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The new regional governance and the hegemony of neoliberalism

John Lovering

All change – no change?

The surge of academic interest in the region from the 1980s (which morphed into a focus on the ‘city’ and then the ‘city-region’ in the 2000s), paralleled by the explosion of employment in various agencies dedicated to ‘regional development’, has transformed the intellectual and policy landscape, and teaching orthodoxies (Pike et al. 2006). But the proliferation of journals, books, edited collections, conferences, consultancies, TV and radio programmes and websites that have followed contrasts oddly with the lack of any really significant change in hierarchies of regional economic development. Elvis Presley would not be impressed: there has been a lot more conversation than action. This chapter explores this apparent paradox. It argues that the emergence of an intellectual and policy ‘New Regionalism’ since the 1980s has been primarily an ideological and political development, in which theory, research and policy analysis has been, in effect, subordinate to the top-down reconstruction of spatial governance and the spatial imaginary by national governments. The latter has been intimately bound up with the globalisation of neoliberalism. I suggest here that the reconstruction of arguments for, and institutions of, regional governance has done more than merely reflect the impact of neoliberal ideas and neoliberalising intentions. Rather, they have played a major role in constituting neoliberalism as a ubiquitous ideological and material force (this does not mean that anyone mentioned here actually intended this outcome).

Neoliberalism was exported with increasing vigour and success from its American heartland to much of the rest of the world from the late 1970s to the mid-2000s. It consisted essentially of the use of state power, paradoxically to ‘undo’ the legacies of earlier uses of state power (Hayek 1944). But being essentially an ethical and cognitive dogma, it has been remarkably weak on economics, both at the level of pure high theory and at the level of dirtier everyday practice. The wave of neoliberalisation that has swept around the planet over the past two to three decades was accordingly accompanied not by the boom that neoliberal advocates anticipated, but by overall economic growth rates that were relatively feeble by historical standards in all but a few geographically and socially exceptional cases. The neoliberal turn neither raised capitalism to new levels of dynamism, nor did it diminish capitalism’s inherent tendency to uneven development.
(even before the outbreak of the new great Recession). Instead, it gave rise to the expansion and legitimisation of the ‘political class’ (Oborne 2007). Neoliberalising capitalisms are not freer, more open ones; on the contrary, they proliferate new forms of intervention in the ‘life-world’. The expansion of the political class has, however, had some economic effects. It has created a major market for new policy ‘discourses’, which has been met – thanks to the contemporaneous neoliberalisation of the University and the emergence of a new cohort of academic commodity salespeople – by the creation of new degree and professional courses and other tools of credentialisation geared to the creation of new spatial development professions. All this scurrying about has created a significant number of jobs for those involved one way or another in the (global) reconstruction of spatial governance. And the regional scale, I suggest, is a case in point. The New Regionalism in ideas and in practices has been accompanied by a proliferation of private and public networks and bureaucracies, but cannot be attributed with a lot of innovatory economic change. It has been good for an in-group minority. But whether it has been as good for anyone else, and indeed for ‘regions’ in general, is much less certain.

Neoliberalism and regional analysis

The global economic recession which erupted in 2008–9 belatedly drew public attention to the pervasive, and dysfunctional, role of neoliberalism in the restructuring of national and global policy thinking, economic institutions, and patterns of economic and socio-cultural development which followed the crisis of the ‘Keynesian’ approach to policy in the 1970s (Davidson 2009). The recession has widened the debate on the inherent problems in the neoliberal weltanschauung to a wider audience, and has opened up new questions concerning the principles which might inform a ‘post-neoliberal’ reconstruction (not that these have yet had much influence on practice – Turner 2009). The intellectual inadequacies of neoliberalism have been well known and widely available from long before the recent neoliberal adventure began (Davidson 2009, Krugman 2008). But in the regional (and latterly city-regional) policy fields a critical awareness of the significance of neoliberalism has been conspicuously absent, both before and after the outbreak of recession.

‘Theorising’ in the regional and latterly urban policy fields has all too often taken the postmodern form of a mutually agreeable sharing of acceptable discourses and assumptions. The work of a relatively small number of regional geographers and economists since the mid-1980s led to the construction of a well-defined new orthodoxy (a neat summary of which, presented in a celebratory light, is given in the biographical introduction to Richard Florida’s 2005 Cities and the Creative Class; for a less flattering view see Lovering 1999, 2006). This has paralleled the emergence of a new cohort of ‘ideas entrepreneurs’ in the public policy field as the boundaries between official academic and policy work have become increasingly porous. With the advance of neoliberalism public policy-makers have increasingly sought legitimacy in fashionable academic theories. And entrepreneurial academics have been keen to package their insights as fashionable commodities. This has perhaps been particularly the case in the regional, and now urban, policy arenas where it has sometimes lapsed into ‘theory led by policy’.

