

# Governance and agglomeration: a European perspective

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Planning for Growth: What can we learn from  
Europe?

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# Agglomeration and the knowledge economy

- City-regions are locomotives of the national economies within which they are situated, in that they are the sites of dense masses of interrelated economic activities that also typically have high levels of productivity by reason of their jointly-generated agglomeration economies and their innovative potentials

Scott and Storper, 2003

- Metropolitan spaces are becoming, more and more, the adequate ecosystems of advanced technology and economy.... [T]he decrease of communication costs does not by itself lead to a spreading and diffusion of wealth and power; on the contrary, it entails their polarization.

Veltz, 2005

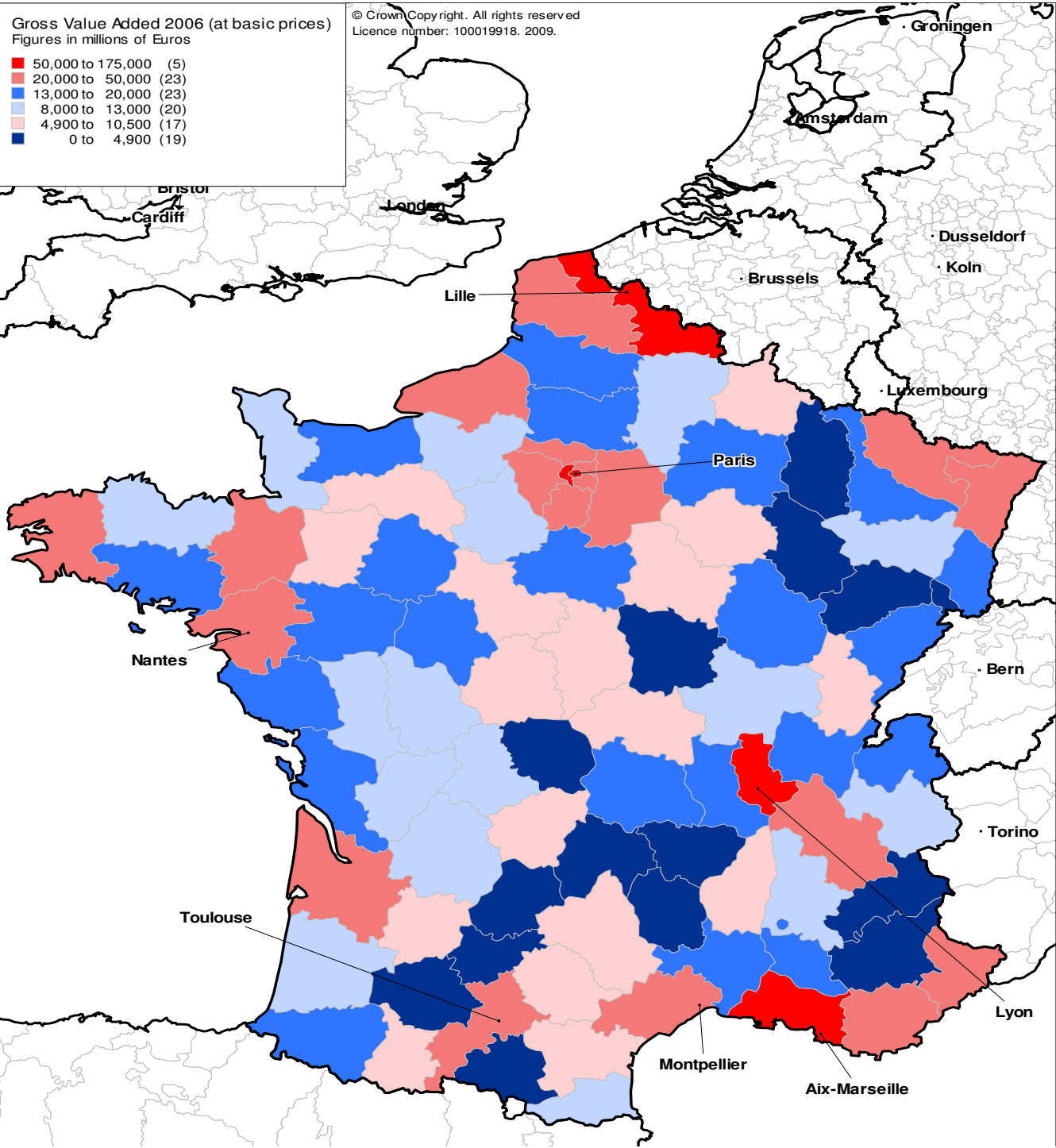
# Towards an ‘archipelago economy’

