HETERODOXY AND THE GOVERNANCE OF ECONOMIC DEVELOPMENT

Revised Paper for Environment and Planning A (Special Issue: Sub-National Governance and Economic and Social Development)

October 2003

Dr Andy Pike
Centre for Urban and Regional Development Studies (CURDS)
University of Newcastle
Newcastle Upon Tyne
NE1 7RU
UK
Tel. +44(0)191 222 8011
Fax. +44 (0)191 232 9259
e-mail: andy.pike@ncl.ac.uk
Web: http://www.ncl.ac.uk/curds

Abstract
An emergent heterodox approach is challenging the prevailing orthodoxy of thinking, doing and governing economic development particularly at the sub-national, regional and local levels. Underpinned by debates concerning institutionalism and a ‘new centrism’, the theoretical and conceptual roots of the heterodox agenda are drawn together. Several critical issues are outlined: the historical evolution of economic development approaches; the lack of coherency and consensus in conceptual, theoretical and policy terms; and, the underdeveloped empirical base and translation into policy and institutional practice. This discussion informs an analytical framework based upon the central dimensions of heterodoxy, experimentation, context-specificity and governance. Empirical analysis of the substance of the new heterodoxy is undertaken by focusing upon a new institutional experiment for organising economic development – the task force – and drawing upon evidence from the national (UK), regional (North East of England) and local (South Tyneside) levels. The argument is that there is a mixed picture with patchy evidence of the emergence of the heterodox agenda comprising genuine experimentation and innovation co-existing and inter-relating with substantial continuities and the extension and reinforcement of established practices. The study concludes that the currently dominant narrative and technocratic mode of economic development ‘quasi-governance’ requires a renewed and democratised politics to open up discussion of alternative responses to the
fundamental questions of what kind of economic development and for whom. Strengthened democratic structures as part of the devolution process in the UK’s nations and regions may offer the potential to begin this debate.
Introduction

“I am the breadwinner in our house as my husband is out of work. I have been here since school and have no qualifications apart from working on sewing machines. What am I going to do now at my age? How am I going to pay the mortgage?” (Former Machinist, Dewhirst, quoted in (Clarke 2002): 1).

In July 2002, clothing manufacturer Dewhirst announced the closure of its factory in Cardigan, west Wales, with the loss of 325 jobs held mainly by women aged in their forties and fifties. Dewhirst were following clothing industry-wide responses to cost pressures by shifting production to relatively lower labour cost places such as Morocco. Commenting on the “regrettable decision”, a company spokesperson said: “This is a direct result of the continued consumer pressure on prices that has led to insufficient profitable business being available to maintain our UK manufacturing at current levels” (quoted in The Guardian 2002: 26). Dewhirst was by far the largest private sector employer in a local economy blighted by relatively high rates of unemployment and few long-term job opportunities. Articulating local concerns, Elin Jones, Welsh Assembly Government Member for Ceredigion, said: “the response from the Government must be more than to send out a few consultants from the employment services. They have to look at reinvestment and regeneration. These are people who are skilled workers with a fine record of profit making” (quoted in Clarke, 2002: 1). Such incidents of job loss and economic decline are not unfamiliar issues confronting peripheral
localities struggling with the consequences of long run structural change. The existing repertoire of responses to such problems has, in some quarters, been found wanting. The conventional theory and practice underpinning the local and regional search for prosperity and wellbeing — through the sustained increases in employment, income and productivity that remain at the heart of economic development (Storper 1997) — are being confronted, raising fundamental questions for the theory, governance and practice of economic development institutions and policy:

“The institutionalist agenda threatens the inherited policy approach in three ways: first, by placing faith in long-term, evolutionary actions which tend to span across normal planning and electoral cycles; second, by suggesting new actor rationalities to replace the reliance on standardized, off-the-shelf formulae applied mechanically by an unreflexive policy community; and third, by expecting policy actors to considerably broaden their definition of the factors of economic success” (Amin 1999): 375).

Such challenges are informing an emergent economic development agenda. It is different in at least some respects from existing practice. This is due, in part, to its genuine innovation and challenges to established ways of thinking, doing and governing economic development and because of its extension and reinforcement of some well worn strategies.

