Regional devolution and regional economic success:
Enabling myths and illusions about power

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Introduction

Like much of my work, and in a way that is (I hope) in tune with the philosophy of Geography at Roskilde University, this paper has a local, but not a parochial, beginning and an emancipatory intent. Its starting point is the ongoing debate about whether there should be devolved regional government and new elected Regional Assemblies in England, and particularly the north east of England (se ODPM, 2004a). During the 1980s voices began to be raised arguing for constitutional reform, decentralising some power to elected regional assemblies, as a way of tackling more effectively problems of unemployment, inequality and poverty in the region (Byrne, 1990). Since 1997, the ‘New Labour’ government has promoted the concept of regional devolution, leading to the creation of an unelected Regional Assembly in the north east. In 2002 the government 2002 White Paper Your Region, Your Choice: Revitalising the English Regions brought the prospect of elected Regional Assemblies to those English Regions that wanted them. As in many other instances over the last sixty years, the north east was to be the laboratory in which this experiment in a new form of regional policy was to be first conducted. The contemporary case for a Regional Assembly in the north east has been informed by a variety of arguments, many of which are shared by Cabinet Ministers and powerful political voices within the north east. They may be summarised as follows.

First, that the north east has lost out in the competition for inward investment and associated new employment. The region has been disadvantaged in the global competition for investment and jobs as a result of its lack of devolved powers and regional autonomy. Specifically within the UK, this has been especially so relative to Scotland and Wales, which have both had their own Development Agencies since 1975 and more recently, a Scottish Parliament

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1 This is a revised version of a paper first prepared for the 30th Anniversary Conference of the Establishment of the Geography Institute, Roskilde University, “Geographies of Power, the Power of Geography”, Roskilde, October 26, 2004. I am also grateful to Joe Painter for constructive comments on an earlier draft, some of which are acknowledged explicitly below.
and a Welsh Assembly, respectively. More recently, the north east, along with
the other English Regions, has from 1999 had its own Regional Development
Agency, ONE NorthEast, but this is seen as weak and lacking democratic
accountability, political legitimacy, financial resources and powers relative to
those of Scotland and Wales. Secondly, that those regions in the late modern
world of the European Union that have been successful in making the
transition to a ‘high road’ of economic development, such as Baden-
Württemberg and those of the Third Italy, are characterised by devolved forms
of governance and regulation and this is seen as causally related to their
economic success. Thirdly, that existing forms of ‘top down’ regional
economic policy had manifestly failed, with important effects regionally and
nationally. This failure helped in opening up space for alternative issues to be
put on the regional political agenda, including that of regional devolution. The
continuing poor performance of peripheral regional economies is seen as a
major reason as to why national productivity lags behind that of major
competitors such as the USA. Echoing arguments form the 1950s, the
perceived solution to this national problem is to enhance productivity in
peripheral regions such as the north east and regional devolution is seen as
the way to achieve this. This chimes with the arguments of those within the
north east who favour devolution and an elected Regional Assembly. Finally,
it was also claimed that devolution would also bring benefits in terms of new
forms of participative democracy, greater political accountability and
transparency in the policy making process within the region. An elected
Regional Assembly would eliminate the democratic deficit created by its
unelected predecessor. Indeed, it is claimed by the Government that
devolution would bring a new style of politics, centred on partnership and
stakeholder engagement.

In short, then, in several respects, the claims made for the positive aspects of
regional devolution to the north east can be seen as an exemplar of broader
tendencies and as legitimated by claims about those same tendencies. In
particular the claim that political devolution of power to peripheral regions can
be a sufficient and not simply a necessary condition for greater regional
economic prosperity is one of central significance (although many
economically successful regions do not have devolved regional government).
Conversely, such arguments for greater regional devolution find a particular
resonance in the north east, perhaps more so than in any other English
region, because there is a long history of cross-class collaborative projects,
extending back to the 1930s, that have sought to define and promote ‘the
regional interest’ – albeit without significantly altering the region’s position at
the foot of the league table of economic performance in England.

In this paper I critically examine the origins of this belief – or as I will argue,
enabling myth (Dugger, 2001) - that regional devolution and regional
economic success are necessarily related in some causal sense and examine
the validity of the claims being made for devolution to English regions.
Enabling myths lead to particular ideas becoming hegemonic and doxic,
taken-for-granted, unquestioned determinants of everyday behaviour
(Bourdieu, 1977; Gramsci, 1971). The proposition that regional devolution in
and of itself will lead to economic success has become deeply embedded in
beliefs and policy discourses about the determinants of regional prosperity and in turn has lead to arguments for such devolution.

The remainder of the paper is organised as follows. First, there are a few introductory comments on concepts of power, regions, the reorganisation of the state and concepts of multi-level governance, and governmentality, which can be used to help understand the issues surrounding regional devolution. Then I examine the ways in which north east England was politically and socially constructed as a particular type of region, with specific problems, in the 1930s – a move that had lasting significance to the present day in creating some foundational enabling myths about regional devolution. Moving on some six decades, I then examine some contemporary enabling myths about the relationship between regional devolution and regional success, which find fertile ground in the north east precisely because of its long history of representation as a region with a unified regional interest. I then briefly reflect on the process of regional devolution in light of the concepts outlined in section two of the paper, critically appraising the validity of their claims vis a vis regional economic regeneration. A brief conclusion follows.

Conceptual groundings

Concepts of power

While this is not the place for a thorough review of the literature on power (not least, for reasons of length), nonetheless a few comments are necessary by way of introduction. Drawing on the work of Allen (1997, 2003), broadly speaking, three concepts of power can be identified – all of which Allen regards as inadequate in some way – and which I prefer to see as alternative perspectives rather than either/or options. These varying conceptions stress different aspects of power and the processes through which it is constituted and produced. They provide conceptual tools through which issues of regional devolution and the devolution of power to the regions can be interpreted.

The first conception, drawing on critical realism, is a ‘centred’ one of power as an inscribed capacity of individuals or institutions – inscribed in the sense that power is something that is possessed by virtue of their constitutive social relationships. It is located: that is, centred in agencies (individuals or organisations) as a consequence of the very structure of their constitutive causal relationships. As a result, these varied agencies come to possess specific capacities that allow them to seek to secure desired outcomes.