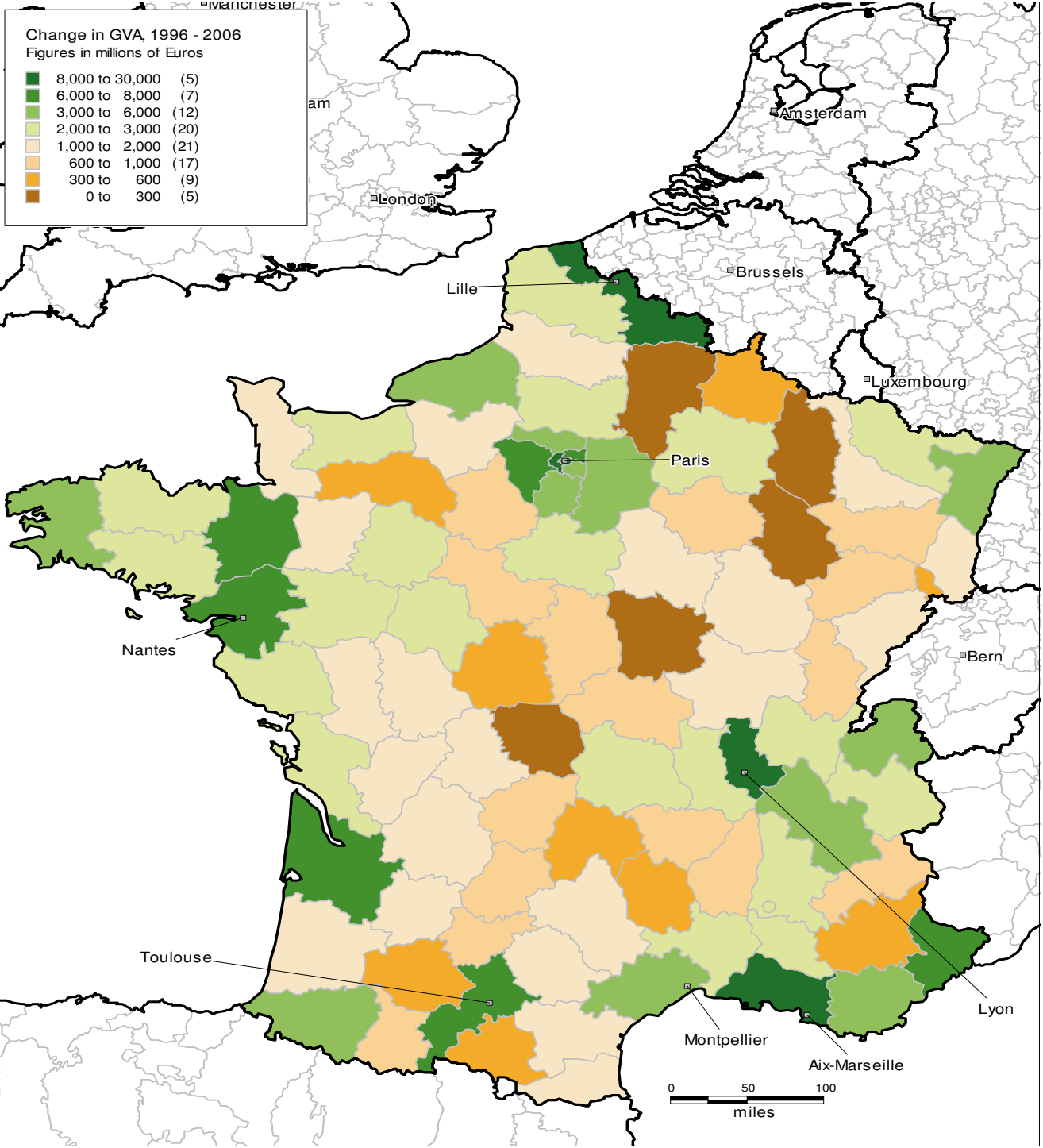
- The knowledge economy and the ‘new’ agglomeration is argued, across soc. sci.s, to have shifted the spatial division of labour, due to:
  - Falling trade and communication costs
  - Changing organisational structure of firms (flattened hierarchies, outsourcing, linkages, proximity)
  - Risk, knowledge-intensive production, density of suppliers and continued importance of face-to-face communications
  - Changes in labour markets & household formation patterns; insurance against under- & unemployment, ‘buzz’ in areas with rich, dense labour markets
  - Housing, capital accumulation and barriers to exit from key metropolitan regions

## .. and its implications?

- Big, dense, diverse, well-connected city-regions increasingly drive regional, and by implication national, economic performance
- But the world is getting spikier: performance gap *between* city-regions is growing; stretching urban hierarchies
- What's the evidence?

