Handbook of Local and Regional Development

Andy Pike, Andrés Rodríguez-Pose, John Tomaney

Regional disparities and equalities

Publication details

Diane Perrons
Published online on: 12 Nov 2010

How to cite :- Diane Perrons. 12 Nov 2010, Regional disparities and equalities from: Handbook of Local and Regional Development Routledge
Accessed on: 31 Oct 2023

PLEASE SCROLL DOWN FOR DOCUMENT

Full terms and conditions of use: https://www.routledgehandbooks.com/legal-notices/terms

This Document PDF may be used for research, teaching and private study purposes. Any substantial or systematic reproductions, re-distribution, re-selling, loan or sub-licensing, systematic supply or distribution in any form to anyone is expressly forbidden.

The publisher does not give any warranty express or implied or make any representation that the contents will be complete or accurate or up to date. The publisher shall not be liable for an loss, actions, claims, proceedings, demand or costs or damages whatsoever or howsoever caused arising directly or indirectly in connection with or arising out of the use of this material.
Regional disparities and equalities
Towards a capabilities perspective?

Diane Perrons

Introduction

The contemporary world is characterized by difference rather than uniformity and inequality on a global scale is stark and largely undisputed despite unparalleled wealth, advances in human ingenuity, and a vast array of policies to promote development and redress regional and gender inequalities. Interestingly, some of the widest regional and gender gaps exist in affluent countries and regions and among those experiencing high rates of economic growth, especially in India and China (Milanovic 2005b; Quah 2007).

Uneven development is variously viewed as an intrinsic characteristic of capitalist economic development and/or a necessary stage through which countries pass in their path-way to a high-income society. Depending on welfare regime or variety of capitalism, high levels of inequality are also found in mature high-income regions and income inequality is associated with higher levels of disadvantage in other spheres including health, education and crime (Wilkinson and Pickett 2009). If the meaning of regional development is to incorporate some sense of well-being, it is important to take note of inequalities within regions when measuring regional performances.

In this chapter I explore the polarized character of contemporary growth processes and identify connections between growth and inequality as it is experienced by different social groups at the regional level. I consider the gulf between the highly developed institutional policies for promoting equality and diversity at all spatial scales and enduring inequality of outcomes. With some exceptions, a second gulf exists between policy aspirations for greater equality between social groups, reflected, for example, by the European Union’s (EU) requirement of gender mainstreaming in the Structural Funds, or the equality and diversity strategies of regional bodies such as the Regional Development Agencies (RDAs) in the UK, and the attention paid to equality and diversity in the academic literature on regional development, whether in the regional studies or regional science variants (McCann 2007; Morgan 2004; Pike et al. 2007).

My argument is that current conceptions of regional development and regional growth are defined too narrowly and in ways that inhibit the analysis and discussion of connections between economic change and well-being. I locate my argument within recent appraisals of regional studies especially regarding what kind of regional development and
for whom’ (Pike et al. 2007) and the capability perspective with respect to inequality and development (Sen 1999; Nussbaum 2003; Robeyns 2003). I review tendencies towards rising inequality at different geographical scales and then identify links between regional development and equalities policies. Finally, I make a provisional attempt to widen orthodox measures of regional growth by drawing on the capabilities perspective to calculate a more comprehensive measure of regional development together with a gender-sensitive version in an attempt to bridge at least some aspects of these divisions. This approach is already used by the UNDP in the Human Development Index and is emerging within the UK’s Equalities and Human Rights Commission (EHRC) in their equality measurement framework. The empirical illustration in the final section relates to the UK but, in principle, the ideas and methods could be extended to a variety of locations and used in comparative work.