However, possession is not synonymous with the exercise of power. The capacity to exercise power and dominate - that is, to control, to command or to direct the actions of others - is only realised contingently, under specific circumstances and conditions. Thus the ability to maintain power relations is inherently problematic, precisely because contexts and places are multiple and varied. For example, the state can been seen as possessing power as a consequence of its relationship to the social relations of capital and the
necessity that it has a degree of relative autonomy from other social agents and classes.

Equating power with domination emphasises the asymmetric relationship between those involved in power relations. Those exercising power can exert ‘power over’ those subject to the exercise of that power. As a result, outcomes are inherently unequal, with ‘winners’ gaining at the expense of ‘losers’. In this sense, this conception of power tends to conceive power relationships as zero-sum games, with only a fixed amount of power (and resources) in play. Whether the assumption of a fixed ‘lump of power’ is a necessary one in accounts informed by critical realism remains a moot point, however.

The second conception of power is a ‘networked’ conception, which sees power as a medium. Power is conceived as a resource for achieving diverse ends, emphasising ‘power to’ rather than ‘power over’, and how power is generated to achieve desired outcomes rather than how power constrains action. Power is not inherent in social relationships but, in contrast, is produced via mobilising resources to achieve particular goals. This networked conception of power, with networks criss-crossing and overlapping, also raises the possibility that power is a fluid medium, variable in amount depending on context rather than a fixed quantity. It suggests that the power of all those enrolled in a network can be increased via their participation in the network relative to non-participants, at least for as long as they remain members of the network. Whether all participants increase their power equally is another matter, however. In this view, for example, the state develops power to act via the relationships and alliances that it forges with other social actors or stakeholders.

The third conception of power is a diagrammatic and Foucauldian one of power as a technology that works on subjects. Power is essentially conceived as a series of strategies, techniques and practices, something that is exercised though groups or organisations rather than held or possessed or centred in them. The key issue is that of the techniques through which the conduct of others is moulded and their range of actions limited and processes of governing enacted ‘at a distance’. Thus power is seen as ‘productive’ as people are subjectively constituted via routinised and ritualised practices etched in disciplinary modes of power that have a hegemonic, unquestioned existence.

In developing his strategic–relational theory of the state, Jessop draws together neo-Gramscian ideas as to how hegemonic practices are channelled through complex ensembles of institutions dispersed throughout civil society with Foucault’s “capillary” notion of power in theorising the mechanisms of state power and knowledge and in seeking to account for how state power is developed and deployed. This is a view of power as fluid and relational, exercised from innumerable points within civil society, the economy and the state, so that many agencies and institutions are involved within productive networks of power. The Foucauldian notion of power/knowledge and concept of power as ‘fluid and relational’ emphasises state/civil society relations in systems of governing. The focus is not upon who has power or the right to
know/not know (that is, on a search for a single universal locus of power) but upon ‘matrices of transformation’ and the complex diffusion and inter-relation of power throughout society. Nonetheless, Foucault privileged the role of the state (the “macro-physics of power”) as “the point of strategic codification of the multitude of power relations (“the micro-physics of power”) and the apparatus in which hegemony, meta-power, class domination and ‘sur pouvoir’ are organised” (Jessop, 1990, 239).

Concepts of regions

Essentialist conceptions of regions are no longer regarded as intellectually tenable. Regions must be understood as socially constructed – both discursively and materially - although political actors and particular interest groups may seek to define and defend them in essentialist terms and it is important to understand why this is so, not least in relation to argument about regional devolution. This is the case in two respects: first, the constructions of regions as objects of policy; secondly, the construction of regions as subjects of policy and issues such as who claims the right to speak for the region, to define the region and its interests, prioritising some interests over others. As Councillor Bob Gibson, Vice Chair of the North East Assembly put it in September 2002: ‘The North East has a clear identity, geographically, culturally and historically. Of course there is much diversity within the region …[b]ut where necessary the region can come together and speak with one voice” (cited in Snapshot, September 2002).

Two principles have informed the recent re-thinking of the region (Allen et. al, 1998, 1-4). First, it is grounded in a strongly relational approach. Regions are seen as constituted out of spatialized social relations, “stretched out” over space and materialised in various form, and representational narratives about them. The spatiality of the dynamics of capitalism, the mechanisms of growth and decline, their uneven geographies and the stories told about them, represent one way of conceptualising the processes underlying the (re)construction of regions. Regions can be seen as products of complex condensations of social relationships, of varying density and variety. Such relationships come together contingently in specific time/space combinations to produce what are, in the last analysis, “unique regions”. The simultaneous combined and uneven development of particular regions reflects their shifting engagement with mechanisms of growth and decline as these are stretched over space in the flux of real historical time (Harvey, 1982).

Second, regions only exist in relation to particular criteria. They are not ‘out there’ waiting to be discovered. This therefore provides a way of thinking that discloses a region which is by no means necessarily a “whole”, with all the characteristics of coherence which that term implies; nor is it necessarily a bounded and closed entity. Thinking about a region in terms of “stretched out” social relationships reveals a complex and unbounded lattice of articulations constructed through and around relations of power and inequality. It is a discontinuous lattice, punctured by structured exclusions, with intra-regional variation “because of the uneven nature of the overlay of different [defining] criteria” (Allen et al., 1998, 55-6). Each relational network has its own spatial
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reach, and the spatial reaches may not be coincident, although they may mutually influence one another. Intra-regional heterogeneity and discontinuity implies that, metaphorically, the fabric of regions is torn and ragged. Consequently, the issue is not how and whether to draw lines around regions but to seek to understand the processes through which they are (re)produced - though this cannot be divorced from questions of how the variable geometry of regions in space and time is conceptualised (Hudson, 1990).