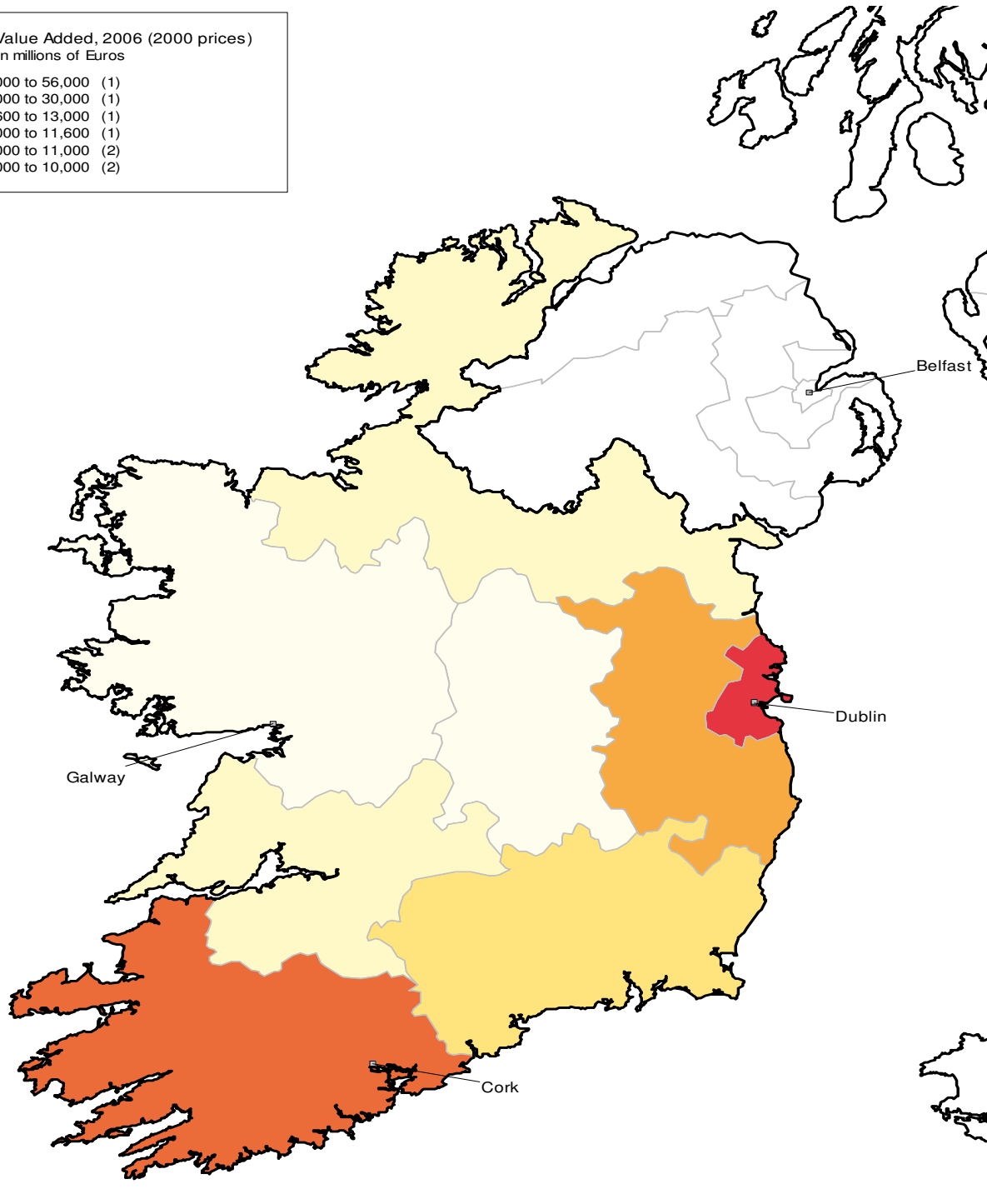
**EUROPE IS GETTING SPIKIER**

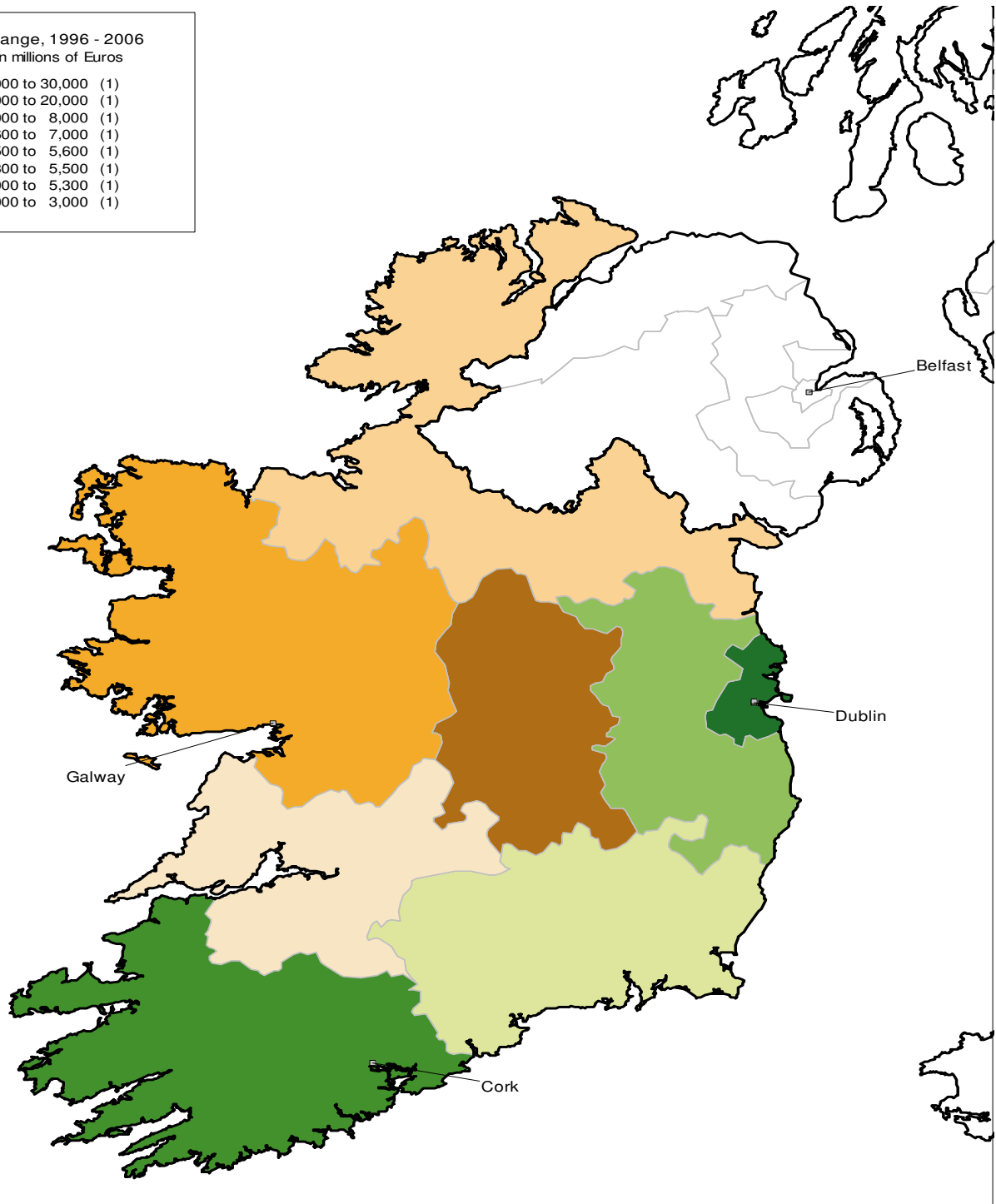
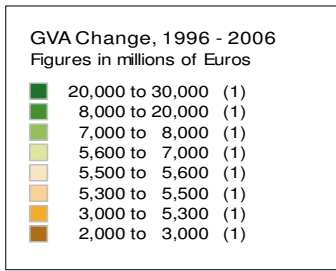




Gross Value Added, 2006 (2000 prices)  
Figures in millions of Euros

- 30,000 to 56,000 (1)
- 13,000 to 30,000 (1)
- 11,600 to 13,000 (1)
- 11,000 to 11,600 (1)
- 10,000 to 11,000 (2)
- 5,000 to 10,000 (2)

