



An ESRC Research Programme on
Devolution & Constitutional Change



Devolution & Constitutional Change

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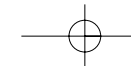


THE DEVOLUTION POLICY PAPERS

**Devolution for England?:
International Lessons**

Stuart Wilks-Heeg
Alan Harding





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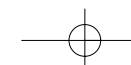
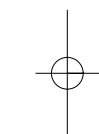
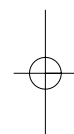
A Conference Report

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Introduction

Over the past three years the Labour government has initiated significant changes to the way the country is governed. The introduction of a Parliament for Scotland and Assemblies for Wales and Northern Ireland signals an important break with the notion of the UK as a unitary state by assigning significant powers to directly elected 'regional' government for the first time. The establishment of a strategic authority and an office of elected mayor for Greater London show that the government also sees value in new metropolitan arrangements. Potentially most significant of all, though, is the fact that these devolutionary changes have underlined the dilemmas of extending regional government to the three in four UK citizens not directly affected by new institutional arrangements so far: those in the rest of England. While there is a clear prima-facie case for counter-balancing devolution to the Celtic nations and London with stronger regional institutions in England, available evidence suggests that at the regional level support for elected assemblies is at best patchy and in some areas negligible.

Making the case for devolution to the English regions was always going to be more difficult than for Scotland, Wales or Greater London. In the absence of clear popular demand for such institutions in England, proponents of English regional government have inevitably had to base their case on quite different arguments to those that have underpinned devolution elsewhere in the UK. In particular, advocates of English regional assemblies have been under pressure to show that such institutions would produce better results than existing arrangements and not just add another tier of government. Yet, as the debate has unfolded, those in favour of regional government have done little more than re-iterate a case for 'democratising' the regional tier, while opponents have used the apparent absence of English regional identities to justify the status quo. Consequently, as a recent DETR report on Regional Government in England highlighted, **(1)** arguments for and against devolution in England appear to have fallen into the trap of relying more on polemic than on clear evidence. In particular:

- there have been very few attempts to learn from the experience of other countries that have introduced or considered regional reforms in recent years;
- scant attention has been paid to the potential of other possible regional arrangements for England, either based upon city-regions or upon improved

(1) Regional Government in England. A Preliminary Review of the Literature and Research Findings, Department of the Environment, Transport and the Regions, London, 2000.

networking, rather than new institutions, to ensure improved policy co-ordination at the regional level.

These omissions in the English regional debate provide the backdrop for this report. It draws together insights from a conference held by the Centre for Sustainable Urban and Regional Futures (SURF) at the University of Salford and the Centre for Local Economic Strategies in London on 26 October 2000. The aim was to draw out evidence and lessons from international experience with the reform of sub-national governing arrangements. Introduced by keynote addresses from Hilary Armstrong, then Minister for Local Government and the Regions, and Cllr Richard Leese, the Leader of Manchester City Council, who spoke on behalf of the Core Cities Group of local authorities, the conference provided British policy-makers and academics with the opportunity to hear and debate evidence presented by experts on regional and city-regional governance from Europe and North America. The first half of the conference focussed upon the recent experience of introducing regional government in the larger countries of Western Europe, focusing on the French, Italian and Spanish cases. The second half of the event turned to recent experience with city-regional arrangements in the Netherlands, the USA and Canada. **(2)**

Devolution in England: The Current State of Play

Concern about the level of demand for regional government in England, coupled with the narrow margin by which voters in Wales voted in favour of an assembly, has understandably made the government nervous about pushing the idea of elected regional government in England. Data from opinion polls carried out in England by MORI in March 1999 to measure the degree of support for regional government illustrate why (see Table 1). The figures suggest that majorities in favour of the creation of regional assemblies are only to be found in London and (only just) the North East. In the remaining English regions levels of support ranged from 47 per cent in the South West to 37 per cent in the South East. Net opposition to regional assemblies was found in the South East and the North West.