Allen et al. (1998, 143) argue that an adequate understanding of regions can “only” (my emphasis) come through a conception of them as open, discontinuous, relational and internally diverse. While many regions may be now more open, less bounded and more interconnected than they once were, they have always had these characteristics to some degree. There have always been connections in various ways to a wider world, as regions have never been entirely closed, especially since the onset of industrial capitalism. Furthermore, on average, the frequency, intensity and spatial reach of such connections have tended to increase as the social relationships of capitalism have become more stretched and re-defined spaces in new ways, especially with the intensification of time-space compression in recent years. However, the density and geography of linkages can decline as well as increase in particular regions – for example, as a result of devalorisation and disinvestment decisions by transnational companies or political decisions to seek a greater degree of closure within a region. Indeed, political decisions to seek a greater degree of closure may follow precisely because of the character of extra-regional relations, linkages and distanciated networked relationships.

In short, many of the social relations that help constitute all regions traverse their immanent boundaries and enrol extra-regional actors in the process of regionalisation but the effect of these trans-boundary relationships may, in some cases, produce what may be termed “closure”. However, the degree to which regions are closed, continuous and bounded or open, discontinuous and permeable is best regarded as a matter to be resolved ex post and empirically rather than a priori and theoretically. Moreover, and critically in the context of debates about regional devolution, social and political actors often seek to represent regions as closed, continuous and internally homogeneous and, as such, legitimate subjects seeking to shape policy, and it is important to understand why this is so.

Concepts of the reorganisation of the state and scalar shifts in modes on governing

Drawing especially on recent changes in the European Union, Jessop (1997) refers to the “reorganisation” of the state as a triple process of de-nationalisation (hollowing out), de-statification of the political system and the internationalisation of policy régimes. The extent to which regulation is carried out at sub-national

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2 This is a slightly different, but more nuanced, interpretation of the links between ‘openness’ and ‘closure’ than I have previously argued (for example, see Hudson, 2001, Chapter 8) and I am extremely grateful to Joe Painter for providing it and emphasising that territoriality can be the effect of certain kinds of networked relationships.
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and supra-national scales is related to pressures on the national state form “from above” and “from below” and it is the latter that are of particular relevance in the context of debates about devolution to regions. Such pressures “from below” are generated because of regionalist and nationalist movements, informed by complex mixtures of cultural, economic and political motives that combine to form pressures for more powerful sub-national spaces of governance and regulation within the boundaries of national states. Economically advanced regions seek increased autonomy to reduce fiscal transfers to less successful regions (as in Catalunya in Spain and the movement to establish “Padania” in northern Italy). Economically disadvantaged regions such as north east England seek greater autonomy precisely because central state regional policies have failed to improve their economic well-being (as in Corsica and Scotland). Such separatist pressures become most powerful when economic motives combine with a sense of political oppression of culturally “suppressed nations” (as in Quebec or in the Basque country in northern Spain) and the boundaries defined by the economic and the cultural are seen to coalesce. However, national states are not innocent and passive by-standers in these processes of territorial decentralisation of power and/or responsibilities. For example, states may seek to preserve the integrity of their national territory via granting increased autonomy to regions within their boundaries or seek to contain fiscal crises by devolving responsibility (but not commensurate resources) for economic development to regions.

These varied pressures have reinforced tendencies to shift regulatory practices from the national level and so bring about qualitative changes in relationships between national and regional levels. It is, however, important not to overstate the extent of such changes. There is a long-established sub-national territorial structure to state power in response to requirements for administrative efficiency and political legitimacy. Increasingly, however, there have also been pressures further to shift the power to shape policies for regions to the regional level. This involves a decentralisation of the power to decide and resources to implement decisions rather than regions simply administering central government policies, which is intended to produce a greater correspondence between administrative spaces and the meaningful spaces of the regional life world. As a result, more complex architectures of political power and spaces of governance and regulation have emerged.

As well as scalar shifts, there has been a change in emphasis from government to governance in systems of governing. Regulatory capacities have been shifted “outwards” to non-state organisations with enhanced significance placed upon social practices beyond the state. A range of organisations and institutions within civil society has been incorporated into processes of governance. This has been particularly associated with the promotion of network concepts and networked forms of regional governance (Hadimichalis and Hudson, 2003). The growing emphasis on governance is recognition of the increasing importance - or perhaps more accurately is increasing recognition of the importance - of the institutions of civil society in securing the conditions under which the economy is possible. It acknowledges the social constitution of the economy, the embedding of the economy in cultural and political traditions and arrangements.
In summary, the reorganisation of the national state involves moving regulatory capacities between scales within state structures and outwards from the state into the institutions of civil societies and back into the economic institutions of markets. The concept of reorganisation denotes the emergence of new, more complicated structures of governing, involving re-defined relations between economy, society and state and complex links within multi-scalar systems of governing. However, this does not resolve the problems stemming from crisis tendencies in state activity but transposes them to different spatial scales and into civil society. Moreover, national states retain a key role as “scale managers”, shaping decisions about scalar shifts in regulatory capacity, serving as centres of persuasion and authors of narratives about change and reform and centres of interpretation and dissemination of knowledge about experiences elsewhere (Peck, 2003, 357). The critical issue is not the demise but the character of the national state, the type of regulatory régime that it maintains, the geometry of that régime and the extent to which it involves devolution to the regional scale, and the form of capitalist economy that it seeks to encourage.

**Concepts of governmentality**

The Foucauldian concept of ‘governmentality’ is helpful in further understanding the processes of reorganisation of the state and the attempts to create the region as a political subject and the regional as a new scale of governing. While the emphasis on the national as the dominant space and spatial scale of regulation can be seen as expressive of one governmentality, the shift to concepts of multi-level governance and of re-defined boundaries between economy, civil society and state in the processes of governing can be seen as both indicative and constitutive of another governmentality. Not least, the spatial object of policy and the spaces of governance are seen to encompass more than just the national.

Drawing on Dean (1999, 11-16) government can be defined as “any more or less calculated and rational activity, undertaken by a multiplicity of authorities and agencies, employing a variety of techniques and forms of knowledge, that seeks to shape conduct by working through our desires, aspirations, interests and beliefs, for definite and shifting ends and with a diverse set of relatively unpredictable consequences, effects and outcomes”. A mentality might be described as “a condition of forms of thought and is thus not amenable to be comprehended from within its own perspective. The idea of mentalities, then emphasises the way in which the thought involved in the practices of government is collective and relatively taken-for-granted, that is, is not usually open to questioning by its practitioners”. There are clear similarities to the doxic qualities of Bourdieu’s (1977) concept of habitus and Gramsci’s (1971) concept of hegemony.