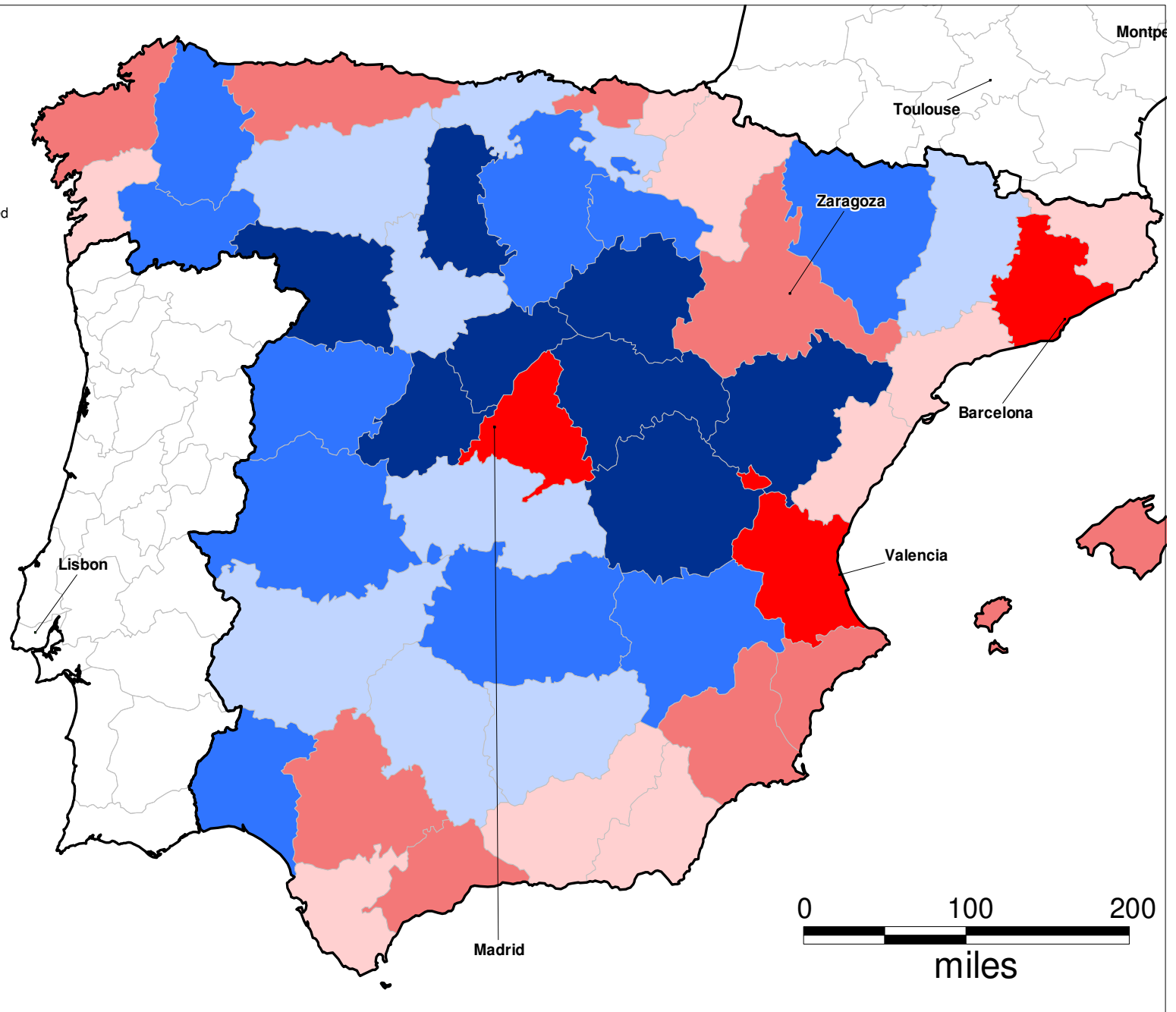


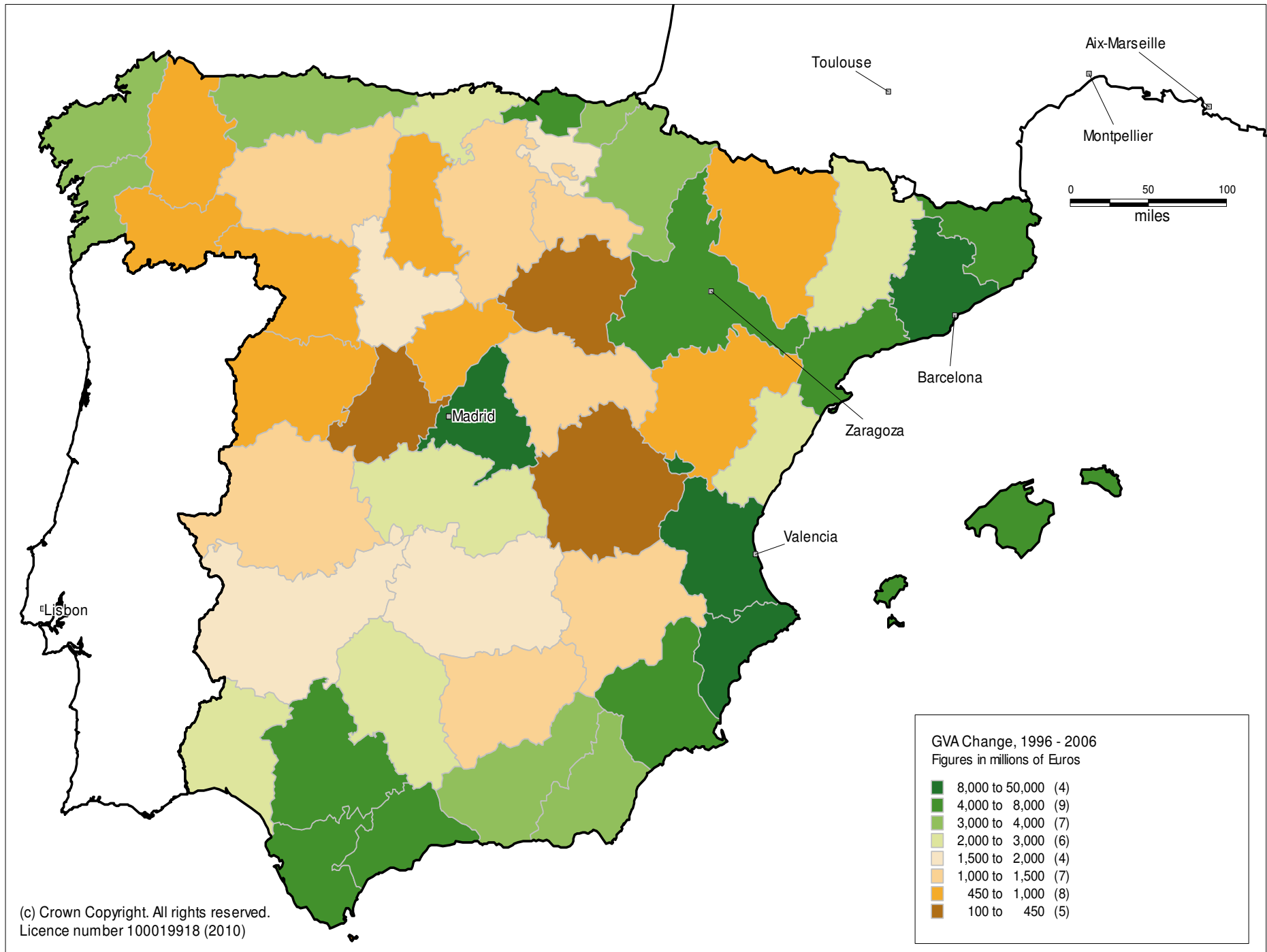


Gross Value Added 2006  
Figures in millions of Euros

- 36,000 to 175,000 (3)
- 21,000 to 36,000 (9)
- 12,500 to 21,000 (9)
- 9,300 to 12,500 (9)
- 4,700 to 9,300 (10)
- 0 to 4,700 (10)