Economic development and its governance have been marked by several related changes that connect with the emergent agenda. First, it is claimed that there has been a qualitative shift toward a more ‘reflexive capitalism’,
characterised by heightened uncertainty and risk, influencing social agents to
develop context-specific ‘frameworks of action’ to co-ordinate their activities
(Storper 1997; MacLeod 2000). Second, there is a growing importance,
diversity and complexity in policies and institutional forms at the sub-national
scale (Sabel 1994; Amin and Thrift 1995; Cooke and Morgan 1998; Amin
1999; Gertler and Wolfe 2002). Third, a ‘new centrism’ has emerged in
economic development that seeks to move beyond state-centred
interventionism and market-oriented liberalism as alternative forms of co-
ordination and organisation. It incorporates the “uneasy welding” together of
sometimes problematic ideas including “competition and collaboration; the
importance of supply conditions, especially training; partnership; a
strengthened regional context; and the increasing importance of
‘sustainability’ and community economic development” (Geddes and Newman
1999): 16). Each of these changes is underpinned by two emergent and
closely inter-related strands in the literature concerning institutionalism (Martin
1999) and ‘heterodox’ (Storper 1997) approaches to economic development
institutions, policy and governance.

The intention here is twofold. First, to draw together and reflect upon the
theoretical and conceptual roots of the so-called ‘heterodox’ agenda for
economic development and its governance. Second, to assess its empirical
substance through an analysis of a particular form of economic development
policy and governance — the task force — unearthed in recent research in the
UK. The material is organised into four sections. First, the literatures
concerning institutionalism in economic geography and heterodox approaches
to economic development institutions and policy are briefly reviewed. Second, some critical themes and a preliminary analytical framework are sketched out to research the emergent ‘heterodox’ agenda. Third, an empirical analysis is discussed based upon economic development task forces in the UK and the North East region of England with a more detailed discussion of a particular example from South Tyneside. Finally, the conclusions seek to reflect upon the significance of the analysis for the broader theoretical and policy debates. The argument is that the evidence presents a mixed picture with patchy evidence of the emergence of the heterodox agenda comprising genuine experimentation and innovation co-existing and inter-relating with substantial continuities and the extension and reinforcement of established practices. The study concludes that the currently dominant narrative of ‘globalisation-competitiveness’ (Lovering 2001) and technocratic mode of economic development ‘quasi-governance’ — substantially unaccountable, lacking co-ordination and opaque — requires a renewed and democratised politics to open up discussion of alternative responses to the fundamental questions of what kind of economic development and for whom. Strengthened democratic structures as part of the devolution process in the UK’s nations and regions may offer the potential to begin this debate.