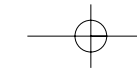
(2) In addition to Hilary Armstrong and Richard Leese, the conference was addressed by Patrick Le Galès (CEVIPOF, Sciences Po/CNRS, Paris), Simon Parker (University of York), Raquel Gallego (Autonomous University of Barcelona), Pieter Terhorst (University of Amsterdam), Todd Swanstrom (New York University, Albany), and Roger Kiel (York University, Toronto).

Table 1: Support for Regional Government, by English Region

Region	In Favour	Against	Net support
London	60	21	39
North East	51	29	22
West Midlands	46	37	9
South West	47	39	8
East Midlands	40	35	5
Eastern	43	42	1
Yorkshire and the Humber	42	42	0
North West	42	44	-2
South East	37	47	-10
All	45	38	7

Source: *The Economist*, 26 March 1999.

Against this background, the government has developed a two-strand strategy for devolution to the English regions. It has sought both to tackle the perceived 'economic deficit' by introducing Regional Development Agencies and made a start on addressing the 'democratic deficit', particularly in respect of the RDAs' work, by encouraging the formation of non-statutory Regional Chambers whose members are drawn from local authorities and a range of other stakeholders. The government has also held out the prospect of English regions moving forward in due course to introducing elected regional government subject to approval in regional referenda. In setting out this strategy, it has made clear that it will not impose regional government but will at some point allow regions to adopt such structures as and when they are ready to do so. Whilst campaigning and deliberative bodies have now been established in the majority of the regions, however, there are few signs of root and branch mobilisation behind the cause of English regionalisation. Indeed, as Hilary Armstrong made clear in her keynote address to the conference, the argument for regional government in England is far from won. Echoing the conclusions of the recent DETR report, she argued that debate on English regionalism is dominated by



the sort of generic arguments that have been around since the 1970s. This reflected a lack of confidence in the debate on English regionalism as well as an ongoing failure to establish precisely how regional government could add value to current governance arrangements. Given these flaws in the debate, Armstrong underlined the need to learn more rigorously from recent international experience in order to proceed with a more evidence-based approach to devolution in England.

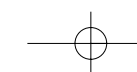
Inevitably, there are complex research issues involved in any comparative study of governance and policy and this report can only be an initial attempt to establish potential lessons for English devolution from recent experience in Europe and North America. A number of preliminary lessons can nonetheless be drawn out concerning a number of key issues in the current debate over devolution in England. These are considered below.

Key Questions in the debate on devolution in England

- Is popular support a pre-requisite for regional government?
- What should regional government do?
- Does regional government lead to improved regional economic performance?
- Is asymmetric devolution an option?
- Is there a role for city-regions?
- What difficulties may be experienced in introducing city-regions?
- What are the prospects for introducing city-regions in England?

Is popular support a pre-requisite for regional government?

Although opinion poll data from the English regions have led the government to defer action on English regional assemblies to its agenda for the second term, it is far from exceptional for initial enthusiasm for regional government to be limited. Indeed, regional government has been introduced elsewhere in Europe in the face of popular opposition. In France, the creation of regions in 1982 was supported by



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less than a third of the population at the time, while in Spain the government imposed devolution on Andalucía after proposals for it were rejected in a referendum. Even when regional solutions were imposed from the centre, however, they have become more popular with their constituencies over time. In France, levels of support for regional government 15 years after its creation had risen to 70 per cent nationally. Similarly, a notable increase in net support for the regional tier (from 10 to 24 per cent) was observed in Italy between 1982 and 1987, that is, 12 to 15 years after its introduction.

Further evidence that devolution becomes more popular with the passage of time is provided by the Spanish experience. As in Britain in the 1990s, the strong demands for autonomy in some Spanish regions in the late 1970s were not paralleled in the rest of the country, where there was no clear support for devolution. Yet, by 1996, opinion polls suggested that three-quarters of Spaniards felt either that the existing degree of autonomy granted to the regions should be maintained or enhanced. Furthermore, these responses appear to be underpinned by a growing popular identification with the autonomous communities. In the same poll just over two-thirds of respondents reported either that they identified *only* with their autonomous community or as much with it as they did with Spain as a whole.