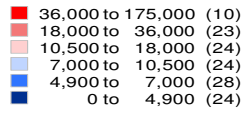
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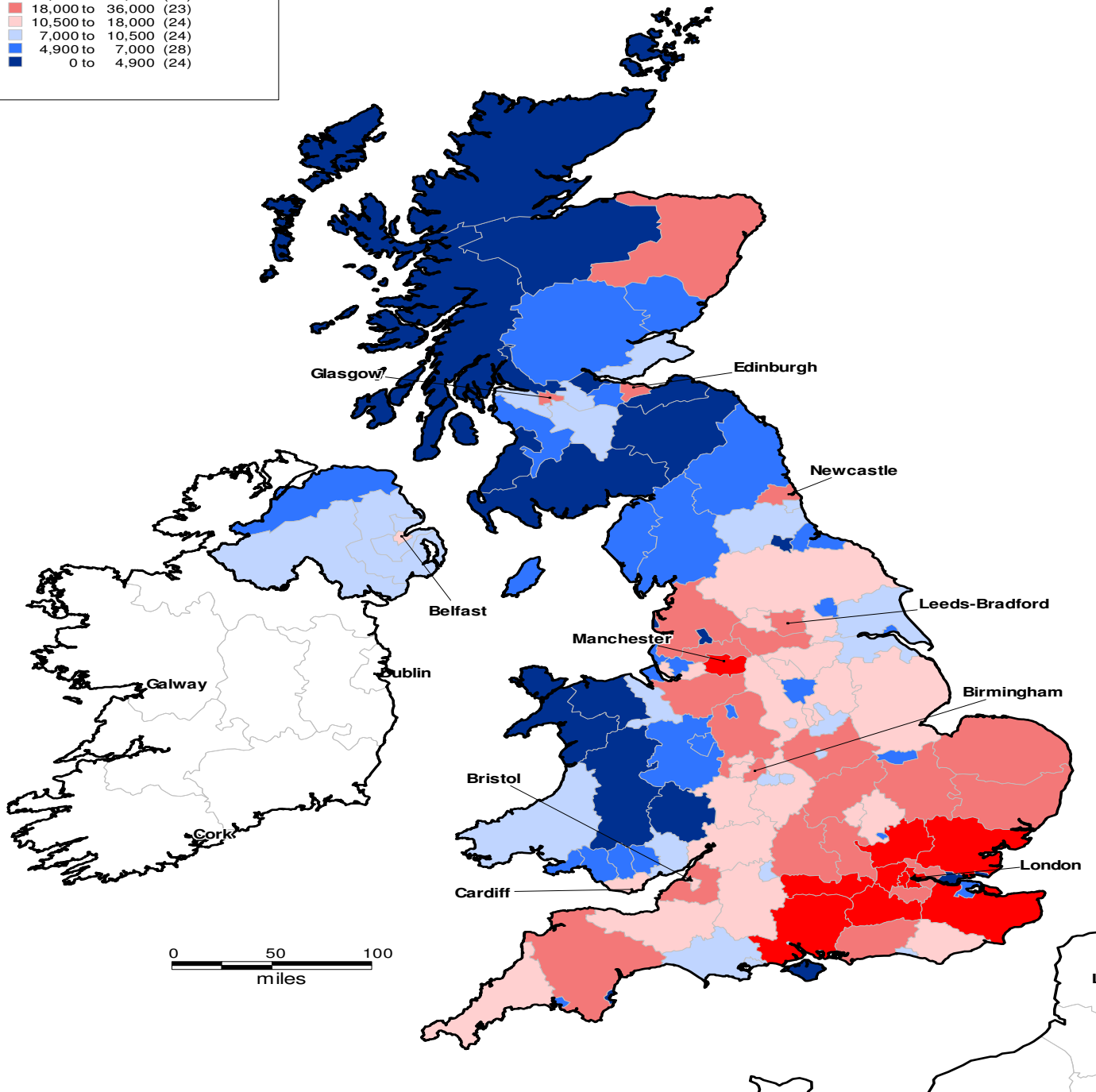