This tendency has been particularly evident where policy-makers and their intellectuals have found common ground in fixating on this or that supposedly magic policy bullet. In the early 1990s the leading global example was perhaps Michael Porter, whose work on clusters became an international hit in industrial and spatial policy circles. The most prominent example today is probably
Richard Florida, whose optimistic vision of the role of the so-called ‘creative classes’ in urban development has been packaged as a commodity and eagerly consumed by a global policy-maker audience, spending public dollars. Both of these cases exemplify the lack of interest on the part of fashionable policy voices in neoliberalism, and their preference for supposed technologically driven transformations such as the advent of Flexible Specialisation, the arrival of the ‘New Economy’ or the age of ‘Smart’ Business as explaining recent history. The weakness which has characterised the intellectual dimension of the rise of the New Regionalism (and New City-Regionalism) is best understood, I suggest, as a consequence of the peculiar political sociology of the restructuring of spatial governance in capitalist societies, and this is the central theme in the following discussion. To put it bluntly, the main consumers of these ideas are not too worried about how well grounded they are, for they like the conclusions to which they apparently lead.

The region as a policy object

Spatial policy is inevitably a matter both of ideas and of (formal and informal) institutions, all of which have taken different forms at different times. Countries at early stages in the nation-building phase generally devoted more attention to the development of an overarching sense of – and institutions for – national unity than to ‘internal’ geographical questions. Only later, when a national economic space was taken for granted, did internal geographical economic disparities come to be seen as important, especially where they connected to perceived political and cultural differences. Sometimes large states failed to address those problems adequately, and this became one reason why the number of states has quadrupled since 1950 to over 200 today. The recession of the 1930s gave rise to the first systematic spatial-economic strategies in Europe as a result of the decline of former industrial regions into chronic unemployment and underutilisation of capacity. The resulting ‘regional’ policies gave rise to the spatial units which would be used by central governments for accounting, administration and implementation purposes for the following half century (Keating 1999: 55). In the Keynesian ‘Golden Age’ of rapid and relatively inclusive growth, regional and urban geography become not only analytical points of view but also sources of governmentality and of policy experiments.

The resulting rise of a regional development aspect of governance generated the notion of expert regional ‘knowledges’, and the construction of a new intellectual service sector with its own criteria of professional expertise. In pre-neoliberal times this knowledge was conceived in broadly ‘Keynesian’ and ‘Myrdalian’ terms. In this vision, tax-generated funds and planning constraints were mobilised to meet national spatial goals by encouraging the spatial redistribution of industry and to a lesser extent, manpower, to iron out regional economic imbalances; cooling ‘hot spots’ and warming up colder zones bypassed by market forces. As everyone knows, from the 1970s this approach withered under the joint impact of the proto-neoliberal taxpayer revolt which constrained the growth of public funding, and changing national economic policy goals and processes. The latter was not merely a ‘technical’ adaptation to changing real-world circumstances. More important was a profound shift of analytical perspective in elite (and increasingly global) policymaking circles, then the media, then ‘public opinion’ (and votes) concerning the role the state should play in economic management. This shift has been given many names according to the writer’s perspective and the historical scale imagined, ranging from post-Fordism’, the emergence of ‘post-political’ society, the advent of ‘post-modernity’, or even the ‘New Enlightenment’. The perspective I argue for here sees the crucial dimension for our purposes as the ascendancy of neoliberalism as a new and relatively coherent ideological and
organisational package (described from a sympathetic insider’s point of view in Cockett (1995), and from outsider critics in Harvey (2002).

The resulting shift in modes of thinking, and policy, concerning the goals and methods of regional ‘development’ was followed from the 1990s by a similar reorientation concerning first cities and then ‘city-regions’. Two themes have been particularly prominent at all three scales. The first was a cognitive shift towards seeing places as bounded ‘entities’ to be studied in their own right (although exactly how has always been controversial). The second was a normative bias towards the idea that places could and should improve their ‘competitiveness’ and thereby pull themselves up by their own metaphorical bootstraps. The proliferation of these ideas characterised what I called a decade ago the New Regionalism (Lovering 1999) in which the region is a privileged scale for capital (a ‘crucible of innovation’), for civil society (the nursery of spatial ‘identity’) and for governance (and thence ‘leadership’). Appropriate policies dedicated to these goals would, so the New Regionalist fable had it, reproducing neoliberal assumptions, improve regional ‘bootstrapping capacity’.