Lesson 1: *snap-shots of public attitudes towards regional government are not reliable guide to the capacity of new institutions to take root in the longer term.*

Lesson 2: *regional identity is not a pre-requisite for regional government: new institutions can create, as well as result from, regional consciousness.*

What should regional government do?

Given the limited territorial demand for regional government in England so far and the importance attached to regional referenda, the case for its introduction must surely be based on expectations that it would make policy more effective. It is however unclear from international evidence just what policy functions can most appropriately be carried out by regional government. Indeed, defining these functions can seem like a matter of trial and error. Regions in both France and Italy have taken on new functions over time, while some of those that they took on originally have since been downgraded in importance. For instance, in the French case, regions have become particularly successful in relation to cultural policy and it is widely felt that it is success in this field that accounts for much of the growth in support for regional government. Over the same period, however, the French regions have become progressively less important in economic development policy, although this was originally their principal function.

Table 2: The changing functions of regional government in Italy and France

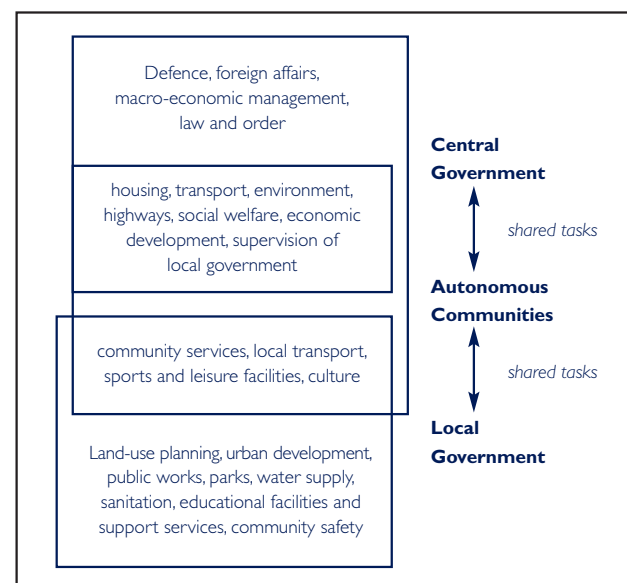
Country	Year regions introduced	Primary functions on introduction	Functions added since introduction
Italy	1970	Transport Agriculture	Health Land-use planning Social services
France	1982	Economic development Vocational training	Universities Culture Environment

In Spain, a complex sharing of functions between the national, regional and local levels of government has evolved since the late 1970s. Table 3 shows that central government in Spain has exclusive powers over areas such as defence and macro-economic management but that it shares responsibility for many functions with the autonomous communities, including housing, social welfare and economic

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development. Similarly, local government has competences in land-use planning and community safety while also sharing responsibility with the autonomous communities in a number of areas, such as local transport and sports and leisure facilities.

Figure 3: Division of functions between tiers of government in Spain



European experience therefore suggests that any decision regarding the powers to be devolved to regions is not simply a one-off re-allocation of functions between tiers of government. Rather, devolution triggers a dynamic process of bargaining between regional and national government over responsibilities and resources. Aside from the tendency for this to result in regions acquiring more functions, the other clear message to emerge is that regional authorities, once established, will push

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strongly for greater autonomy, particularly in the management of their financial affairs. In Italy the regions lobbied strongly for tax-raising powers from 1983, eventually winning limited powers in this area in 1990. Similarly, the Spanish autonomous communities have claimed a rising share of income tax revenues, with some regions securing a greater degree of financial autonomy from the centre than others: in Catalonia 32 per cent of public expenditure is now controlled by the regional government, compared to an average of 25 per cent in Spain as a whole.

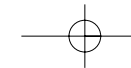
Lesson 3: regional government is not a 'quick fix': it takes time for it to become clear what regions can do best.