**Widening inequalities: regions and gender**

In the last 25 years, world income has doubled and society has never been more opulent (Sen 1999). Nonetheless at a global scale, inequality between nations is wide and, depending on measures used, increasing (Milanovic 2005a). Using GDP per capita, Branco Milanovic (2005a) shows that inequality increased steadily from 1950 when each country is taken as a single unit, but when weighted by population, declined somewhat over the same period, largely as a consequence of dramatic growth in post-reform China. When China is excluded from the calculation, inequality has been fairly stable, if anything, increasing slightly in the last decade (see also Quah 2007). Both Milanovic (2005b) and Quah (2007) also find that fast-growing countries have experienced high levels of regional and interpersonal inequality. In China, regional inequalities have been widening, with especially rapid growth in the urban regions in the East (Lu and Wei 2007; Ng 2007; Dunford, this volume). Gender inequalities are also wider in these Eastern regions having expanded with the economic reforms as enterprises and local authorities secured greater autonomy over wage setting (Ng 2007). Similarly, the UNU WIDER study (Kanbur and Venables 2007) found wide regional disparities in 58 developing and transition countries and in the 26 countries for which temporal data was available, spatial inequalities were rising. This study also found that on balance these increases were associated with increasing integration in the global economy through trade and exports, meaning that it is not exclusion from the global economy that is the source of inequality but rather the form of inclusion (see Perrons 2009). Kuznet (1955) identified an inverted-U relationship between economic growth and interpersonal income inequality, indicating how inequalities would be small within low-income countries, rise as development unfolded, but then narrow as the benefits of growth became more widespread. In recent times this relationship is no longer clear as inequalities have been rising in high-income countries especially those following a neo-liberal model, but also in Scandinavia. This new pattern leads Tony Atkinson to suggest that it makes sense to speak more of a U-shaped rather than inverted-U model and to ‘episodes’ rather than trends in inequality (Atkinson 2007; see also Monfort (2009) who develops these ideas in more detail).

Overall regional inequalities in GDP per head declined in the EU between 1985 and 2006 as measured by the coefficient of variation at the NUTS 2 level. For the EU 15 these declines were most notable up until the mid-1990s, whereas for the EU 27, the decline continued up until 2005. These contrasting figures indicate how the new poorer member states have caught up to some degree but that among richer regions convergence has been slower (Monfort 2009). However, this
summary figure disguises some important variations in the patterns of growth and spatial cohesion. What has happened is that the strong decline in inequalities between countries has been moderated by increases in regional disparities within countries, i.e. some regions in poorer EU countries have experienced rapid growth and moved closer to EU averages but moved further away from other regions within their own territories, that continue to be marginalized, and across the EU as a whole the overall gap remains immense and shows little sign of narrowing or change (Monfort 2009). Thus as an index of the EU (EU = 100), GDP per capita measured in purchasing power standards (PPS) London scored 355.9 in 2006 while the value for the poorest region, Nord-Vest in Romania, was 24.7; when measured ten years earlier these figures were 289.9 for London and 25.5 for Nord-Vest, indicating that growth has been concentrated in an already rich region that has moved further ahead (Eurostat 2009). Of greater significance for this chapter is the way that interpersonal earnings inequalities are higher in the most affluent regions and although these inequalities can be moderated by tax policies these cannot be guaranteed and in regions closely following a neo-liberal regime, personal income disparities are very wide, with the negative consequences for other aspects of social well-being (Wilkinson and Pickett 2009). Phillipe Monfort (2009), using EU data, finds a positive relationship between regional disparities and interpersonal income disparities for most countries. More specifically, in countries where regional inequalities increased rapidly between 1995 and 2005, interpersonal disparities likewise increased significantly. What this means is that regional development analysts who focus only on convergence at the European level could conclude that progress was being made while inequalities were rising at the regional level within countries and within the regions.

With respect to OECD countries interpersonal income and earnings inequalities have been increasing and while the gender pay gap has narrowed it remains wide and at the current rate of narrowing will endure for a long time. Further, the narrowing in the gender pay gap is largely due to widening class inequalities such that men in the lower deciles have experienced a decline in their earnings relative to other men, and while some women have moved into higher earnings categories the gender pay gap at the top of the distribution remains wide (OECD 2008; Perrons 2009).