Depoliticisation

An important but under-investigated aspect of this was that it implied the ‘depoliticisation’ of regional economic policy; what regions (or cities) needed was less politics, more business experts, and (for Florida specially) more pluralism and tolerance. This doctrine reproduced at the sub-national scale the depoliticisation of economic analysis and the determination of policy goals and methods which has been a key objective of neoliberalism at the national and international levels (Hui 2006). The extraction of politics and the delegitimising of fundamental debate over values, goals and methods differentiated this ‘New Regionalism’ from the ‘Old Regionalism’ at the level of principle (if not always practice), because in the latter the central theoretical and practical question was distributional (and so inescapably ‘political’); how should the state redistribute resources between places, and thence people? The ‘depoliticised’ approach that is now dominant regards regions/cities not as components of a mutually dependent moral and political community (parts of an implicit Aristotelian polity) but as quasi-individuals, obliged to find their own ways to economic vitality. Competing with equivalent others, they have both the opportunity and, crucially, the moral responsibility to boost their own capacities and skills in order to increase their market shares. By embedding this ‘must try harder’ bias in institutions and in discourses to which the new leaderships of reconstructed regional/urban governance were obliged to subscribe, New Regionalist ideas played a major role in validating and spreading neoliberal ideas and practice. But since the latter never stood much chance of achieving significant effects in terms of creating jobs and incomes, this meant that the New Regionalism was bound to become primarily an ideological and governance project.

The elephant in the new regional room – neoliberalism

This was never, of course, explicit. For many of those involved it was not even intended. The reconstruction of spatial governed focused on the region and then the city was presented as a requirement of simple good economic sense. Some added a ‘sentimental’ justification too, for such a restructuring of governance could also give new life to regional or urban ‘identities’. But the influence of the parallel national and international shift towards neoliberalism was downplayed, denied, or more commonly simply overlooked (Cooke and Morgan 1996, Florida 2005).

Yet it would appear bizarre to a historically minded observer to suggest that such a
radical cognitive and normative reorientation could be unaffected by the wider context in which neoliberalism has provided the overarching official *weltanschaung*, the most widely endorsed way of thinking, both cognitively and normatively, in state and business circles, and in academic and other communities, and in much of popular culture or ‘civil society’ for the past three decades (Harvey 2002, Gamble 2009, Hui 2006). To suggest that it has deeply influenced the goals of public policy, and the methodological principles adopted by economists and geographers amongst others would be relatively uncontroversial in economics and political philosophy. But in academic regional geography and urban policy studies both sides of the Atlantic this would often raise a dissenting eyebrow. In these academic corridors the term neoliberalism has more often been avoided as ‘too political’, or as quaintly economistic – out of date in an era supposedly defined by postmodernity and the cultural turn. Some commentators, especially those close to government policy-making circles, have diminished the significance of neoliberalism by detaching the term from its historical and social-scientific meaning and identifying it instead with (a journalistic reading of) the particular set of policy paradigms and packages associated with Reagan in the USA in the 1980s and Thatcher in the UK. As such, it is long since dead and gone, and not worth wasting too much time on today. In this mode Alan Harding in urban policy, for example, and Pike *et al.* in the regional field (2006: 28) admit the ‘N’ word only in their background historical sketches.

Reading neoliberalism in this way is reasonable enough if one’s aim is less to relate policy approaches to their historical context than to fit them into neat boxes with party-political labels in a tidy chronological list. But this risks missing the wood for the trees, reducing policy to a series of pragmatic adjustments, or intrusions of a set of intellectual fashions that are essentially arbitrary. Above all, it forgets the vast literature on historical patterns in the rise and fall of policy paradigms since the origins of capitalism and the advent of the ‘reformist state’ from the late eighteenth century (Polanyi 1944). The relationship between the state and the economy has been reconceived and redesigned at intervals – triggered by recessions and crises – ever since, oscillating between a fairly well-defined set of oppositions, alternatively advocating and deprecating an active interventionist role on the part of the state. As Gamble (2009) puts it, the policy-intellectual preference has in effect wobbled between an ‘efficient state’ hypothesis (the most recent case being Keynesianism), and an ‘efficient market’ hypothesis (neoliberalism).