Bringing ‘government’ and ‘mentality’ together, governmentality emphasises the unthinking practices and the “how” questions, rather than the “why” questions and the structures of government and governing. Governmentality “is intrinsically linked to the activities of expertise, whose role is not one of weaving an all-pervasive web of ‘social control’, but of enacting assorted attempts at the calculated administration of diverse aspects of conduct
through the countless, often competing, local tactics of education, persuasion, inducement, management, incitement, motivation and encouragement” (MacKinnon, 2000, 296). However, an unintended consequence of concentrations of expert knowledge is that this can give rise to “enclosures”, tightly bound sites of vigorously defended professional expertise, resistant to the wishes of government (Rose and Miller, 1992, 190). Moreover, such activities are territorially-demarcated. Space is an important element of governmentality because “to govern it is necessary to render visible the space over which government is to be exercised. And this is not simply a matter of looking: space has to be re-presented, marked out” (Thrift, 2002, 205). This emphasises the way in which regions need to be defined, represented and marked out, as both objects and subjects of governing.

This thereby locates the space of the region as one element in wider circuits of power and regards the specific activities of those acting as or for the region as themselves to be explained - the black box of the region must be opened up to explain how it can achieve coherence and perform as a political subject. The creation of such internal coherence and a regional bloc can only be achieved through the successful realisation of specific regional projects that unite diverse social actors around a distinct line of action. However, achieving such unity is always a contingent matter. Even if it is achieved, however, there is no guarantee that such projects will always and only have their intended effects precisely because of the inability to anticipate the emergent properties of practices.

Thinking in terms of governmentality has several significant consequences relating to issues of regions, regional policies and regional devolution. The first relates to the constitution of the objects, subjects and spaces of government. For example, regional economies are constituted via regional statistics, which have a key role in ‘making economies visible’ and constituting them as objects for policy action. Secondly, Latour (1987, 237-40) emphasises the key role of “centres of calculation”, critical nodes in which information on distant objects is brought together, compared, combined, and aggregated via use of mathematical and statistical techniques, thereby enabling government to “act at a distance” on objects, such as regions, of its programmes and policies. Thirdly, it highlights “the specific mechanisms, procedures and tactics assembled and deployed as particular programmes are materialised” (MacKinnon, 2000, 295) and through which governmental programmes are activated and put into practice. Particular techniques and practices become governmental because they can be made practical, transformed into concrete devices for managing and directing reality. Inscription (for example, writing down agreed quantitative targets for regional economic growth) and calculation are key technologies, enabling “enclosure” to be breached by “responsibilising” and disciplining actors to the claims of central authority (Rose, 1996). These technologies render reality “stable, mobile, comparable, combinable”, enabling government to act on it (Rose, and Miller, 1992, 185).

Such moves are not unproblematic, however. For example, there are tensions between decentralisation to regions and the development of new managerial
technologies at national level to “steer” the activities of regional agencies and ensure that they deliver national policy objectives. Regional spaces become simultaneously objects and subjects of national government, and via “the combination of flexibility and standardisation (that is, different levels, same targets) ... gives governmental technologies their utility as instruments for managing space” (MacKinnon, 2000, 309). However, granting a degree of autonomy to enable regions to become political subjects also creates the possibility of enclosure, an empowering capacity to resist the intentions of central government towards those regions as objects of its policies and create capacity for the elaboration of alternative regional projects, indicative of the more general contradictory tendencies that plague state policies.

The case of north east England: the construction of a region and the campaign for devolution

Historical antecedents: constructing a new governmentality and the construction of north east England as a region in the 1920s and 1930s

Over a period of less than twenty years, capitalist interests succeeded in bringing about two critical and related developments: the definition of the north east as a region, and as a particular sort of ‘problem region’; and the shaping of emergent forms of state policy to address those problems, the transition from a liberal to interventionist mode of regulation as an integral part of creating a new governmentality regarding relationships between capital and the state and the objects of state policy (Carney and Hudson, 1978; Hudson 1989; Hudson, 2005). Major firms based in the region devised clear political strategies to create and seek to administer new forms of state policy to underpin their interests and to enroll other key social forces in the region – notably major trades unions – into a project that was represented as being (allegedly) in the regional interest, as serving the interests of all people resident in the region rather than simply specific private interests. Furthermore, this was a shift in the dominant conception of governmentality that was to have wider consequences as regions became the objects of specific central government regional policies.

The dominant mode of regulation in the north east in the four decades from the 1870s was firmly grounded in liberal politics that gave primacy to the market as a resource allocation mechanism, asserted the common interest of “masters and men” and restricted the role of the state to the establishment, maintenance and regulation of markets (Moore, 1974). Liberal paternalism and an elaborate set of rewards and sanctions helped moderate, Liberal men to become and remain trade union leaders. However, these arrangements came under pressure from the mid's 1880s. Increasingly, the existing mode of regulation became untenable, as the practices of governmentality in which it was grounded became fragile and contested.

These pressures intensified in the depression of the 1920s. Most of the main branches of economic activity in the Great Northern Coalfield were inter-connected via varied forms of inter-firm collaboration that tied companies
into interlocking coal combines, with the bulk of their capital 'fixed' within the region (Carney et al, 1977; Hudson, 1989)\(^3\). This profoundly restricted their attempts to cope with the slump and depression of the inter-war period. From 1921 the boom conditions that had prevailed for several years suddenly evaporated, especially in key sectors of the regional economy dependent upon export markets, such as coal, steel and shipbuilding, affecting all the main companies in the region. The majority of combine interests reacted in the same way. Locked into a liberal governmentality, the problem as they saw it was that the war had “distorted 'normal trade', while the solution lay in restoring the previous mode of regulation, cutting wages and raising the number of hours worked. This policy was relentlessly implemented, resulting in chronic mass unemployment. In the Liberal world this could only happen because the cuts were not severe enough. Thus the failure of the policy in practice resulted in its intensification.