Lesson 4: devolution initiates a dynamic process of change: over time it is likely to lead to demands for greater financial autonomy, while the functions regions start with are unlikely to be the same ones they have 10 or 15 years later.

Does regional government lead to improved economic performance?

One of the most common arguments for introducing regional government in England is that it will improve regional economic performance. In this view, the English regions are held to suffer from an 'economic deficit', with the fact that the level of GDP per head in each of the English regions outside of London and the South East falls below the EU average cited as evidence. In turn, this economic under-performance of the English regions is seen to stem from the absence of powerful regional institutions, which leaves them at a disadvantage compared to their European counterparts.

This argument has become common currency in the English debate and was also used as a justification for the introduction of the Italian regions in the 1970s and the French regions in the 1980s. However, firm evidence that regional government in Europe has bolstered regional economic performance is hard to come by. In France, the role of the regions in promoting economic development has declined, largely



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because it has increasingly been recognised that it is cities, rather than regions, which constitute the key drivers of economic growth. A similar degree of scepticism must also be advanced in the case of the Italy where regional government also plays a limited role in relation to economic development and the principal metropolitan areas are again regarded as the major economic engines.

Indeed, of the cases considered here, only the Spanish regions can make any reasonable claim to being significant contributors to regional economic performance since they do at least share significant responsibility for economic development with central government. However, time-series data on economic performance in Spain suggest that regional economic disparities have only narrowed marginally over the past 15-20 years. Whether this modest decrease in regional disparity can be attributed specifically to the activities of regional governments, rather than, say, to national economic policy or the beneficial impact of Spanish membership of the EU, remains an open question.

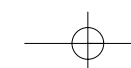
Lesson 5: *it remains unclear whether regional government impacts positively on regional economic development.*

Lesson 6: *cities, not regions, are increasingly seen as the primary motors of economic change in many European countries.*

Is asymmetric devolution an option?

Although the policy of 'devolution on demand' in the UK avoids the problem of imposing regional government where it is not wanted, it has also created an uneven geography of regional autonomy. The implications of this asymmetric devolution are only just beginning to emerge and the picture is likely to become more complex if and when individual English regions seek to move towards elected regional government.

The staggered emergence of regionalism in the UK does have something of a parallel in the Spanish case. Following the transition to a democratic regime in the late 1970s, the new Spanish constitution provided for twin-track devolution. Under this framework, regions with strong nationalist claims for devolution were allowed to



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move quickly towards such arrangements. Thus, Catalonia and the Basque Country introduced regional government in 1979, followed in 1981 by Galicia and, largely on political grounds, Andalucía. The remaining 13 autonomous communities were then introduced in 1982-83. The principle of a two-speed process of devolution has since been maintained, with subsequent bargaining between central government and individual autonomous communities enabling some regional governments, especially Catalonia and the Basque Country, to take greater control over their own affairs.

While the Spanish case suggests that asymmetric and staggered devolution is an option for the UK, it leaves open the question of what might happen if the English regions fail to embrace regional government. Asymmetric devolution would seem to be an appropriate response to the problem that there are different levels of aspiration to self-government. However, experience in Spain also implies that a staggered process of devolution creates an uneven playing field for the inter-regional competition that inevitably results: regions with devolved powers tend to be more successful in securing additional resources via bilateral negotiations with the centre. This suggests that asymmetrical devolution needs to be supported by national co-ordination mechanisms which ensure that regions slow to move towards regional autonomy are not disadvantaged and are encouraged to be part of a consensus on how devolution should proceed.

Lesson 7: *if some regions do not (yet) want regional government, asymmetrical devolution is a feasible option that has been adopted elsewhere.*

Lesson 8: *if harmful inter-regional competition is to be minimised, asymmetric devolution requires national government to introduce inter-regional co-ordination mechanisms rather than deal with devolved governments bilaterally.*

Is there a role for city-regions?