**What is neoliberalism anyway?**

So we need to spend a few moments pinning down just what this thing called neoliberalism is. Classical Liberalism crystallised out of a highly diverse set of eighteenth-century doctrines which shared the aim of reducing authoritarian government by Church or State. In the nineteenth and twentieth centuries Liberal theorists narrowed their social and ethical vision and focused in particular on the supposed virtues of private property rights, stressing the need to reorient the use of state power to avoid ‘interfering’ with what, after John Locke, they wished to see as Natural Rights. The degree to which the state should also address social inequalities and long-term visions of the Social Good became increasingly problematic for Liberal thought as the twentieth century approached the twenty-first. Early Liberals accepted the need for a major role here to create a healthy population and a decent social order (Liberals designed the British welfare state, implemented by Labour and then by Conservative governments between the 1940s and 1960s). Late twentieth-century neoliberals took a much less generous and more myopically economic approach, explicitly or implicitly relying on the Burkean claim that inequalities are acceptable
so far as they are the result, and the cause, of
general economic improvement. This reduc-
tion of classical Liberal thought to the harsher
doctrine of ‘neoliberalism’ (the term was first
used by Milton Friedman in 1953) was how-
ever motivated by concerns that were only in
part economic. Its advocates saw themselves
as the latest carriers of the moral message of
the Enlightenment (Ebenstein 1997). By pri-
oritising natural property rights and market
forces governments could bring about imme-
diate economic gains, and these would even-
tually bring about the only kind of ethical
and social transformation that ‘human nature’,
as Liberalism conceives of it, would allow to
become sustainable. So in the 1990s (while
many geographers were obsessing over the
arrival of Postmodernity and the demise of
Grand Theory) one of the most ambitious
examples of Modernist grand theory was
rising to global ascendancy in the world out-
side in the form of neoliberalism.

Neoliberalism is an ambitious programme
which brings with it a set of epistemological,
normative and methodological principles.
As such it supplies not only ‘off-the-shelf’
policy guidelines. It also offers a vision of
what ‘development’ means, and the ethical
assumptions this entails. Liberalism rests on a
radically naturalistic conception of the indi-
vidual and thence society (Hayek 1944). It sees
the attempt to deny this naturalism through
irrational constraints on ‘freedom’, especially
where these arise from collectivist institu-
tions, as the ultimate cause of economic
(and political) failures, including spatial ones.
Where neoliberalism is the theory neoliber-
alisation became the practice – the extension
of commodity production in place of non-
market exchanges, the commodification of
more and more areas of social life, and of
space. As analysts like Frederic Jameson have
insisted, neoliberalisation over the past three
decades has radically extended the prove-
nance of market forces and the capitalist
dimension of social relations and culture.

Neoliberalism did not become ascendant
from the 1980s through the 1990s because it
was intellectually more sophisticated than its
predecessors. ‘neoclassical’, ‘new classical’ or
‘rational expectations’ theories in economics
were no better at explaining macroeconomic
reality (Davidson 2007). The strength of the
neoliberals has been organisational and ideo-
logical: they knew where to push and what
to say to win over audiences (as traced by
Cockett 1995). Because they imagined them-
selves to be heroic ‘outsiders’ to the
academic and political Establishment, neo-
liberals have perhaps been more aware than
their opponents that their agenda entails a
ruthless but subtle realpolitik. In the circles
that mattered neoliberalism became hege-
monic largely because policy–makers and
their target audiences were persuaded by
the neoliberal assertion of the impossibility
of business as usual. The contemporaneous
transformation of the world political stage, as
Soviet communism collapsed and the USA
became the world’s only superpower, helped
validate this shift away from the ‘effi cient
state’ to the ‘efficient market’ assumption.
This has had profound implications for ana-
lysis and policy thinking at all geographical
scales. The ‘neoliberal turn’ largely explains,
I suggest, why regional development in
recent years has achieved so little in eco-

conomic terms, and has paradoxically increased
bureaucracy and ‘ideological’ interventions.

The globalisation of neoliberalism
and the New Regionalism

Between the mid-1980s and mid-1990s gov-
ernments, academics, and consultants, plus
private ‘ideas entrepreneurs’ working for
groups such as industrialist lobbies in the US
and EU, developed a series of suggestions as
to how spatial policies might be better geared
to economic priorities. A common theme
was the emphasis on ‘clustering’, inferred
from observation of some successful indus-
trial compuls, such as aerospace and IT, as
reported by the influential Michael Porter in
the US. This resuscitated an old economic
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geographical theme in the new form of a policy package. Porterism insisted that ‘clustering’ was essential, and that it required supportive institutional adjustments. The idea that historically new technological and global-economic imperatives implied the need for a ‘modernisation’ of strategic imperatives and forms of governance became an orthodoxy. Subsequently, between the mid-1990s and mid-2000s, these orthodoxies were institutionalised in the form of policy recommendations, loan conditions, and political pressure from some of the world’s most powerful organisations, not least the World Bank and European Commission (which after the demise of Delors in 1995 shifted from a broadly Keynesian to a broadly neoliberal orientation in many dimensions). In the European case, for example, the European Roundtable of Industrialists, arguably the ‘peak’ organisation representing corporate capital, played a major role in legitimating a reorientation of spatial policy from the early 1990s. Within a couple of years this had become the central plank of the European Regional Directorate, and numerous academic publications began to emerge reflecting this.