However, these failures were accompanied by an active search for 'new' solutions appropriate to the new conditions, especially after the general strike of 1926 when the dangers to social stability of single-minded wage cutting were amply demonstrated (especially to non-coal combine capitalist interests: Gilbert, 1976, Chapters 10 and 11). A variety of policy innovations was explored but, in practice, made things worse. Influential members of combines in the north east were appalled at the damage done to their interests (economic and political) by the failures of both the old mode of regulation and the politics of reaction that these failures set in motion in the 1920s.

By the early 1930s the liberal mode of regulation and the conception of governmentality in which it was embedded were shattered but it was unclear as to what might replace them. By the mid-1930s, however, there was evidence of an emergent alternative governmentality and a considerable commitment in the north east to search for a new mode of regulation and 'new policies', to explore the possibilities for capital in selective state intervention and protectionism to defend "regional interests". From an early stage, Chambers of Commerce had begun to explore policy options that pre-figured a change in the dominant mode of regulation in the region (and beyond), seeking to attract inward investment to the area and seeing increase state involvement as part of the solution rather than as a problem. Since the capital represented in the Chambers was mainly tied up within the region, they realised the possibilities of representing their problems as a regional problem and seeking to resolve them as such. The companies comprising the combines could argue the need to ensure that conditions for continued capital accumulation in the region were reproduced, while representing this as in the regional interest. Consequently, they sought to construct a new

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\(^3\) Harvey (1917) coined the term 'coal combine' to denote capitalist enterprises rooted in the 'coal economy' that had diversified into a wide range of activities. These vertically integrated combines were linked into oligopolistic groupings that dominated economy and politics in the region. In addition, they were connected by non-economic relationships, including those of family, friendship, and shared religion. This puts the recent emphasis upon the importance of such linkages and "untraded inter-dependencies" (discussed below) into historical context and emphasises the dangers of confusing changes in thought about the economy with changes in the economy itself (cf. Hall, 1991).
governmentalitv, incorporating an interventionist mode of regulation that would re-define the relationship between capital and state, define the region as an object of regional policy, accord a central role to the state in attracting new industries and install the representatives of the combines as key actors in the new state institutions that would administer the new regional policies.

By the mid-1930s, therefore, combine and allied interests had successfully prosecuted a political strategy that made the case for new and radically different policies. The establishment of a Commissioner for the Special Areas in England and Wales in 1934 signalled that national government accepted the need for a major policy shift, defining and representing “Special Areas” as objects of state policy. Within the region, the formation, in 1935, of the North East Development Board (NEDB) was equally significant. The initial aim of the organisation was to allow"... the exchange of opinions and concerted action on non-party lines by representatives of a great variety of interests who have no other common meeting ground." As such, the Board sought to broaden the class basis of support for the new regional development policies and construct it on a regionalist basis. By 1938, its membership included several Labour Members of Parliament, many local authority representatives and several trade unionists and members of the Industrial Advisory Council as the NEDB claimed the right to speak for the region and promote its interests.

The NEDB was wound up, probably in 1940, but the policy that it had tentatively adopted was elaborated in 1943 by the same industrial interests and employers, together with some major trade unionists who had been involved in the NEDB’s activities, coming together as the Northern Industrial Group (NIG). The Group was formed to discuss the problems that would arise on the “reconversion” of the regional economy from a war-time to a peace-time economy. Their discussions resulted in the circulation of a draft document to other employers and trade unionists which, after further discussion was published as "Considerations Affecting PostWar Employment in the North East", revealing a clear continuity with, but amplification of, the policies and views expressed in the 1930s.

This publication set out an elaborate programme around which all the signatories had sunk their differences in the regional interest. It made it clear that the Group accepted that state intervention would be necessary for the short-period “reconversion” of the regional economy to peace-time production and that such intervention ought to occur and be instrumental in achieving economic and social ends, not least by attracting inward investment to diversify the economy and help guarantee “full employment” in the region and the stem out-migration from it. The Group clearly welcomed enhanced state intervention in the economic and social life of the region and had a clear view as to the form that this intervention ought to take, based upon the wartime experience of its members who had held positions of executive power in the state apparatus. These experiences further eroded the “old” liberal opposition to state involvement in economy and society and increased support for the transition to an interventionist mode of regulation of the economic and social life in the region. This remarkable shift from the old “Liberal” fear of state intervention, with capital calling for a new interventionist mode of regulation,
reflected the confidence of its private sector proponents that they could shape the activities of the state to their own requirements while representing these as in the general regional interest.

The NIG elaborated its position in its November 1944 "Memorandum on the Government White Paper on Employment Policy", setting out its policy as to how the proposed 'Development Areas' should be administered. The White Paper suggested that in Development Areas there would be regionally organised branches of central Government Departments concerned with industrial location policy. The Group Memorandum responded to these proposals as follows: "We would like to emphasise strongly that success depends upon quick decision and that this will not be obtained unless the various Government Departments in Whitehall delegate full authority to their regional representatives...". However, this administrative decentralisation would be ineffective unless other changes were made. The Group considered it "to be of vital importance that the Government regional organisation should have effective executive responsibility" and that such an organisation should "... maintain close contact with and be advised by a parallel group representing employers, employees and other interests in the area. The Northern Industrial Group and the North East Development Association because of their widely representative character and the work which they are already carrying out, can advise in many ways any Government regional organisation which may be established" (NIG, 1944, 11, my emphasis). This remarkable change in the conception of the most appropriate governmentality and new mode of regulation, incorporating an enhanced form of devolution to the region, clearly reflected the perception by the NIG that it had successfully prosecuted political strategies that secured the interests of private capital in the north east, and had succeeded in defining these as synonymous with the general regional interest. The enrolment of trades union leaders and Labour Members of Parliament into the coalition reflected their perception, grounded in a reformist Labourist politics, that this offered the best (or perhaps more accurately least bad and only possible) option of securing employment for their members and constituents. Seeking to create a sense of a shared regional interest involved attempting to ensure that the "spatial reaches" of economic, political and cultural processes coalesced to form the boundaries of the region – or at least were widely perceived to do so – conferring a distinctive and shared north eastern identity to those that lived within these common boundaries. Moreover, this establishment of a cross-class regionalist project had an enduring effect over the next sixty years of development policies in and for the region. It can be seen as the predecessor of a succession of regional plans and development strategies, grounded in a cross-class consensus as to what was 'good for the region', and administered by the ‘usual suspects’ within the state, private sector companies and organisations and the trades unions, typically male and middle aged (for example, see Hudson, 1989; Robinson et al. 2000).