**Institutionalism and heterodoxy in economic development**

Reflecting a broader social science concern with ‘institutionalism’ in economics (Hodgson 1999), sociology (Block 1994) and political science (Steinmo, Thelen and Longstreth 1992), economic geography has been experimenting with an ‘institutionalist turn’ (Amin 1999). Increased recognition
has been given to explaining how and why “economic action is socially and institutionally situated…[it] has to be understood as enmeshed in wider structures of social, economic and political rules, procedures and conventions” (Martin 1999: 3). Crucially, while such ensembles of institutions “are unlikely to be the sole cause of geographically uneven development they enable, constrain and refract economic development in spatially differentiated ways” (Martin 1999: 6). Institutions - as both formal organisations and as informal ordering structures - in tandem with processes of ‘institution building’ and ‘institutionalisation’ have become central areas of interest in economic development (Wood and Valler 2001). This focus has underpinned the development of specific territorial/institutional conceptualisations of the localised and regionalised social regulation and governance of economic development (Martin 1999; Barnes and Sheppard 2000; Clark, Feldman and Gertler 2000; Goodwin, Jones, Jones, Pett and Simpson 2002). This work connects with the ‘new regionalism’ debate (see Amin 1999; Lovering, 1999) and theories of the ‘associational economy’ (Cooke and Morgan 1998), ‘institutional thickness’ or ‘integrity’ (Amin and Thrift, 1995), ‘local and regional institutional regimes’ (Grabher 1993; Martin 1999); ‘institutional spaces’; (Martin, Sunley and Wills 1996; Jones 1999) and ‘local modes of social regulation’ (Peck and Tickell 1995). As formerly national institutional configurations are said to be fragmenting into more complex, multi—layered and decentralised structures around the sub-national scale, local and regional institutions are assuming an integral role in shaping economic activity in concert with national and supranational institutions such as the EU (Boyer and Rogers Hollingsworth 1997).
The current preoccupation with institutionalism links with a growing interest in so-called ‘heterodox’ approaches to economic development institutions, policy and governance (Amin 1999; MacLeod 2000; Sabel 1994; Storper 1997). Incorporating both 1960s Keynesian and 1980s neo-liberal approaches, the conventional orthodoxy is said to have been largely firm-centred, incentive-based, state-driven and standardised — often centrally co-ordinated at the national level and peddling universal solutions (e.g. income redistribution/welfarism and entrepreneurialism/market deregulation respectively) to economic development concerns (Amin, 1999). Such approaches are considered to have failed and/or achieved only modest success due to their inability to secure productivity increases or implant self-sustaining growth and their reliance upon the often debilitating impact of market-led adjustment. They were further undermined by their financial inefficiency, ‘bureaucratisation’ and susceptibility to political immobilism (Oatley 1998). The ‘bottom-up’, decentralised and community-led economic development experiments initiated in the late 1960s and, with increasing European support, developing into the 2000s, signalled a break with orthodox approaches but were found to be lacking in terms of their capability, resources and stability (Geddes and Newman 1999).

In addition to their already patchy performance, each of the co-existing approaches in the orthodoxy are thought to have been undermined by the increasingly complex, fast changing and uncertain nature of contemporary local and regional economic development. The context has been profoundly
redrawn by intensified internationalisation (even ‘globalisation’), shifts toward reflexive and more knowledge-intensive forms of capitalism, the increasing ‘nestedness’ of multi-level, devolving governance structures and the post-ideological search for ‘Third Way’ solutions beyond state and market (Boyer and Rogers Hollingsworth 1997; Storper 1997; Held, McGrew, Goldblatt and Perraton 1999; Giddens 2002). A context of constant change, uncertainty and risk has placed a premium upon adaptability, learning and reflexivity within local and regional economies (Cooke 1995; Cooke and Morgan 1998).

In place of the conventional and broadly universalist orthodoxy:

“A new heterodox policy framework has emerged. This framework, while having many branches, shares a number of features. It favors policies that are context—sensitive, that is, interested in the embeddedness of industrial practices in specific contexts and regions, hence “bottom—up”. It is production systems oriented rather than firm oriented in its focus. It has a non—Cartesian element, one that accepts the diversity of underlying technological and institutional situations of different economies… …Key words that describe it include: networks, flexibility, decentralisation, co—operation, research and development, human capital, technopoles, and training (Storper 1997: 279).

Specifically, “the policies are heterodox because of the kinds of public goods they would provide… …The new theory calls for policy to produce public goods, but allows that these goods may be specific (rather than generic) to technological spaces: it is their developmental properties (evolution along trajectories through learning) that ultimately generalize (via spillovers and
complementarities) their benefits to the wider economy and society” (Storper 1997: 279). Chiming with the ‘new centrism’ in (Geddes and Newman 1999), the heterodox approach recognises the collective or social foundations of economic behaviour (in contrast to the conceptual individualism of the orthodoxy) and has been described as an ‘institutionalist approach’ to regional development (Amin 1999). The guiding ‘axioms’ contrast sharply with the orthodoxy and favour bottom-up, region-specific, longer-term and plural-actor based policy actions.