At the national level, interpersonal income inequality is higher in neo-liberal regimes such as the UK and the USA in contrast to Scandinavian Europe or Japan, and given the association between income disparities and rising regional disparities, regional growth does not guarantee rising affluence for all. In London, for example, the most affluent region in the UK, and ranked first among the European regions in 2006, 41 per cent of children are being brought up in poverty (48 per cent in Inner London) and the gender wage gap in the upper deciles is roughly one-third higher than the UK average, while at the lowest decile it is similar to the poorest regions (Figure 5.1) (CPAG 2008). Taking women and men separately, the inter-decile range is especially high for men in London; they earn five times as much as the lowest decile and this gap has risen significantly over the last decade (Figure 5.2). Elsewhere, while the gender gap remains high as illustrated in Figure 5.1, the extent of inequality between women is less marked with inequality between women being marginally higher among women in Northern Ireland than among men. What this data shows is that the highest paid jobs are found in what are regarded as the most prosperous regions on the GDP measure. Where overall earnings inequalities are high at the national level these inequalities are magnified in the most prosperous regions where the high-paid jobs are disproportionately concentrated. These high-paid jobs are found alongside a wide range of other forms of employment,
including personal services which tend to be among the lower paid, so the overall outcome is one of greater earnings polarization in London compared to other regions of the UK (Kaplanis 2007). As Leslie McCall (2001: 6) found with respect to the US, despite some narrowing of racial and gender inequalities at the national level, the best jobs are found in the more affluent regions and are still “heavily dominated by whites and men”. If measures of regional development are supposed to reflect the character of the regions and if affluent regions are used as a model for other regions to emulate, then it would seem to be important to develop a measure that reflects regional well-being more broadly including internal inequality.

Marxian theories suggest that capitalist development is inherently uneven. More orthodox approaches suggested that widening internal inequality is a stage in the development process that ultimately tends towards equality (Kuznets 1955). Even this framework has been challenged by new growth theory and its application within spatial economics which shows how economies of agglomeration lead to clustering and uneven development. These findings have led to many empirical studies on clustering and are linked more generally to ideas of endogenous development associated with the Italian industrial district or regional innovation models and have formed important elements of consultancy and policy making in the field of regional development over the last three decades. This approach tends to be rather inward looking, focusing on connections within the region, yet despite the volume of literature and advice, the relationship between clusters of activity and the development and growth of regions remains rather unclear or fuzzy (Markusen 1999;
What are more certain are the theoretical predictions of unevenness and continuing patterns of regional inequality, measured by statistics on regional growth.

Positive and negative externalities are associated with concentration, agglomeration and clustering (EC 2008). As gains arise from economies of scale within production in both public and private firms and from external economies derived from proximity of related activities, unevenness itself is not necessarily problematic. Within both Marxist and new growth theories unevenness arises from productive efficiency: from economies of concentration and centralization within the Marxist perspective and economies of scale and proximity within new growth theory. In both cases, these economies, which mean that fewer inputs generate the same or a larger quantity of output, potentially provide for gains to all. Many of the gains take the form of externalities arising from either clustering or from the division of labour within the firm. These gains, which can be cumulative, have to be recognized by individual agents in order to be realized, but in general terms arise from collective endeavour, that is, from cooperative aspects of activities rather than directly from the private activities of any single producer/supplier. A parallel case would be the classic illustration of extinguishing a fire through passing buckets along a chain rather than by individuals running back and forth. Given that even in a global economy there are some limits on the overall scale of desired output, if these collective gains are realized in one location they are less likely to be realized in another. As Ray Hudson (2007: 1156) succinctly points
out, “some (regions) will ‘fail’ as part of the price of others succeeding”. Further, these technical properties do not respect political or administrative boundaries so are just as present within as between regions. This being so the ‘problem’ of uneven development does not necessarily arise from the unevenness itself but from the differential appropriation or distribution of what are effectively social gains, that is from social choices made with respect to the distribution of collective efficiency gains. There is an argument therefore that the gains should be shared rather than privately appropriated, just as the negative externalities or losses in the form of congestion, higher rents or pollution are socialized.

The logic of this argument suggests there is no inherent reason why a geographically unbalanced distribution of economic activity should be associated with inequality in well-being. Further, given that inequality within the more affluent regions tends to be higher than in other regions and inequality itself is associated with lower scores on other aspects of social well-being, it is important to take a broader view of what constitutes overall regional development, especially given the existence of other state policies that advocate greater equality. This recognition opens the way for thinking about ways in which the regional growth and development might be measured to take account of inequalities and how the regional development and equalities agendas could be considered potentially complementary.

In this respect the EU’s economic and social cohesion policy consists of two elements: an efficiency element which relates to the levels of productivity or the extent to which regional resources are efficiently utilized and an equity element which relates to reducing disparities in the standard of living but in practice there is no reason to assume that these different dimensions would move in synchrony. For example, regional disparities in GDP per capita may narrow but interpersonal inequalities within regions rise, so using GDP per capita as a singular measure of regional performance is limited.