Crucially, however, these remained regionalisations of central government policies and initiatives, an administrative devolution rather than one that devolved the power to act, the power to decide on policy and commensurate resources to enable regional organisations to implement their policy choices
Sixty years on: contemporary arguments for regional devolution, enabling myths and regional economic success stories

In the introductory section of the paper recent years, I briefly summarised the arguments underpinning the recent resurgence of interest within the region in regional devolution and an elected Regional Assembly and central government’s enthusiasm for such devolution. In this section I focus in greater depth on the critical enabling myth that underpinned this case: that regional economic revival and a reduction in the “economic deficit” of the English regions would follow from regional political devolution as a mechanism to address the “democratic deficit”.

As the previous section makes clear, there is a long history of ineffective central state regional polices that have failed to address the economic development problems of the north east and of cross-class regionalist solutions to the “problems of the north east region”, which made it fertile ground for more recent devolutionist arguments and claims. There is no doubt that the prime stimulus to the recent resurgence of interest in regional devolution lies in studies of regional economic ‘success stories’ in the latter part of the twentieth century – which are well known so that there is no need to rehearse them at length here – of the regions of the Third Italy, Baden-Württemberg, Silicon Valley and so on that have achieved the so-called ‘high road’ to regional economic development. Typically these are characterised as ‘successful’ economies, in some cases making associated claims that these are more egalitarian and equitable forms of capitalist development. The stories told about these regions have led to claims – more accurately assertions – that regional economic success is based upon two conditions that are seen as both necessary and sufficient: first, that of a devolved political system, so that regions form a scale or layer in a system of multi-level governance; secondly, that the governance system extends beyond the state to encompass a range of organisations and institutions located in civil society. Together, these state and non-state institutions interact and coalesce to form supportive and enabling regional institutional formations, registered in concepts such as ‘institutional thickness’ (Amin and Thrift, 1994), ‘untraded interdependencies’ (Storper, 1995) or ‘learning regions’ (Morgan, 1995). It is claimed that the ‘old’ top-down state policies of regional development, which treated regions as objects of central state polices, to be governed and managed ‘at a distance’, have become obsolete in the context of a neo-liberal globalising economy. Consequently, in order to be economically successful in
this new world regions must become pro-active subjects responsibility for their own developmental trajectory and fate rather than simply passive objects of central state policies. Moreover the role of the central state is to recognise and facilitate this by devolving power and resources to regions as political actors (Hadjimichais and Hudson, 2003).

This has led to normative claims that other regions, especially marginalized and peripheral regions such as north east England, must become part of devolved political systems and develop such regionally-specific organisational and institutional formations if they are to improve their economic fortunes. For some this is simply a necessary condition, recognising that regions remain open constructions subjects to a variety of externally originating forces. For other, however, necessity slides into sufficiency and leads to regionalist claims that regional devolution guarantees regional economic success, based upon a simplistic causal model but legitimated and given credibility by appeals to what then becomes the ‘enabling myths’ of the ‘re-organisation of the state’ thesis and a particular and partial interpretation of ‘regional success stories’.

However, before going any further it is important to enter an important caveat about these ‘success stories’. Whilst some herald them as egalitarian and progressive developmental models, others see them in a very different light. For example, Hadjimichalis and Papamichos (1990) argue that the ‘economic success’ of much of the ‘Third Italy’ was grounded in regressive gender divisions of labour and patriarchal arrangement that forced women and children to carry out work for long hours, sometimes through the night, in poor working conditions. Often the basis of profitability was the exploitation of immigrant labour. Similarly it is worth recalling that in regions such as Baden-Württemberg over 10% of the labour force were gastarbeiter, typically on fixed-term contracts renewable (or not) on an annual basis. This hardly smacks of a socially progressive developmental model to be emulated elsewhere. Indeed, the recent (2004) industrial unrest in Baden-Württemberg, especially in the automobile plants of Chrysler-Daimler, is indicative of the limits to such a developmental model.

This in turn reminds us of the need to be cautious and critical in the way the ‘regions’ and ‘regional success’ are conceptualised and presented. Clearly, as noted above, there has been a considerable debate about this in recent years. But it is important to emphasise that regions are social constructions, not natural entities. Equally, the criteria against which ‘success’ is to be gauged are social and political constructions. As such, different social groups and fractions seek to claim the right to speak ‘for the region’, to define ‘success’ in particular ways, and typically in the process seek to present a sectional or particularistic interest as ‘the regional interest’. Thus those who seek to argue for ‘regional devolution’ typically do not do so in a disinterested way or in a way that seeks to promote some universal ‘regional interest’ but as part of a strategy to advance particular interests as ‘the regional interest’. For example, fractions of the political strata see regional devolution and devolved regional institutions as a way of promoting particular political projects and interests while others seek to oppose them precisely because they would be inimical to their interests. Nor is this a new process. For example, as illustrated above, in
the 1930s representatives of major capitalist interest in north east England sought to construct a particular representation of the region as ‘problematic’ and of state policy solutions to address these problems precisely as a way of seeking to protect and promote their own interests as owners of capital.

Reflecting on the case of the north east in the light of contemporary conceptual debates

Regional devolution and concepts of power

It is possible to interpret regional devolution to north east England in terms of all three concepts of power outlined above. All help in understanding; none alone provides a full understanding. From one perspective that can be linked with some realist readings of power - what we might term the ‘fallacy of the lump of power’ - this can be seen in terms of an essential and finite ‘lump of power’, some of which can be devolved from the central (national) state to regions. In short, there is a finite quantity of power that can be cut up and allocated between various levels of the state apparatus. Power thus remains centred in the state but is re-allocated as between the regional, national and supra-national scales, as registered in two of the three dimensions of Jessop’s ‘re-organisation of the state’ thesis (Jessop, 1997). Thus ‘power’ can be taken from the central state and devolved to regions.

