branches of the state have become the foci of struggles around territorial redistribution and relief for lagging regions. In some cases there has been pressure for change in the state’s scalar division of labor. As John Mawson (1999) has pointed out, these tensions have been one of the conditions for redrawing the institutional map of local and regional development policy in Britain. There is evidence of particularly strong support for the creation of the RDAs from a group of about 40 Northern MPs, along with rumors of a threat to disrupt the legislation governing devolution to Scotland and Wales unless the RDAs were speedily introduced after Labour’s accession to power in 1997. Likewise, antagonism to the Barnett formula is especially strong in the North of England, and also in London where, among other things, the high cost of living, and a context of relatively uniform public sector wages across the country, has made hiring public service workers noticeably more difficult.²¹

²¹ There is a degree of universality in these changes across the advanced capitalist countries. Jessop has made a strong case for the refunctionalization of central states around learning economy agendas. The competition between the states for inward investment on the basis of ‘business climate’ now finds a parallel in similar anxieties among the member states of the EU. The role of uneven development in the emergence of interregional tensions and drives to rescale the state is likewise echoed among other member countries of the EU. In Belgium the adoption of a federal constitution in 1993 is hard to imagine outside of the widening differences between the Walloon-speaking rustbelt in the south, where the Socialists were anxious to take control of recapitalization in their own way; and a booming Flanders keen to divert tax flows to internal uses rather than support the profligate south. Italy provides a case that is similar in some respects. Uneven development has always been an issue in the country, but the movement towards a single market, concern about the impending euro, and the emergence of the Third Italy, all weighed heavily in the

Convergence Revisited

So while there has been some convergence between the US and British policies of local and regional development, and while this can be linked to the tensions set up by globalization, or more specifically neo-liberal policy, the sort of decentralization of responsibility anticipated by glocalization theorists, and looked for by others in the academic industry that is the study of local and regional development, is still a rather weedy growth. The question is: Why?

To be sure, inserting such a scale division of labor within the British state appears to have been one objective of British governments, of both the major parties, since the early 'eighties. This has taken a number of different forms including the top-down creation of competition for discretionary government funds, as in the Single Regeneration Budget, and the attempts to assemble local, largely business-led, local coalitions for that purpose (Peck 1995); and most recently the introduction of the Regional Development Agencies. But despite the hype that has accompanied these, if indeed something appropriate to the realization of a neo-liberal vision is to be accomplished, then much remains to be done.

It is not just a matter of the extremely modest character of the Regional Development Agency initiative: the almost minute share of regional government spending that they command – less than one percent (Morgan 2001: 345) – and the, related, resistance of central government departments to transferring powers and resources to them. There are also the rigors of a still quite centralized planning system. The relation between local economic development and the local planning function has historically been a fraught one. Only within the last twentyfive years has the relationship begin to change as planning departments acquired officers in charge of local economic development. Nevertheless, and compared with the American case, local planning regulation in Britain

balance in the growth of the Northern League and its aspirations for separation or at least a measure of federalism. The South was seen as a fiscal drag on the North, and an impediment, through the demands it made on national spending, on the ability of the Italian government to meet the requirements for entry into the euro-zone and the advantages of access to capital that it was believed that would bring. And in Germany, according to Jeffery, "Increasingly, competition, rather than cooperation, has become the organizing principle of territorial politics" (1999: 153).

remains highly stringent, often making it hard to find a place for new developments, either industrial or commercial, or the housing to support them.

The underlying problem, however, is one of altering the material conditions so as to release bottom-up forces that would then push, of their own initiative, for changes in the scale division of labor through which local economic development occurs. This cannot be overemphasized. Business interests in local economies remain weak. Equally, so do those of local governments. *The Economist* for April 14-20 (US edition) included a leader with the provocative title ‘Does Britain want to be rich?’ Like most of their leaders it linked up with a news article in the body of the magazine, in this case a discussion of planning for growth in the Cambridge area and the discouragement that the entrepreneurial element there was experiencing as a result of adverse planning decisions. As it went on to argue: “Many of the companies (in the Cambridge area) say it is a struggle to grow ... They say that the main reason they cannot grow is the planning system. Applications to erect a new building grind slowly through the system; appeals, if an application is turned down, take years. High-tech businesses do not have years to waste”. The underlying problem, according to the leader, was that “while councils have so much power to determine the level of growth in their area they have little interest in fostering it”. The reason for this is that their worries about revenues, in contrast to the US case, are minor (“The state of the local economy ... makes little difference to local government coffers”).