There is an extensive literature on the limitations of GDP per capita as a measure of growth and well-being from simple critiques relating to the compositional definition, e.g. to what is included and excluded and whether polluting ‘goods’ should count as contributing to economic growth, to the capabilities perspective as utilized within UNDP methodology and discussed further in this chapter, to demands for even broader understandings of well-being based on ideas of happiness (see Layard 2005). Elsewhere, I have disaggregated GDP into two constituent elements – an employment rate and a productivity rate – and mapped the distribution of EU regions (Perrons 2009; see also Dunford 1996), but in this chapter I develop a more comprehensive measure of regional development having first reviewed the links between equalities and cohesion policies which make such a broader measure more necessary.

### Policies for equality and regional cohesion

Equality between women and men has been enshrined in the EU since its inception, the 50th anniversary being celebrated in 2007. Over time equalities policies have become more prominent; gender mainstreaming was adopted in 1997 and formally implemented in the Structural Funds from 1999, meaning that all policies, at all stages of design, implementation and evaluation have to be monitored for their gender implications. Subsequently equalities legislation has been extended to other areas of social disadvantage including ethnicity, sexual orientation, age and disability but these issues have not yet been mainstreamed. Specifically Article 2 of the EU Treaty sets out the fundamental value of gender equality; Article 3 relates to gender mainstreaming; Article 13 requires member states to combat discrimination by sex, race, ethnicity, religion/belief, disability,
age and sexual orientation; and Articles 137 and 141 refer to securing gender equality in the labour market and to the principle of equal pay for work of equal value.

Gender mainstreaming was firmly embedded in the Structural Funds for the period 2000-2006 and moved gender from the margins of social policy to the mainstream of economic thinking and served to “shake traditional gender norms” especially in “gender conservative contexts” (Aufhauser 2007:1). In addition, gender mainstreaming has ensured that the gender implications of regional growth, planning and transport, which traditionally were considered purely technical or gender-neutral concerns, are articulated and taken into account in the design and monitoring of regional programmes. Thus projects put forward for Structural Funding have to pay attention to gender equality issues in both formulation and subsequent evaluation. Various tool kits have been designed to enable regional and local agencies to fulfil these requirements and a range of projects have been funded by the EU, under the European Social Fund and to a lesser extent as part of the general regional programmes under Objectives 1 and 2 and assessed from a gender perspective.

In the regulation of the Structural Funds and Community Strategic Guidelines on Cohesion for the period 2007-2013, although gender remains prominent it has become more of a cross-cutting theme. The policy stance towards regional equality has also shifted from a focus on redistribution towards lagging regions to one of enhancing growth and competitiveness within all regions. Within this more narrowly economic and competitive context, equality issues seem more ephemeral, even though women’s employment has been of central importance to employment growth in the early years of the twenty-first century, with six of the eight million jobs created in the EU since the launch of the Lisbon Strategy being taken up by women and leading the EU (2007: 5) to remark that the “female labour force continues to be the engine of employment growth in Europe”.

Regional policy in the UK also reflects the shift from redistribution to promoting growth and competitiveness in all regions but at the same time the Regional Development Agencies, as public bodies, have a legal duty to promote gender equality. The UK’s Equalities legislation covers six key characteristics of inequality: gender, ethnicity, disability, sexual orientation, age, religion/belief, but there is only explicit legislation to promote equality in the case of race and gender (see Ahmed (2007) for a parallel discussion of legislation with respect to race). The Regional Development Agencies have produced separate schemes and plans to promote gender and race equality within their own organizations and in the delivery of their services. With respect to gender, the legislation only came into effect in 2007 so that, while plans have been made to meet the legislative requirements, they have not yet been evaluated, but nonetheless contain ex-ante criteria for evaluation.

Some of the measures for success do not mean necessarily that progress has been made in securing greater gender balance but more simply that gender issues have been considered. The South West Regional Development Gender Equality Scheme, for example, indicates that with respect to economic inclusion, the measure of success would be to ensure that the level of and reasons for gender-related worklessness are clearly understood across geographical areas (SWRDA 2008). Nonetheless they carry out gender audits in relation to regeneration schemes and simply thinking through some of the gender implications at least raises awareness of the relations between regional planning and gender equality issues.