However, the decision to devolve is one that is taken by the national state centrally while the causal effectivity of state power at regional scale is only ever contingently realised. In particular, its realisation depends upon: first, the relationships between regional and central scales of the state; secondly, the relationship between state and non-state governance organisations, especially in the context of the region. Moreover, typically in the regional ‘success stories’ the role of the central state is critical in underpinning regional economic success, in a variety of ways, although this tends to be systematically ignored or denied by those who wish to assert the efficacy of the region as social actor and facilitator – if not primary causal factor - of regional economic success. The issue then is much more the form of the relationship between the national and regional scales of the state in enabling regional economic success rather in some sense taking power from the central state apparatuses and giving it to regions that then act autonomously.

From another perspective, power can be seen in network terms, building on the long history of collaboration between social classes and groups within the region around a regional agenda. However, it is important to remember that such networks, characterised by asymmetrical power relations within them, pre-date social scientists thinking about governance and policy in network terms (Hadjimichalis and Hudson, 2003) Thirdly, it can be interpreted in Foucauldian terms of micro-circuits of power widely diffused within civil society, economy and state, but with the national state retaining a key privileged macro-scale role; decisions as to what to devolve, what targets devolved regional government must meet continue to be decided in the centre.
However, the key issue is not so much that of the relative merits of alternative conceptions of power but the practical question of the capability to create sites and sources of power within the region that would allow a more meaningful determination of the region’s development trajectory, ‘in and for itself’ – assuming, for the moment that a singular conception of ‘the regional interest’ could be constructed and sustained. Should that assumption prove untenable, however, the issues relating to power and the ability of different social classes and groups within the region to realise their interests must be problematised.

Towards a fuller critique of regional devolution, regional planning and regional strategies in north east England

For some thirty years, the post-war history of north east England epitomised a belief in planning, in state-influenced industrial modernisation as the route to full employment and social progress. The region’s developmental trajectory was heavily influenced by external decisions – not just those of private capital but even more so the central state and its policies (allegedly) ‘for the region’. The region was uniquely positioned at the intersection of national, sectoral and regional modernisation policies in the 1960s. But ‘planning’ in this context meant at best a weak form of ‘indicative planning’ - a mixture of carrot and stick, through which the state attempted to persuade or bribe private capital to behave in certain ways. There were only limited controls on private capital, and certainly no powers to make private capital do anything other than what it perceived to be in its best interests. Where there was formal state control, via nationalisation, things were little better and expansionist plans very soon became translated into uncoordinated plant closures, job cuts and crisis management. In addition, the spectacular failure of 1960s modernisation policies had other effects. The continuing failure of central state regional policies for the region adequately to address economic development problems of the region helped open up space for alternative issues to be put on the regional political agenda, including that of regional devolution.

I have argued above that ideas of regionally-based coalitions and policies are deeply imbued into the consciousness of key decision makers and social actors in north east England. As a result, when the basis of one consensus based on a social democratic politics and regional planning was eroded, a new one grounded more in neoliberalism and adaptive regional strategies emerged in the 1980s and 1990s. Significantly, the new consensus is much more authoritarian in character, with the interests of labour given at best token representation. The policies of the Regional Development Agency created in 1999 are strongly shaped by business interests – and this is clearly one reason for the opposition of business leaders in the north east to the proposed elected Regional Assembly, which would take responsibility for the regional development agenda and management of the regional economy. As the Deputy Prime Minister, John Prescott recently put it in discussing the RDAs: “We made them business-led. We represented their interests and what they are fighting to keep now is the RDAs” (cited in Blitz and Tighe, 2004).

Such devolution and an elected Regional Assembly therefore might well lead
to more democratic decision making and could enhance economic prospects. However, devolution and regionalist solutions leave untouched - unasked, let alone answered - a number of crucial questions. Of these, the most fundamental is how a regionalist solution would confront multinational capital in a neo-liberalising economy and greatly expanded European Union as well as a national state that for all its emphasis on a ‘Third Way’ remains firmly rooted in a neo-liberal economic policy in such a way as to reconstruct the region’s economy and progressively to transform its social relations of production and reproduction. This latter has been and remains the pivotal issue (Beynon and Hudson, 1993).

As the most recent Index of Multiple Deprivation data (ODPM, 2004b) make dramatically clear, much of the north east is blighted by very high levels of multiple, deprivation. Actively addressing the needs of most people living in the north east, but in particular those of its most disadvantaged residents, would necessitate going beyond a degree of constitutional reform directly to confront questions of power and control over the production and distribution of goods and services. In this, the relationship between private capital and the institutions of central, regional and local government would need to be examined, as would their relationship to dominant social groupings in the region. For a few years in the 1950s and 1960s it looked as if the interests of big capital, the state and a majority of working people and their families could be made to seem compatible in the region, but it soon became clear that this was an illusion. Attempts to persuade private capital to behave in line with the projections of state indicative plans were a dismal failure. From many points of view nationalisation proved just as – if not more - disastrous for the north east. This is not to argue that public ownership per se should be rejected but rather to acknowledge that the particular form adopted - in particular the nationalised industry - ought to be. Rather than becoming a mechanism for more rational industrial planning advancing the interests of the majority of the population of workers and consumers, nationalised industries became state-controlled companies promoted a savage form of restructuring that paid scant regard to the sensitivities of people in their places. Equally, however, to argue that all economic planning - in the ex-ante sense of making decisions about the allocation of output ahead of production - is rendered impossible by the deepening of the social divisions of labour to the point where this takes on causal powers independent, and beyond the reach, of the social relations of production (Sayer and Walker, 1992, pp. 224-30) is overly pessimistic. To dismiss all alternatives to an ex-post validation of production via the market simply because of the collapse of the command economies of the USSR and its former Eastern European satellite states is to go too far. History in this sense is not yet at an end. There may well be feasible possibilities for more rational economic planning that are sensitive to the specificities of regions such as north east England – especially if there is some re-conceptualisation of ‘the economy’ and what it denotes. Certainly, discovering and constructing them remains a task to be undertaken but that is a very different matter from an a priori ruling of such possibilities from the agenda.

However, as of now they are very far from that agenda and there is no point in denying this – indeed to do so would carry grave political dangers. The switch
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from an emphasis on (albeit weak indicative) regional planning to regional strategies (ONE NorthEast, 1999) is more than simply semantic. Above all, it registers the dominance of a neo-liberal governementality in which the best that can be imagined for regions such as the north east is to ride with the tide of neo-liberal globalisation, and seek to adapt the region to capture some mobile capital investment and low grade, poorly qualified jobs in competition with other regions (and cities and national territories) globally on the low road to regional development.