Profound changes in models of economic development governance are integral to the heterodox approach. First, again echoing the ‘new centrism’, the more generalised shift from ‘government’ to ‘governance’ has dramatically increased the involvement of Non—Departmental Public Bodies (NDPBs or ‘Quangos’) alongside the private and voluntary sectors in economic development (Jessop 2001). Multi—agency and ‘inclusive’ ‘partnerships’ have become the chief coordinating mechanisms to address entangled issues beyond the remit of any single body (Geddes 1998). Second, devolution and regionalisation processes, for example in the UK since 1997, have redrawn the political and administrative structures through which economic development is governed (Goodwin et al. 2002; Jeffery and Mawson 2002). Such changes emphasise the rising importance and agency of the sub-national level, animating debates about the ‘new regionalism’ (Amin 1999; Lovering 1999). The economic development’s position as an integral part of the devolution agenda has further underlined the significance of these ideas (Valler, Phelps and Wood 2002). The policymaking community describes this
as the ‘devolved paradigm for economic development’ (OECD 2001). Others recognize the heightened complexity and inter—relations inherent in multi—layered, devolving governance structures working across, between and within a range of nested spatial scales — supranational, national, sub—national, regional, local and, even lower to the neighbourhood and community level (Marks 1993; Valler et al. 2002). Broad agreement surrounds the continuing — often decisive and pivotal — role of the national, central state (Amin 1999; Lovering 1999; MacLeod 2001; Morgan 2002).

At variance with established and accepted beliefs and doctrines, the deliberately unorthodox, heterodox approach is fundamentally different and opens up a novel but highly challenging agenda for economic development. In particular, experimentation, context—specificity and governance merit further discussion and empirical analysis. The recognition in the heterodox approach that economic development has become too complex, fast changing and uncertain for rigid, standardised formulae has underpinned experimentation with new, innovative strategies and practices. The capacity to question, innovate and reflexively to learn from both successes and failures is promoted as a means of developing from established procedures (Cooke 1995; Gertler and Wolfe 2002; Henderson and Morgan 2002). Storper (1997: 274) builds upon the centrality of confidence and trust in his analysis of contexts conducive to such learning:

“Small, repeated, experimental interactions may be useful for this purpose. Experimentation, as a policy device, means actually setting the parties to work in limited relations that facilitate learning and
attempting to build upon complexity. It does not mean trying to prove
the utility of any general, abstract solution”.

Institutionalisation processes are perceived to be central to ‘building in’
experimentation, often through ‘institutional searching’ (Peck and Tickell 1994)
for ‘fixes’ – temporary or longer term – that can either enhance or impede
(see, for example, Grabher’s (1993) discussion of ‘lock—in’ in the Ruhr region
in Germany) the adaptive capabilities of local and regional economies (Gertler
and Wolfe 2002). Given the accumulation of specific institutional structures in
particular places that confer a degree of path dependency upon new
developments, the extent and nature of such experimentation are
indeterminant, contingent and remain empirical questions (Peck 2000). While
untested, experimentation may be confined to relatively peripheral rather than
mainstream activities and services. Similarly, the evolution and interaction of
experiments alongside existing activities — the complex and demanding
process of ‘learning by doing’ (Morgan and Rees 2001) — and the extent to
which new experiments become formalised as ‘good practice’ require further
analysis.

Context—specificity is another central tenet of the heterodox approach. The
orthodoxy’s formulaic, ‘top—down’ approach applied universally to all types of
region is interpreted as distant, ineffective and insufficiently flexible or
sensitive to address specific local and regional problems. Echoing broader
theoretical currents that emphasise “more contextual, and less universally
deterministic, accounts” and the need for “crafting geographically appropriate
institutions, designing them for the local context at hand” (Barnes 1999): 14),
the heterodox approach focuses upon developing institutions and policy to deal with the specifics of local and regional economies. It seeks explicitly to recognise the particularities of place shaped by specific historical trajectories of economic, social, political and cultural change. Central to such an approach is a decentralised governance structure:

“…that potentially empowers local knowledge, part of which is tacit, and this can never be properly accessed by decision—making centres which are external to the region. This, in turn, allows regions to design and deliver policies which are attuned to local circumstances instead of being the product of some centralized template (Morgan and Rees 2001: 129).