As the debate about English regionalism has unfolded, fresh attention has also been paid to the notion of city-regions. Though seen by some as an alternative to the standard regions, there is a case that city-regions could augment, rather than dilute, an English regionalisation agenda. Hilary Armstrong offered a vision of 'strong cities within strong regions', suggesting that people might be able to relate more easily to city-regions than they do to the standard regions of England. As a means of illustrating how the cities and the region could be strengthened simultaneously, she pointed to the government's proposals for elected mayors which, she argued, would provide for the emergence of powerful advocates for the wider region, not just their urban centres. Despite this ministerial recognition of the potential role of city-regions, the regional debate in England has hitherto been dominated by a single model, namely the proposal for elected regional government for standard regions. This is perhaps a little odd since four new institutional models are already in operation in the rest of the UK, including a city-based solution in London. Richard Leese set out a number of arguments for introducing city-regions in England (see below), calling on the policy community to explore the lessons set by successful city-regional models abroad.

Figure 4: The case for city-regions in England

- 1) Core cities carry regional responsibilities but currently do so without an adequate tax base.
- 2) Important functions are already carried out on a metropolitan level – waste, police, transport, Objective 1 and 2 funding – but without reference to a strategic or democratic framework.
- 3) High levels of social deprivation in the core cities contrast sharply to the relative affluence of outer-lying districts - only a city-regional approach can address such disparities.
- 4) Investment, jobs and skills remain concentrated in the city-regions: if city-regions fail to prosper, regional and national economic performance will suffer accordingly.
- 5) If metropolitan government is right for London, then why not, for example, for Greater Manchester or Merseyside?

These arguments in favour of city-regions were, to an extent, supported by the discussion on international experience with metropolitan governance presented in the second half of the conference. There is certainly an international consensus emerging about the potential benefits of city-regions. In particular, it is widely felt that building capacity at the city-regional level would greatly enhance the prospects of promoting economic competitiveness, tackling unemployment and social exclusion, and facilitating sustainable development. At the same time, however, international experience also serves as a reminder that some of the lessons that could be drawn from international experience are essentially negative ones.

What difficulties may be experienced in introducing city-regions?

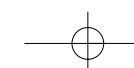
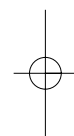
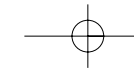
International examples of city-regional governance suggest that proponents of city-regions in the English context need to be alert to the fact that establishing city-regions, and managing their relationship with other tiers of government, are far from straightforward. In particular:

- there are few examples of successful city-regional structures. Even the case of Toronto, held up as a model of city-regional government since the 1950s and long described as 'the city that works', can no longer make such claims following controversial changes introduced since 1997.
- city-regions often fail to command popular support. Attempts to create city-regional authorities in the Netherlands and the USA have met with considerable opposition from local voters and individual local authorities.
- the French experience casts some doubt on the argument that strong cities and regions can co-exist, with some evidence to suggest that the growing strength of urban areas had hampered the development of regional structures.

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It is important to ask why attempts to reconfigure governance at this scale have tended to flounder. The three case studies of city-regions presented to the conference pointed to a combination of generic and place-specific factors with one common theme: there is a tendency for proposals for city-regions to generate intense political controversy. Four particular sets of problems were most evident:

- Existing local authorities have opposed the creation of city-regions:** in the United States, proposals to create city-regional structures have been opposed by cities and suburbs alike. In the Netherlands, proposals to create city-regions for Amsterdam and Rotterdam were opposed by suburban local authorities. To overcome suburban opposition, the two core cities had to be broken up into smaller, and thus weaker, units. But, even then, conflicts about the power of the future city-regions continued.
- Powerful local identities can be threatened by the creation of city-regions:** the proposal to break Amsterdam into smaller units to facilitate the emergence of a city-regional structure provoked fierce local opposition on a variety of emotive as well as 'technical' grounds (e.g. the fact that the Ajax football stadium would no longer be within the city of Amsterdam's boundaries!).
- Regional tiers of government may act to break up or prevent the emergence of city-regional structures:** Canadian cities operate with limited autonomy from the provinces and recent local government reforms introduced in Ontario have directly undermined the attempts in Toronto to extend its city-regional model to a wider territory.
- The re-scaling of metropolitan government is an ideological, not just a technocratic issue:** in the USA proponents of city-regions see it as a means to reduce socio-spatial polarisation, while neo-liberals favour the system of inter-municipal competition fostered by the fragmented system of urban governance. In the case of Toronto, the proposal to extend the Metro Toronto district to the Greater Toronto Area was an essentially social-democratic attempt to facilitate more effective governmental intervention, while its rejection in favour of a plan amalgamating municipalities throughout Ontario was inspired by neo-liberal principles of economy and efficiency.