The political strategies of the last sixty years in and for the north east have prioritised the interests of big capital and central government over those of local communities, local people, workers and their families. If the interests of the latter are to be prioritised, then a very major change in political priorities will be required. This may involve a greater degree of regional devolution as a necessary condition but certainly would require much more than just devolution, not least in the spatial formation of politics in the UK and the UK state (Amin et al, 2003). Attempts to create networked forms of power ‘in and for’ the region have been shown to be inadequate in seeking to confront the structural power of capital and the structural imperative upon the national state to subordinate interests located within the region to the national interest and the dependency of the state upon the accumulation process. Indeed, the construction of networked forms of power in the region has both reflected and reinforced the position of those possessing structural power rather than empowering the multitude in the region. The issue therefore is not whether devolved government can create power ‘in and for’ the region but the limits that the relationships between capital, the state and civil society impose upon the scope and content of state activity – whether at national or regional scale – and the interests that are prioritised in state policy agendas as the state seeks to navigate the perilous path between the dangers of accumulation and legitimation crises.

There is no doubt that a minority in the region, predominantly drawn from particular political strata and social classes, would continue to deploy the rhetorical devices of “the region” and “its interests” as a way of protecting and promoting their interests. There is a long history of this and no doubt it would continue to be the case were there to be an elected Regional Assembly and more devolved forms of regional governing. Whether much would change for the better for the vast majority of people living in the region remains a moot point. At a minimum, prioritising the interests of the vast majority of people in the north east would involve establishing a different conception of planning, and effecting a radical change in socio-economic priorities and in the mode of regulation and dominant governementality. Whether this is feasible remains, at best, an open question. It may well be, to borrow Offe’s (1975) evocative phrase, the case that the impossible may be necessary and the necessary impossible in terms of creating powers and resources at regional level that would allow an effective determination of the regional economic development trajectories that challenged the imperatives of capital accumulation. Maybe it is no longer feasible even to think of national, or even supranational, regulatory regimes which would allow effective planning via effective influence over, let alone control of, private capital’s (dis)investment decisions, and even
less the socialisation of key sectors of the economy. Perhaps there is no effective alternative to the disciplinary powers of the market and the law of value in determining the fate the regions – for better or, almost certainly, worse. If so, it is better, though painful, to recognise this so that people in areas such as the north east can better understand the sort of future they face and make their choices accordingly and not raise yet more false hopes on the back of devolutionist assertions and claims about transferring power to the region.

Conclusions

The main conclusions of this paper can be summarised as follows. First, there are many good reasons to support regional devolution, such as increased accountability and transparency in political decision-making. Even so, it remains unclear as to the extent to which this would involve devolving power to the region and what this would translate to in terms of progressive developmental policies and transparent and accountable decision making. Secondly, and critically, regional devolution is unlikely to lead to regional economic success in the north east – and indeed in other peripheralised regions, especially if economic success continues to be defined via the parameters of the formal mainstream capitalist economy (such as profitability and share-holder value). If such peripheralised and marginalised regional economies are to be revived and regenerated, this will require a lot more than simply some limited devolution of political power within the structures of the state and systems of multi-level and multi-scalar governing. It remains an open question as to the extent to which this would be possible, precisely because they have been peripheralised as a consequence of the inner dynamic of capital accumulation and the combined and uneven character that the capitalist form of economic development necessarily and unavoidably assumes. However, regional economic success does not necessarily equate with socially inclusive and equitable development. Thirdly, on the other hand, a failure to appreciate that there is no necessary causal relationship between regional devolution and regional economic success may well seriously weaken the case for regional devolution, which on other grounds may be something to welcome. Therefore there are manifest political dangers in pinning the argument for regional devolution to the mast of ‘regional economic success’. This is only likely to lead – once again - to unrealised expectations and disappointment, discrediting the concept of devolution per se and cutting the ground from beneath the other to be welcomed ways in which the concept of greater political devolution and regional accountability could enhance life in peripheral regions. Fourthly, there is a need for eternal vigilance to guard against the danger of allowing the pursuit of the Holy Grail of regional economic renewal and revival via regional devolution to become the ‘enabling myth’ through which the central state shifts the blame onto the victim for the continuing economic problems of regions such as north east England. Finally, there is a need to recognise the limits to devolution of power within the formal political system in order to open up space in which to explore more radical alternatives.
This re-thinking would need to encompass at least five dimensions. First, re-thinking the economy, and recognising that this embraces much more than formal mainstream market economy. Secondly, re-thinking development so as, for example, to give much more weight to issues such as health and well-being. Thirdly, re-thinking appropriate forms of politics, to explore more participatory forms of democratic practice, more open and transparent fora for political decision making beyond as well as within the formal structures of party politics. Fourthly, recognising the limits to the regional, and insisting that the national state continues to acknowledge its responsibilities for the social and economic well-being of its citizens, wherever they live. However, the state apparatus cannot be simply ‘captured’ to address the needs of the mass of the region’s population. The key issue then becomes the architecture of the system of governing and the relations between the regional and national within, but also beyond, the structures of the state. Finally, re-thinking the region to escape the limitations of the myth of a unified (and unifying) regional interest and explicitly acknowledge the existence of different – and at times openly competitive, grounded in different class structural positions and sources of power – interests held by individuals and social groups living in the same space, Within such an agonistic politics, which interests prevailed and which were prioritised in state policy agendas would be the outcome of overtly political struggle based on a recognition of legitimate difference – albeit a difference often grounded in structurally asymmetrical power relations - rather than a presumption of homogeneity of interest on the basis of a shared regional identity.

Postscript

Some months after this paper was written and shortly after the Roskilde conference, the proposals for an elected Regional Assembly in northeast England were decisively rejected in early November 2004 by almost 4 to 1, with a surprisingly high turn-out (over 47%) in the referendum – although still with only a minority of those eligible to do so actually voting. For whatever reasons, this was a decisive rejection of the proposals on offer and triggered a lively debate as to the reasons for this rejection.
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