The top-down nature of the new regional policy agenda meant that in many regions it arrived as if dropped from a helicopter. In others they emerged more organically as the latest in a long series of regional experiments. In poorer countries, for example, the neoliberalisation of economic and regional strategy was more likely to come as part of a package of ‘structural adjustment’. In the European Union, on the other hand, it has often come through the pressure on aspiring new members to demonstrate their acceptance of the ‘European Acquis’. So today in Turkey, for example, part of the ritualistic dance which it has to perform to be accepted as a legitimate candidate for EU Membership (enthusiasm for which is sinking rapidly) is the establishment of formal regional structures. But Turkey has been highly centralised (at intervals a military quasi-dictatorship) since the republic was founded in 1923 and regions do not have much pre-existing economic meaning. New Regionalist bodies such as Development Agencies therefore lack a plausible local economic rationale and popular political support, and are particularly prone to capture by maverick politicians or business special interests. At the opposite end of the EU the influence of neoliberal conceptions of economic imperatives and the New Regionalist turn has played the dominant role in the post-devolution economics of Wales. The emphasis on boosting competitiveness, and on supply-side policies such as ‘skills training’, offers a case study in importing and implementing New Regionalist orthodoxy, packaged in local-friendly talk of local special needs and autonomy. In both Wales and Turkey these developments are most significant not for what they are likely to do for regional economic development (little) but for what they reveal about how globalisation of policy discourses has impacted on the restructuring of spatial governance.

In Wales, devolution to the new National Assembly after 1999 allocated formal responsibility for ‘regional’ (now ‘national’) development to a newly elected body. But it lacked intellectual or political resources to do other than act out the global orthodoxy, especially since it was underwritten by Labour Party policy in London. The spatial pattern, and content, of economic development in Wales since devolution has been shaped more by the development of Cardiff – stereotypically neoliberal in its reliance on property markets and consumption – than by the well-meaning economic policy statements of the Welsh Assembly (Lovering and Bristow 2006). As in the Turkish case, there is a striking gap between the claims made for New Regional discourses and institutions, and the actual development of the space economy.

In general it would seem that the most interesting result of the creation of New Regional discourses and institutions, in terms of economic development, is that not much really happened as a result. At the level of detail different regional stories could of
course be told, and these details are not unimportant (such as the relative role of housing market boons, export industries versus service sectors, etc.). But there can be no denying that for all the organisational restructuring, consensus-building, networking at all scales, production of mountains of grey literature, lavish expenditure on marketing and public relations material, and the employment of tens of thousands in regionally badged institutions, the impact on the ranking of regions in terms of most indicators has been so modest as to be generally undetectable. The European Commission and the numerous European regional lobbies have been the noisiest advocates of new regional policy fashions since the 1990s, but there is little evidence of any significant change in the economic rankings of the component regions (Petrakos et al. 2005). The striking regional economic developments in other parts of the world – for example, in India and South East China – have to be attributed to national developments within which New Regionalist ‘bootstrapping’ has had very limited significance. As analysis and as strategy, the New Regionalism hasn’t worked. Yet like every good ideology, a chronic mismatch between theory and reality hasn’t stopped it being influential.

The problematic agenda of New Regionalist policy

For most people in their target constituencies the proliferation of new regional institutions must seem like little more than another example of the expansion of the tax-funded ‘quangocracy’. The construction of this new layer of governance has further expanded the political class (Oborne 2007). Since this has not been accompanied by noticeable regional economic gains it has sometimes prompted criticisms of an *ad hominem* nature. These focus on the supposed failings of leadership, or of key individuals, or the presence of too many sluggish bureaucrats as opposed to dynamic businesspeople in policy-making circles. But what is really at stake here is not merely local failures of recruitment or of effort. The New Regionalism was never going to work; the creation of new policy principles and new institutions was never the application of practical wisdom to contingent problems. The new regional leaderships were never going to be able to deliver what was asked of them.