Plans for promoting gender equality are legal requirements and reflect high levels of aspiration towards securing equality but similarly to other policies, the relation between these objectives and others with which they may potentially conflict are rarely specified.
There is an implicit assumption that commitment to equality will somehow lead to equality. In this way, the policies are performative. As Sara Ahmed (2007:1) argues in relation to race equality, “doing the document” can to some degree be seen as sufficient or a be a substitute for “doing the deed.” It is difficult to avoid the conclusion that there is an imbalance between lofty aspirations on the one hand and serious evaluation and more equal outcomes on the other. The tick-box approach, noting that gender has been considered, along with the holding of conferences and workshops are often taken as sufficient measures of achievement.

One reason for the prevailing sense of gender fatigue among policy makers, in contrast to the enduring interests in growth and competitiveness, may be the lack of explicit connection between measures of economic development and equality. This lack of connection might also explain the general absence of discussion about interpersonal equality in the academic literature on regional development which likewise largely follows a narrowly defined economic agenda (for some exceptions see Rees 2000; Greed 2005; Aufhauser 2007). In the rest of this section I address this concern by considering how understandings of regional development might be modified to incorporate equality concerns and more specifically how the Equality Measurement Framework currently being developed by the UK’s Equalities and Human Rights Commission (EHRC) might be incorporated within measures of regional development. In the final section, I outline a model or index utilizing a simplified version of the Equality Measurement Framework for assessing regional well-being in the UK.

The UK’s EHRC is developing an Equalities Measurement Framework which derives from the capability perspective in order to reflect the multi-dimensional character of inequality. The capabilities approach derives from the work of Amartya Sen (1999) and is designed to overcome the limitations of a purely income or growth measure of well-being or development and to better reflect the substantive opportunities individuals have in order to achieve particular states of being or to undertake particular activities. In contrast to the UNDP measure which focuses on life expectancy, education and income, the EHRC has defined ten domains: life; physical security; health; education; standard of living; productive and valued activities; participation, influence and voice; individual, family and social life; identify, expression and self-respect; and finally legal security. The EHRC also examines inequality by six identity characteristics: gender, ethnicity, disability, sexual orientation and identity, age and religion/belief (Vizard and Burchardt 2008). Further, sticking to the capabilities approach these inequality indicators are not simply imposed from outside but incorporate an element of substantive freedom by involving people in their construction or more specifically engaging in a process of deliberative discussion with those involved to define appropriate domains. So there are three aspects of inequality – in outcome, autonomy and in process.

Again in contrast to UNDP methodology, in measuring or portraying inequality the EHRC aims to maintain this comprehensive picture by developing a “substantive freedom matrix” (Vizard and Burchardt 2008: 7; EHRC n.d.) rather than collapsing these dimension of inequality into a composite indicator. This matrix consists of three (aspects); ten (domains) and six (characteristics) and even then each domain requires more than one measure. So in practice this matrix would require at least 180 data items and even then would not reflect the complexity of social reality. Social class, for example, is not mentioned and while people can be defined on the basis of a single characteristic such as gender, age, ethnicity or disability, in reality, these identity characteristics intersect, so gender and age are ethnicized, and ethnicity is gendered and aged, and so on with the other characteristics. Taking account of intersectionality between the identity
characteristics would expand the data requirements further. To simplify the process, ‘spotlight’ indicators may be chosen to enable the EHRC to report on change on a few characteristics consistently over time while ‘roving’ indicators (Vizard and Burchardt 2008: 22) may be defined to highlight specific concerns as they change from year to year, but these have yet to be defined.

While such measures may more closely approximate lived experiences there is a danger that they simultaneously lose the power to provide an indication of equality, i.e. an indicator (rather than complete picture) of potential social concern or achievement. There is clearly a risk that its “very comprehensiveness. . . could drown out the sense of direction so important for purposeful policy-making” (Hirschman 1958: 205; also cited by Pike et al. 2007: 1263). While this framework might provide a useful way of mapping inequality and have resonance with people’s experiences it is almost certainly too detailed to utilize in a practical way to estimate regional well-being. Moving away from the comprehensiveness, philosophical purity and individualist human rights stance of the EHRC’s approach, below, I modify a subset of the capabilities defined by the EHRC to provide a reflection of regional well-being to contrast with the narrowly economic focus of current measures.