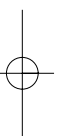
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Lesson 9: *despite their potential advantages, proposals for city-regions frequently fail to gain widespread popular support.*

Lesson 10: *suburban local authorities tend to resist moves towards city-regions, even if cities offer to give up power: metropolitan governing arrangements therefore need to be created by diktat or built up incrementally.*

What are the prospects for city-regional solutions in England?

On the basis of such evidence, it might be tempting to assume that attempts to introduce city-regions in England would be frustrated by similar difficulties. However, two arguments counter such pessimism. First, there are grounds to be more optimistic in an English context in which local authorities are significantly larger than their European and American equivalents. With such building blocks in place, moves to create city-regions in England would arguably encounter fewer problems than in countries where metropolitan governance is far more fragmented. Second, there are a variety of means through which city-regional arrangements can be fostered without creating new city-regional authorities. For instance, the policy of contract planning in France, through which central government requires collections of local authorities to collaborate in exchange for additional resources was put forward as a possible model for England. Indeed, it was noted that similar arrangements already exist in England in relation, for example, to local transport plans. Such examples of network governance at the city-regional scale offer the potential to devise innovative and effective policy solutions within the constraints imposed by the existing geography of metropolitan local government.

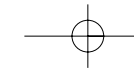


Conclusion: where next?

This paper has set out the need for a more considered debate on devolution to the England regions and to seek out lessons from international experience. By using overseas examples to subject the case for regional and city-regional government to critical scrutiny, it has indicated how the content of the debate on English devolution might be shifted from a tendency towards polemic to a more informed discussion of evidence. In doing so it has challenged some of the conventional wisdom about regional and city-regional government.

The most important messages to arise are twofold and can effectively be juxtaposed as policy alternatives. On the one hand, the introduction of new elected regional institutions clearly represents a calculated political risk. Such changes are likely to be viewed sceptically in the short term in 'regions' which lack a clear sense of cultural and/or economic identity. Their wider consequences are difficult to predict and it may take up to 20 years of trial and error before it becomes clear what precise mix of functions are best undertaken at the regional and city-regional scales. However, the experience of introducing regional government in France, Italy and Spain suggests that popular identification with regions and improved governance do emerge over time. It is possible, though by no means certain, that the same could be true of elected city-regional authorities, where experimentation with new structures has been less in evidence.

On the other hand, there is an emerging consensus that city-regional arrangements may well have a greater potential for policy impact, particularly in relation to economic development. Yet it is also clear that any decision to create such authorities can easily threaten established interests and provoke defensive reactions by those who benefit most from the status quo. The political controversies created by proposals for city-regions tend to be substantial. In some cases they have so far proven insurmountable. Given this, there is a powerful case for paying greater attention to the possibility of implementing a city-regional approach by re-configuring governance in less disruptive ways which nonetheless provide for effective city-regional policy co-ordination. The recent emergence of 'network governance' mechanisms suggests that such an approach has genuine potential, particularly if formalised as a clear alternative to administrative upheaval. Again, there is no reason why such an approach should be restricted to the city-regional scale:



network governance may also be a viable means of improving regional policy co-ordination.

It is more important than ever that the devolution debate in England is underpinned by a systematic consideration of the alternatives and a more considered understanding of international experience. This paper and the conference on which it has drawn have made a first step in this direction but an ongoing process of engagement between academic researchers and the policy community will be necessary if the English are to get the devolution debate they deserve.

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