The focus on the supply side and lack of research into regional dynamics

The new regional strategic vision was justified by appeal to a collection of generalised historical claims concerning the arrival of new (‘post-Fordist’) technologies, or the demise of state protectionism, the rise of the ‘radical individual’, or the world-historical transformation of everything in sight implied by ‘globalisation’; stories that converged on the idea that a restoration of competition and market forces should underlie the reconstruction of all economic governance. Those End of History assertions turned out, as they always do, to be premature. One example was the misinterpretation of the arrival of Flexible Specialisation to imply the end of mass production (of which there is now more than ever). Together with assertions about changing industrial relations and consumer tastes these vague but intriguing notions congealed into claims for the arrival of the New Economy, which looked absurd within only a few years. Above all, the pressure to focus on ‘supply-side’ questions that was characteristic of neoliberal thinking led to chronic neglect of the demand side and of the real dynamics of spatial flows in economic development. Where Keynesian spatial policy had triggered efforts to understand the empirical macroeconomics of each region (or city, or city-region) the neoliberal influence directed attention elsewhere. In neoliberal eyes the real spatial agenda for each area (however exactly that is defined) is to learn how to
‘bootstrap’ itself into a more competitive state. Demand conditions are less important than the potential to change supply conditions; macroeconomic questions are someone else’s responsibility.

In this spirit the construction of the new regional apparatus was accompanied by the production of mountain-high piles of reports, assessments, scoping studies, SWAT analyses and opinion surveys examining this or that spatial development or perceived local economic weakness. But few of these asked the most crucial questions about how regional economies actually function. In particular the relationship between external demand and internal variables – seen as vital to regional analysis in the Keynesian era since it constituted the ‘export base’ and its multipliers – has received very little attention since the 1970s. We now have libraries full of lists of regional and urban statistics and interview quotes, but hardly any exploring questions of economic significance. Economics has been displaced by Business Studies. The most fashionable writings manage to arrive at regional (or urban) development proposals without needing to descend to the level of local empirical detail at all; it is enough to invoke Global Truths and ‘apply’ them to local circumstances (for numerous examples relating to regions see the Michael Porter website; for cities see Richard Florida’s, or in a more evasive vein Amin and Thrift 2002).

The political sociology of the New Regionalism – the Regional Service Class

The weaknesses of much of the information gathering inspired by new regional structures reflects the weaknesses of those structures themselves. And here we encounter perhaps the most problematic aspect of the new regional and urban apparatuses: their political sociology. New Regional ‘theory’ from the 1980s to the mid-1990s assumed in effect a fairly simple economic basis for the political character of the ‘region’, and of the institutions that should be built to articulate it. Regions are economic spaces that thrive by doing distinctive things (specialising), with (therefore) distinctive institutions and even social relations. But the spatiality conjured up by the recent restructuring of spatial governance has rarely coincided with that of the materiality of the capitalist economy and the geographies of empirical identities. Regions do not generally map onto fractions of capital, and have done less and less ever since the industrial revolution. Nor do they generally correspond to a unitary sense of identity and purpose. As a result the governance niches represented by the creation of new regional (city-regional) institutions, programmes, networks, and associations, have been occupied by individuals who have been generally unrepresentative of their regions, if only because their regions cannot be ‘represented’ by any single interest or discourse.

The occupants of these positions constitute what I suggest it is helpful to think of as the ‘Regional Service Class’ (or Urban, or City-Regional Service Class according to case). The concept of class is of course terribly unfashionable, especially in former Soviet countries where it was loaded with discredited associations. But the term captures the way in which occupations and shared discourses constitute distinct social groups, and in Weberian or Marxist versions it still has some value (as Florida rightly recognised in his conception of the Creative Classes). The concept of the Regional Service Class borrows from Karl Renner’s attempt a century ago to characterise a growing social stratum at the nation-state (German) level (Lovering 2003). This ‘service class’ was neither capitalist nor worker. It performed functions for those more powerful (capital and the state), from whom it derived its slightly elevated economic and social status. For Renner the ‘service class’ raised new questions of origins (where does it come from?), composition (who is in it?), function (what does it do and how does it do it?) and also ethical and
cognitive questions (what does it conceive to be the public Good?). These are useful hints as to how we might approach the new Regional Service Class (RSC), whose emergence has been perhaps the most significant empirical result of recent changes in spatial governance.