This is slightly exaggerated. Without the support of a local business interest in expanding local economies – and strong business interests in the expansion of particular local economies clearly do not exist as they do in the US – local government would be lacking allies in confronting local opposition. But it does point to one important precondition for a locally generated, bottom-up politics of economic development of the sort characteristic of the United States. Having said that, the obstacles to bringing about this decentralization of fiscal responsibility are huge. In practice it would certainly challenge widely held ideals regarding equality in provision of public services. It would also, and inevitably, threaten the system of national wage bargaining for schoolteachers and municipal workers, and invite, in consequence, not just their opposition but that of the

whole labor movement.²² Government concern that the RDAs limit their competition with one another reflects a broader discursive hostility towards the idea of the territorial competition that local fiscal responsibility would almost certainly unleash: a hostility that is far less evident in the US. Nevertheless, changing the basis for the funding of local government in the United Kingdom is now in the air, and a review of local government funding is promised for next year. The watchword, apparently, is a ‘new localism’, which to judge from some of the proposals being circulated, could include local income and sales taxes. However, as *The Economist* again concludes: “The new localism is a big idea all right, but the government has yet to discover whether it is one whose time has come. Still, as they say, full marks for bravery.”²³

This is to come at the question of moving towards a neo-liberal model for structuring local and regional development policy purely in terms of the forces of resistance to it. I want to conclude, however, by also shedding some doubt on the strength of the forces that, according to some, should be encouraging it. Just what ‘complete’ globalization would look like is, of course, unclear. Is it the elimination of factor price differentials between countries, a situation in which all of a country’s product is exported and all that it consumes imported, or what? We can, however, see what the obstacles are to increasing the value of international trade as a percentage of gross domestic products, and they are very, very substantial indeed. It is not just the continued protectionism of national economies, including those protections afforded to member countries by the EU.

There is also the fact that the fields of competition for many firms are *not* international. Rather they exist at all manner of geographical scales below that of the national and their competitors are national rather than international. This also sheds light on the issue of inward investment. The idea of local economies in different countries competing for investment by the same MNC attracts the media headlines, but it is a small minority of all

²² Significantly in the US these are determined at the local level with individual municipalities and school districts.

²³ “A little local difficulty.” *The Economist*, January 24, 2004, p.51 (US edition). For the position of the Labour left on this, see David Walker (2002).

the cases of site selection that come through the door. Rather it is a matter of competing for the headquarters, the branch plant or back office of a national firm.

Quite what scale actually signifies when talking about the internationalization of exchange relations is also an issue. In terms of their geographical extent, some national economies are much more expansive than others and this affects the balance between intra- and inter-national exchange. The US economy, as is well known, is a much less open one than say that of Belgium or the Netherlands.²⁴ As a result, in the US, and historically, it is reasonable to assume that the markets to which local growth coalitions have been oriented in terms of attracting inward investment have tended to be more national in scope than in less closed economies. As, in the postwar period, corporations separated off different functions in the form of branch plants, corporate headquarters, distribution centers, etc., so it was possible for localities to compete for them and to start thinking of a future as a corporate headquarters city, a branch plant town or a distribution center. This was occurring long before talk of globalization and, as we have seen, continues to the present day.

The United Kingdom has a much more open economy, but an important question is, 'open to where'? Its field of competition is defined increasingly by the EU. With respect to the institutional forms through which it struggles to ensure the development of localities and regions, it is other European countries rather than the United States with which it is competing. The EU provides a major market, not just for European firms, but for others, the Americans included. For various reasons they need to be within the EU. The institutional mechanisms that the member countries of the EU have adopted in order to stimulate local and regional development are all quite similar: certainly more similar to each other in this respect than they are to the US. There is no reason why the sort of resistance to change that has been experienced in Britain should not be replicated elsewhere within the EU.

²⁴ The average of imports and exports as a percent of GDP for select countries in 1998: Belgium: 62%; Canada: 38.5%; France: 21.5%; Germany 23.5%; Italy 25.5%; Japan: 7.25%; the Netherlands: 45.5%; United Kingdom: 31%; and the US: 12.5%.