**Measuring gender and diversity in the regions: a capabilities approach**

Using statistics to define regions creates a partial view of regional well-being. Regions with high levels of Gross Valued Added (GVA) per capita are generally portrayed as successful and creative; those with lower GVA used to be portrayed as lagging regions (reflecting the idea that they may catch up one day) but now are more likely to be portrayed as ‘failing’ or ‘being challenged’. Table 5.1 portrays a GVA ranking of the regions and shows that the most prosperous regions are in the South of England with London ranking first followed by the South East and East. This pattern has been fairly stable over the last 15 years with some movements between closely ranked regions. For example, the East region displaced Scotland in 1993 as the third most prosperous region, Wales displaced Northern Ireland in the lowest position from 1992, and in the majority of years

<table>
<thead>
<tr>
<th>Region</th>
<th>Index of UK</th>
<th>Rank GVA per capita</th>
<th>Index of UK</th>
<th>Rank disposable income per capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>London</td>
<td>155</td>
<td>1</td>
<td>120</td>
<td>1</td>
</tr>
<tr>
<td>South East</td>
<td>109</td>
<td>2</td>
<td>113</td>
<td>2</td>
</tr>
<tr>
<td>East</td>
<td>95</td>
<td>3</td>
<td>107</td>
<td>3</td>
</tr>
<tr>
<td>Scotland</td>
<td>95</td>
<td>4</td>
<td>95</td>
<td>5</td>
</tr>
<tr>
<td>South West</td>
<td>94</td>
<td>5</td>
<td>100</td>
<td>4</td>
</tr>
<tr>
<td>East Midlands</td>
<td>91</td>
<td>6</td>
<td>94</td>
<td>6</td>
</tr>
<tr>
<td>West Midlands</td>
<td>89</td>
<td>7</td>
<td>91</td>
<td>9</td>
</tr>
<tr>
<td>North West</td>
<td>87</td>
<td>8</td>
<td>92</td>
<td>7</td>
</tr>
<tr>
<td>Yorkshire and the Humber</td>
<td>86</td>
<td>9</td>
<td>92</td>
<td>8</td>
</tr>
<tr>
<td>North East</td>
<td>81</td>
<td>10</td>
<td>86</td>
<td>12</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>81</td>
<td>11</td>
<td>87</td>
<td>11</td>
</tr>
<tr>
<td>Wales</td>
<td>77</td>
<td>12</td>
<td>89</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Calculated from National Statistics (2009)
the North East falls just behind Northern Ireland (in 2006 their relative positions with respect to the UK are identical, their order in Table 5.1 being purely alphabetical). If disposable household income is used instead of work-place-based GVA per capita, the ranking is very similar and likewise is stable over time. In both cases the data show a divide between London and the South East, especially London and the other UK regions; the work-place-based measure highlighting the concentration of high-value economic activity; the residence-based measure reflecting a lower but still high average level of income in London but that affluence is spread more widely across the South and East, in part reflecting London’s wide commuter belt.

Ranking the regions on GVA per capita disguises many characteristics of the region. I develop an index based on six of the capabilities identified by the EHRC; though I collapse these into five measures. This composite measure is completely contrary to the EHRC’s methodology and ethos, but nonetheless still provides a more comprehensive measure and reflection of regional development that takes internal inequality within the regions into account and could counter or be juxtaposed alongside the narrowly economic perspective. The capabilities I draw on are to be: alive, healthy and knowledgeable; to have an adequate standard of living, and finally to engage in productive and valued activities.

With respect to life and health I use infant mortality as a single measure. Infant mortality has declined significantly across all regions of the UK since the 1980s but regional differences persist and reflect a number of aspects of well-being including the quality, provision and take-up of services, as well as parental health and well-being.

For knowledge, I calculate a composite measure based on the proportion of people securing five GCSE at grades A–C and the proportion securing three A levels; these qualifications are obtained at leaving secondary school at 16 and after two years, further education 16–18 respectively. Northern Ireland performs best on both measures and the East is consistently in third place. For other regions there is much greater variation between these measures. London is a particularly interesting case; it ranks fifth on GCSE but eleven on three A levels. In addition, London comes first when regions are ranked on the proportion of the working population with degrees. This difference between the school population and the working population indicates commuting but also that London attracts learned people, through its educational institutions and work opportunities, rather than generating a high percentage of graduates from young people raised there. This difference also raises the question of whether measures of regional development should provide a sense of life in the regions or the characteristics of the region that might be attractive to inward investment. Probably both are required to reflect these different dimensions. In this chapter my focus is on the former so only includes GCSEs and A levels as the measure of knowledge.