In the era of Keynesian regional policy the equivalent of the RSC would consist of central government functionaries, dedicated to the regional application or servicing of central policies. With the neoliberal turn and the related rise of the New Regionalism from the 1980s a new kind of RSC had to be constructed, with a new mission. In UK cases the new RSC often began in the 1980s as an embryonic group focused on inward investment. Over the following decade and a half this was expanded and encouraged to engage in a more ambitious, indeed holistic, socio-cultural agenda for restructuring. The nature of the occupants of these roles, and the position they find themselves in, might best be illuminated by recalling the concept of territorial ‘cadres’ developed by van der Pijl in his important studies of the evolution of national and international economic development in the mid-twentieth century (1998). These describe how throughout recent history a small and identifiable set of policy cadres have played a key role of identifying from within the flux of events the emergence of a crisis, and securing support for a comprehensive policy shift to resolve it. The key ‘cadres’ of Keynesian capitalism operated in the apparatus of central government, the higher echelons of the business world, and the institutions most directly implicated in the development and exploration of ideological discourses – Universities, ‘think-tanks’ and consultancies, plus the media.

In this spirit we could define the RSC as those cadres working in the region who are officially engaged in the project of visualising the region and its relations to the wider world. Its business is cognitive and normative – producing and transmitting ideas about what regional development consists of, and how to achieve it. But in one important respect this can never be a ‘true’ regional equivalent to Renner’s service class. For regional service class can only have a somewhat tenuous relationship to industry and a complex or compromised relationship to central government. Since regions do not map onto economic circuits, production chains, or interest groups in any clear or consistent manner, the RSC is likely to suffer both an excess of ‘autonomy’ and a deficit of ‘representativeness’. A glance at the rise of urban boosterism in the US is instructive here.

In his 1989 analysis of urban entrepreneurialism David Harvey highlighted the key roles played by urban coalitions formed by economic interests, in particular property developers, and urban political elites:

The new urban entrepreneurialism typically rests, then on a public–private partnership focusing on investment and economic development with the specific construction of place rather than amelioration of the conditions within a particular territory as its immediate (though by no means exclusive) political and economic goal.

(Harvey 1989: 8)

In the present context this can be regarded as an outline of the political economy of the ‘Urban Service Class’. It suggests it will tend to be committed to focusing on policies that are likely to enhance property values and the urban tax base. To these ends it works with others to encourage what comes to be bracketed as ‘regeneration’ in various consumer- and investor-friendly forms. Harvey suggests that the natural focus of urban entrepreneurialism is property development and urban regeneration, for the housing and property markets are generally ‘urban’.

What could be the equivalent at the regional level? Housing and property markets, not to mention manufacturing, do not
fall into neat regional boundaries. Commodity chains and corporate industrial grouping very rarely follow a regional pattern. The region, even more than the city, sits awkwardly across functional economic boundaries. We may conclude that the character of a Regional Service Class is likely to be even more ‘semi-detached’ from its ostensible socioeconomic base than its urban parallel. If regions were the way some 1980s regional theories claimed then they might be expected to generate a coherent Regional Service Class. But they are generally not like that, and the construction of a Regional Service Class has accordingly had to be most ‘unnatural’, that is to say, driven, by the national state, from above and afar. As a result the de facto Regional Service Classes which have been constructed as part of the creation of new regional institutions of governance have usually been no more than what Allen and Cochrane nicely describe as an ‘assemblage’ (2007). This is a recipe for bureaucratic compromise, not a political expression of convergent economic interests (in Marxist language: a spatially identifiable fraction of capital). But this does not mean it cannot act as a Pijlian cadre. Rather, the fact that there is no pre-existing self-evident economic interest which it can represent and strategise for suggests that it will enjoy a high degree of autonomy, able to make the running because no one else can.

Why new regional institutions incline towards symbols and performative governance

This helps explain why in so many regions the focus of the main players in economic governance is on what at first seem to be relatively trivial matters such as the construction of new imaginaries around regional identity, and regionally badged ‘spectacle’. The reimagining of the city, in particular, has been a hot topic in recent research, and has exercised many urban geographers, cultural theorists, planners and urban designers (Amin and Thrift 2002). What’s missing in most of this literature is any recognition that the impulse to this reimagining and conscious ‘reimaging’ has been powerfully influenced by the political economy of economic governance, rather than some kind of autonomous general global economic and cultural shift. Under pressure to demonstrate that they are doing something worthwhile, especially when their funding is only partly provided by central government, they are likely to seize on ‘symbolic’ activities where performance is at once highly visible, and inoffensive to any major vested interest.