Conclusions

Anticipation of some convergence of the institutional forms underpinning local and regional development policy are common. This expectation is based on assumptions about globalization and how it is affecting the limits on, and possibilities open to, agents at different geographical scales, including those defined by the various, territorially-specific, branches of the state. If in fact they are converging on a decentralized form then some countries have further to go than others. As Michael Mann has stated, "... it is difficult to see much of a weakening of US (federal and state) government powers, since these were never exercised very actively" (1997: 484). In Britain, on the other hand, local and regional development policies have been subject to quite stringent central control. Furthermore, the British case shows very little movement to the decentralized American model, despite all the hype. This does not mean to say that there has been no change, but for the most part it is not of a decentralizing nature, either in the US or in Britain. Rather there has been what Jessop has called, a refunctionalization of the British central state and the American states around the knowledge economy, facilitating strategic investments and ensuring a competitive business climate.

How, therefore, can one make sense of what has been happening? Harvey's concept of territorial structured coherences is suggestive. Located in the contradiction between capital's necessary fixity and mobility, they express the form and effects of local class 'settlements' arrived at within the context of an existing set of local conditions and extra-local linkages of diverse sorts. These 'settlements' are inevitably temporary and subject to challenge as the limits and possibilities confronting the different classes and class fractions shift. Local and regional development policy, the underlying disposition of state powers structuring such policies, are an intrinsic aspect of territorial structured coherences. As such, they too reflect the outcomes of class struggles, their discursive effects and, as I have suggested, the enabling and limiting effects of state structures.

The British and American versions of the politics of local and regional development are strikingly different. The British one has unfolded in the context of tight regulation from the center, while in the US there is a heightened element of local discretion. A politics

constituted by very different balances of class forces at both national local levels, is at the root of these, albeit conditioned by very different state structures.

The turn to neo-liberalism that emerged in the wake of what Robert Brenner has called 'the long downturn' and the increased distancing of commodity exchanges that it unleashed has provided a challenge to territorial structured coherences and their associated politics of local and regional development throughout the advanced capitalist societies. This is particularly the case in those, like the United Kingdom, where departure from a neo-liberal ideal of decentralized, competitive institutional forms was greatest. This in turn has generated anticipation of a convergence on a more locally driven and regulated politics, much like that of the US.

Change, however, has been very modest and the central question is why this might be. Attention focuses on two complementary explanations. The first is the strength of the forces of resistance to change within a territorially structured coherence. The second is the strength of those external forces of internationalization which are supposedly providing a challenge to existing institutional forms. Structured coherences define a totality of internally related elements, discursive, spatial, practical, institutional, cooperative, having to do with power, among others. Disturbing any one aspect of a structured coherence and of the state structures underpinning it, threatens values in place, the institutional forms and beliefs underpinning those values and is therefore likely to incite strong resistance. The RDAs, the refunctionalization of the central state role have provided minimal threat, though the struggle of organized labor against central government attempts to turn much of the country into a low wage platform for firms exporting to the EU is an indicator of what is at stake. Any move towards shifting fiscal responsibilities towards local government as a prelude to a more territorialized form of local economic development policy would bring in its wake other consequences of a highly inflammatory sort. For a start, inequalities in public provision would sharply increase and it seems unlikely that national wage bargaining for local government employees could survive.

On the other hand, it is very possible that the challenge of globalization has been overestimated and according to some, deliberately so for reasons of an entirely political nature.²⁵ A number of different things could be mentioned here. It is not just countertendencies in a protectionist direction or the fact that so much of the competition for local economic development is oriented to national rather than international investors. There is also the relatively closed nature of both the US economy and the increasing orientation of the British towards the EU, which is itself more closed than the American one.²⁶ British competition for inward investment, for example, is increasingly with other members of the EU rather than with the US.

Capital has both homogenizing and differentiating, universalizing and particularizing tendencies. The idea of convergence in institutional forms picks up only on the universalizing and then exaggerates their geography and their significance. The challenge in understanding institutional change is a critical scrutiny of the tension between the universalizing on the one hand and the particularizing on the other. It has been the objective of this paper to do just that with respect to debates about the changing form of the politics of local and regional development.

²⁵ As Frances Fox Piven (1995: 108) has put it: "The key fact of our historical moment is said to be the globalization of national economies which, together with 'post-Fordist' domestic restructuring, has had shattering consequences for the economic well-being of the working class, and especially for the power of the working class. I don't think this explanation is entirely wrong but it is deployed so sweepingly as to be misleading. And right or wrong, the explanation itself has become a political force, helping to create the institutional realities it purportedly merely describes."

²⁶ According to Kleinknecht and ter Wengel (1998), in 1995 external trade amounted to less than ten percent of the total GDP of the EU.

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