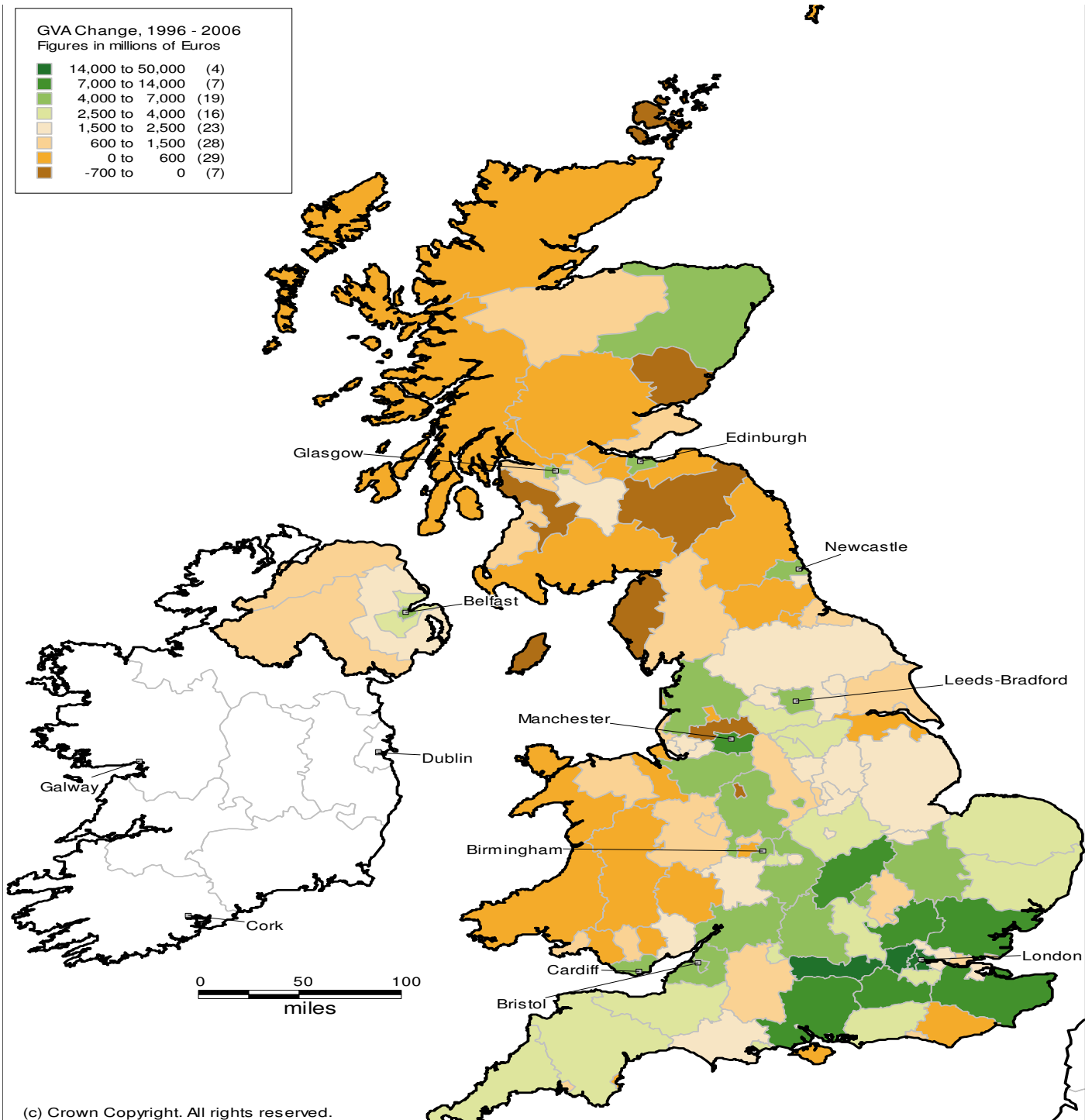
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Gross Value Added 2006  
(Figures in millions of Euros)



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**BUT WHAT ABOUT GOVERNANCE?**

# Metropolitan/city-regional productivity and governance

- Much generalised (critical) analysis of state restructuring and ‘neo-liberalism’ but limited literature on meso-level governance and economic change
- Work of Cheshire and Magrini (2008) demonstrates statistical association between economic performance and existence of metropolitan/city-regional tier /unit of governance
- But treats governance as a ‘black box’
- Little appreciation of **what metropolitan/city-regional governance arrangements actually do** and how they relate to other scales of governance/market-based decision-making
- Hence the CAEE project: fusing of (a) advanced econometric assessment of importance of agglomeration and (b) political science approach to the characteristics of metropolitan/city-regional governance

# Metro-complexity

- Huge variation in degrees of institutionalisation of metro areas/city-regions and in their autonomy, executive capacity, political influence
- Key challenge: ‘going with the grain’ of the ‘new’ agglomeration rather than resisting it. Fusing ‘competitiveness’ policies (often non-spatial) with (usually spatial) ‘cohesion’ policies
- ‘Forms of [metropolitan and city-regional] governance.. can be interpreted as partial, and inevitably incomplete, attempts to assemble the capacity, autonomy and forms of influence that make it possible to deal more effectively with the challenges that new patterns of economic change throw up.’ [CAEE final report]

# ‘Best practice’

- On basis of case studies, ‘ideal type’ metro/city-regional arrangements have..
  - Supportive national context
  - Strong technical capacity (analytical and delivery) at appropriate scale
  - Significant influence at regional/national scales
  - Strong horizontal networks with key public and private institutions
  - A compelling and broadly-shared ‘narrative’
  - Strong leadership and co-ordinating capacity
  - Ability to recognise and deal with the environmental and social implications of realising its strategic ambitions