

The Case for Agglomeration Economies in Europe (CAEE) Inception Report summary

CAEE is a Priority 2 project that was proposed by Manchester, Barcelona, Dublin and Lyon under the leadership of the Commission for the New Economy in Greater Manchester (formerly Manchester Enterprises). These stakeholders were interested in exploring the impact of agglomeration economies within and beyond the territories they cover and the extent to which the beneficial impacts of recent patterns of agglomeration have been shaped, and might be managed more effectively, by public policies and programmes. Agglomeration processes produce winner and losers, in relative if not also in absolute terms, both between and within city-regions. The results of any evaluation can look different depending on the scale and focus of the assessment.

The hypothesis that will guide the research project is that the effective management of agglomeration processes for a variety of social, economic and environmental ends will depend upon the degree of autonomy possessed by city-regional institutions and governance arrangements.

Objectives for the project were developed by the research team in response to the brief drafted by ESPON and the stakeholders. These objectives are:

- To clarify how agglomeration effects can be measured, in principle, using the data available to the research team and, if feasible, to apply a common measurement methodology across each of the case study areas,
- To provide a comparative analysis of agglomeration, including both potential economies and diseconomies, across the case study areas, and
- To propose potential strategic policy options, to be developed iteratively with the stakeholder partners, which might, for example, encourage ‘hot spot’/agglomeration growth to spill over to the wider regional economy, and
- Drawing as appropriate upon lessons from past policy initiatives, to assess the extent to which governance arrangements in and for the target areas have enabled (or constrained) city-regional development in the past and are likely to do so in the future.
- To find a measure of city-regional autonomy and use it to compare the case study city-regions, and to assess how city-regional policy choices have affected and can feasibly affect the nature and pattern of agglomeration economies.

- Building on the above, to provide an understanding of the sources of agglomeration within the four nominated case study areas, and to assess whether there is a policy role for influencing agglomeration economies, and if so for whom?

The team highlight the importance of *city-regions*, rather than cities *per se*, stressing that we need to think about patterns of urban decline or growth within a wider spatial context. Traditional accounts of urban ‘decline’ tended to present the suburbanisation of people and firms as destructive for administratively-defined ‘cities’ rather than productive for the city-regions of which the core city formed only a part. Thus Scott and Storper (2003) argued that “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.”

In short, the project will combine analysis of governance with an econometric analysis of agglomeration effects, and will engage in dialogues with the stakeholders about the policy implications for their regions.