The reapolitik of institutional survival, in circumstances where the institution concerned cannot hope to satisfy any but a few local economic interests, encourages a tendency to excessive displays of the performance of governance. If you can’t deliver much in material terms, you can at least put on a good show to demonstrate that your existence is worthwhile. It is no surprise that the ‘performative turn’ in regional and urban governance should recently have become so ostentatious and pervasive. There are few regions and cities in which the presence of the local regional development agency or similar actor is not noisily demonstrated to the public in light shows, firework displays, sponsorship of all sorts, festivals and goodwill events and lots of new signage. Here the New Regional (and urban) pattern echoes the broader tendency of neoliberalism; what ordinary people, and even most businesspeople, know about their local economy is shaped by the up beat story local agencies of governance tell about it. And the positive image that invariably results is consolidated by the everyday observation of the extraordinary new Cities of Spectacle that have transformed the visual horizon on most cities on the planet.

There may be unemployment and inequality, and you may not be able even to live here,
but the well-manicured urban spectacle on display surely means that things are looking up! Walter Benjamin saw the arcade as a monument to the production of commodities. The urban experience is shaped by representations. And what better to represent the revitalisation of the region/city/city-region than a glorious new shopping mall, glamorous architecture, and lots of sexy new bars and restaurants? Those whose jobs depend on keeping the new spatial apparatus in business are likely to regard a focus on image management targeted at elite groups as a perfectly rational approach to ‘economic development’, for understandable reasons (for which they can find plenty of succour in the publications of a Porter or a Florida or a Landy). And the absence of a public discourse questioning the dominant conception of economic development, and a more democratic structure of spatial governance through which it could find expression, means there are few voices to disagree. A bias towards rhetoric, image management, and celebration is inherent in the neoliberalisation of spatial governance (Lovering 2007).

The New Recession and the future of Regionalism

The era of global neoliberalism was one of faltering and uneven growth, even before the recession broke out in 2008. It is inevitable that the attempt to create lots of little regional players competing in this semi-stagnant wider context should have little to show for itself. With the arrival of Recession the regional apparatus that has so laboriously been constructed over the past couple of decades now faces new challenges. How will these already feeble apparatuses of governance maintain their credibility (and funding) when they are unable to claim even modest economic success? Will the pressure to demonstrate governance through symbolic activities become even more intense? Or will it seem even more absurd to subsidise floral displays on airport highways while doing nothing to address chronic unemployment?

These are of course political questions. As noted earlier, one of the most worrying aspects of the emergence of the new apparatus of spatial governance, thanks largely to the dominance within it of what I have called New Regionalist thinking, is that they have not been accompanied by a general local political engagement in the development of economic goals and strategies. Just the opposite; the depoliticising current inherent in the regional governance agenda in practice (if not in the more Utopian new regionalist theoretical speculations) has worked against this. The New Regional turn proved to be not an agenda for social inclusiveness and political regeneration, but for the consolidation of a professionalised political class, and a focus on policies intended to persuade the local public, rather than represent it.

Given this, the prospects for the Recession are particularly gloomy. Regional structures are far better placed to become specialists in spatialist ideology (‘our region/city is the most famous/competitive/beautiful/important’) than to become political spaces for new constituencies and new demands. And indeed the Recession has so far drawn forth a mainly conservative response which stresses the need to do what was already ostensibly being done, but even more energetically. If the recovery continues to take the form of renewed financial profitability alongside entrenched slow growth and chronic underemployment, the pressure will surely be towards more of the same. In this gloomy scenario the new regional governance continues to act out the logical corollaries of the absence of a macroeconomic strategy aimed at sustainable and high-quality employment. Having already developed, through lack of alternatives, skills in symbolic gestures and performative governance, the Regional Service Class may find it has acquired just the capacities that fit the new bill; a recipe for authoritarianism and further image management.
The reconstruction of spatial governance in reality has taken a very different form, with less attractive effects, from that anticipated in New Regionalist theorising. I have argued that this is largely because the latter failed to take into account the factor of neoliberalism (and the global hegemony of the US). Now that both of these are in question, we have the opportunity to subject the inherited wisdom to fresh challenges. And this will mean paying much more attention to the processes whereby the de facto Regional Service Class is constructed, and to what it does and why. There is an older and simpler language for this; it revolves around the word democracy. The challenges to dominant economic thinking and policy implicit in the notion of a Green New Deal, or of local empowerment, or of a remoralisation of the economy, all point at sub-national level to the need for a greater awareness and understanding of the content and behaviour of the Regional Service Class, and for measures that may help transform it into something very different from its neoliberal incarnation.

References and further reading

**Regional development and governance trends**


**Depoliticisation and the construction of a New Regionalist (and urban) orthodoxy**


**Weakness of Neoliberalism as economic theory, and origins of the recession**


**The political economy of neoliberalism as a hegemonic policy discourse**


**The politics of place and context**