For the standard of living and productive and valued activities, I use three criteria: employment, measured by the employment rate; earnings, based on a composite measure of median earnings to give a broad sense of well-being together with the index of earning inequalities, to reflect differences within the region; plus child poverty to reflect how well economies provide for the well-being of the most junior citizens (Poverty Site 2009).

I measure these elements using the UNDP’s methodology for the HDI and combine them to form the Regional Development Index (RDI). Using some slightly different elements (gender-differentiated statistics for education and employment; the gender wage gap for earnings; but the same child-related measures) I then calculate a Gender-sensitive Regional Development Index (GRDI) (Figures 5.3 and 5.4).

In calculating these indices I have drawn on the EHRC’s Equality Measurement Framework to reflect how equalities issues
are represented in a high-income country but draw directly on the simpler framework and methodology developed by the UNDP to calculate the RDI and GPDI (UNDP 2007: technical note 356–360). This is very much a preliminary, illustrative attempt to open discussion on ways of measuring regional development rather than a proposal for a definitive set of measures, which would require much deeper consideration of the items to be included and how they should be measured. In relation to gender, for example, ideally a range of other items should be considered including violence, pension rights and so on. By moving away from conventional GDP measures and towards a wider understanding of development which has some resonance with the capabilities perspective this exercise may assist in thinking about ‘what regional development means and for whom’ (Pike et al. 2007).

Figure 5.3 contrasts the rankings of regions on the RDI model with the GVA per capita view. The most notable difference between

<table>
<thead>
<tr>
<th>GVA</th>
<th>RDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 London</td>
<td>South East</td>
</tr>
<tr>
<td>2 South East</td>
<td>East</td>
</tr>
<tr>
<td>3 East</td>
<td>South West</td>
</tr>
<tr>
<td>4 Scotland</td>
<td>Scotland</td>
</tr>
<tr>
<td>5 South West</td>
<td>East Midlands</td>
</tr>
<tr>
<td>6 East Midlands</td>
<td>Northern Ireland</td>
</tr>
<tr>
<td>7 West Midlands</td>
<td>Wales</td>
</tr>
<tr>
<td>8 North West</td>
<td>North East</td>
</tr>
<tr>
<td>9 Yorkshire and The Humber</td>
<td>North West</td>
</tr>
<tr>
<td>10 North East</td>
<td>Yorkshire and The Humber</td>
</tr>
<tr>
<td>11 Northern Ireland</td>
<td>West Midlands</td>
</tr>
<tr>
<td>12 Wales</td>
<td>London</td>
</tr>
</tbody>
</table>

Figure 5.3 Models of regional development gross value added and the Regional Development Index, 2006–2008. The years for the different elements of the index vary slightly between 2006 and 2008.
Source: Data for these indices National Statistics (2009a and 2009b)
these different ways of portraying regional development is the way that London moves from first to last position; the West Midlands ranking also declines. By contrast the positions of Northern Ireland and Wales improve considerably. The changes for other regions are less dramatic and Scotland retains fourth place on each of the indices.

Figure 5.4 contrasts the rankings of regions on the GRDI model with the GVA per capita and similarly shows how the relative position of London changes but also shows a dramatic reversal in the position of Wales. Both the RDI and the GRDI incorporate the judgement that inequality and distribution matter to well-being and may more closely approximate the experience of living in the region. Focusing on gender (see Figures 5.1, 5.2 and 5.4) likewise indicates the way in which the fruits of competitiveness have benefited men to a greater extent than women, and supports criticisms of the finance focus of the last 20 years of development in the UK. Likewise in the case of Wales, the North East and Northern Ireland which rank in the lowest positions on the GVA method, all improve when broader aspects of well-being are considered, suggesting that their portrayal as failing overlooks the ways in which their development may have been more socially inclusive.

Clearly greater equality is not necessarily an advantage if that equality is based on a lower overall level of well-being, though there are data to suggest that inequality itself is socially damaging independently of the absolute level of well-being (Wilkinson and Pickett 2009) but to base success on narrowly inclusive models of development would also be limiting. In the case of London, for example,

<table>
<thead>
<tr>
<th>GVA</th>
<th>GRDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 London</td>
<td>Wales</td>
</tr>
<tr>
<td>2 South East</td>
<td>South East</td>
</tr>
<tr>
<td>3 East</td>
<td>South West</td>
</tr>
<tr>
<td>4 Scotland</td>
<td>Scotland</td>
</tr>
<tr>
<td>5 South West</td>
<td>East</td>
</tr>
<tr>
<td>6 East Midlands</td>
<td>North East</td>
</tr>
<tr>
<td>7 West Midlands</td>
<td>East Midlands</td>
</tr>
<tr>
<td>8 North West</td>
<td>North West</td>
</tr>
<tr>
<td>9 Yorkshire and The Humber</td>
<td>Northern Ireland</td>
</tr>
<tr>
<td>10 North East</td>
<td>Yorkshire and The Humber</td>
</tr>
<tr>
<td>11 Northern Ireland</td>
<td>West Midlands</td>
</tr>
<tr>
<td>12 Wales</td>
<td>London</td>
</tr>
</tbody>
</table>

Figure 5.4. Models of regional development gross value added and the Gender Regional Development Index, 2006–2008. The years for the different elements of the index vary slightly between 2006 and 2008. Source: Data for these indices National Statistics (2009a and 2009b)
its extremely high position on the GVA per capita measure presents a view of a successful and competitive region that while correct in some ways overlooks how experience of life in London is highly differentiated. Visually, walking across Waterloo Bridge at night provides a stunning vista of city life but closer inspection of nearby streets presents a very different image. Likewise the presentation of the North East, Northern Ireland or Wales as failing regions with decaying industrial economies overlooks the existence of wealthy as well as desolate villages and the greater prominence of more egalitarian public sector employment. To address specific problems it is important to examine the relevant statistics separately and in this sense a composite measure disguises important differences. Nonetheless, given the way that the single GVA per capita measure is used as a summary measure to influence regional policies it is important to consider alternative more comprehensive measures. Developing different ways of measuring economic development at least provides a stimulus for thinking about what constitutes development, and for linking interpersonal inequalities with spatial inequalities, issues that have been linked and on the agenda for a long time at an international level and within EU and UK policies at the regional and local levels but less so within the regional studies academic literature.

As the data in Figures 5.3 and 5.4 shows, what appears to be the most successful region on measures of economic growth is problematic when questions of distribution and equity are taken into account. Given that government policies promote both competitiveness and cohesion, growth and equalities and especially since gender issues are mainstreamed in the European Structural Funds and within the Regional Development Agencies in the UK, it seems important that measures of regional development take account of inequality when measuring performance. The indices outlined in this chapter provide one possible way of so doing.

**Conclusion**

The processes generating current inequalities are so profound and embedded that it may be necessary to move beyond marginal adjustments to the current neo-liberal orthodoxy through redistribution and begin to specify more inclusive models of growth and development in order to realize policy aspirations for greater interpersonal and spatial equality. In this chapter I have addressed this issue and attempted to redress current policy fragmentation or disjuncture between equalities policies focused around individual deficits, and growth policies focused on abstract economic entities or regions with little attention given to the lived experiences of the inhabitants. To do so I proposed an index of regional development that incorporates aspects of interpersonal equality derived from a capabilities perspective and drew contrasts with more orthodox measures based on GVA. While the estimated indices are very provisional they may serve to open academic debate and policy discussion regarding the different ways in which regions can be portrayed.

Taking equalities aspirations seriously and looking at interpersonal dimensions of inequality provides a different view of the regions compared to one based on growth alone. With respect to the UK, while there are parallels between measures based on GVA per capita, this relationship is not consistent. In particular it does not relate to the most prosperous region, London, which moves from first place on the GVA per capita measure to last place on the regional development and gender-sensitive regional development indices owing to wide social divisions between residents. So London is not a prosperous region as such but a region where prosperous people and firms reside alongside high levels of interpersonal inequality and child poverty. Given that regions lower down the distribution rank more highly on measures linked with social welfare suggests that rather than being portrayed as failing regions,
greater attention could be given to how they manage their economies and resources.

Linking measures of inequality with growth provides a way of overcoming the separation between the economic and the social and potentially returns the economy to its rightful position as a part of society (Polanyi 1957) that in principle could be oriented towards social and political ends of the majority rather than a minority. Such measures could also stimulate thinking about alternative, more inclusive models of regional development, appropriate at a time when the efficacy of neo-liberalism is in question. Rather than continually developing political and redistributive solutions to economic problems, more inclusive models of development would render such policies less necessary.

References


Further reading