Distinctive ‘bottom—up’ approaches adapted to building upon indigenous strengths and endogenous growth potential have become integral to contemporary economic development (Geddes and Newman 1999; HMTreasury 2001; OECD 2001; Treasury 2001). While caution against relying upon simple policy ‘transfer’ is emphasised (Hudson, Dunford, Hamilton and Kotter 1997), the degree and nature of policy and institutional orientation to context, presumably across a range of scales, their adherence (or ignorance) of standardised, universal templates and their relative effectiveness need further empirical investigation.

Decentralised governance models connect directly with the institutionalism and heterodoxy of the emergent economic development agenda. Novel approaches to strategy and policy have been couched within institutional experimentation in innovative organisational forms. As part of addressing the
‘wicked’, cross—cutting issues — including economic development — that bedevil formal bureaucracies, (Sabel and O'Donnell 2000): 3) discuss a ‘democratic experimentalism’, framed by the national centre, that is: “neither a formal bureaucracy nor an informal network, yet it combines the capacities for super—local learning characteristic of the former with the access to the local knowledge characteristic of the latter”. Similarly, Amin’s (1999: 368) “general axioms of economic governance” emphasise policy actions to strengthen ‘networks of association’ (rather than individual agents), encourage reflexive and adaptive behaviour, mobilise autonomous and intermediate organisations beyond state and market and sensitivity to local path dependencies. Such radical innovations offer the potential for heightened autonomy and diversity, enhanced context—sensitivity and greater transparency and accountability in economic development governance. Whether and how such developments evolve will be contingent upon the interactions between centralism and decentralism within more complex, devolving and multi—level polities at the local, regional, national and supranational scales in which power and authority are no longer clear cut, indivisible and absolute (Morgan and Mungham 2000).

**Researching the heterodox agenda in economic development**

Several reflections permeate an attempt to draw the disparate strands of the heterodox agenda together into a meaningful analytical framework capable of shaping empirical work. First, the economic development ‘orthodoxy’ is perhaps not as historically or conceptually distinct as it has been described. Despite underestimating the economic and political power of the local state
and trade union organisation (Eisenschitz and Gough 1993), the New Left ‘restructuring for labour’ economic development agenda in the 1980s engaged in often genuinely radical experimentation and innovation — such as socially responsible production, collectivised and localised ownership beyond the state, worker-oriented education and training, equality and so on — that challenged the prevailing market—led ‘orthodoxy’ of the New Right (Geddes and Newman 1999). Such echoes can be found in some of the ‘new’ heterodoxy. Dissent, experimentation and muddling through have characterised the historical evolution of economic development through the co-existing and inter-relating currents of the mainstream and the margins. These need to be recognised rather than written out of any historically literate account of the demise of orthodoxies.

Second, the heterodox agenda is as yet at an early stage of development and, in common with the ‘institutional turn’ (Wood and Valler 2001), is perhaps rather less well founded than commonly perceived. It lacks conceptual and theoretical clarity, exhibiting a degree of ‘fuzziness’ (Markusen 1999; Hudson 2002; Peck 2002). As Amin (1999: 366) readily admits: “This is not an approach with a coherent economic theory behind it, nor is there consensus on the necessary policy actions”. If the only consensus appears to be that “its axioms contrast sharply with those of the policy orthodoxy” (Amin 1999: 366), the messy, less historically distinct evolution of approaches to economic development need to be acknowledged. For example, many of the conceptualisations of the heterodox agenda have clear links to the ‘new growth theory’ (Romer 1994) that builds upon institutionalist and evolutionary
development of neo—classical ideas dismissed as part of the orthodoxy, particularly the emphasis upon individual and collective economic rationality, market competition, endogenous sources of growth, increasing returns and the importance of disembodied technical change for productivity growth. Such links need to be explored rather than glossed over to examine the linkages between the orthodox and heterodox approaches.

Third, the empirical basis and substance of the heterodox agenda in economic development is under-developed. Informative work undertaken has often drawn upon a relatively narrow array of case examples for analysis (e.g. Sabel 1994; Storper 1997; MacLeod 2001). Fourth, the translation of this as yet unclear set of conceptual and theoretical claims back into policy and institutional practice is beginning (Amin 1999; Storper 1997), contributing to discussion about policy relevance and political engagement (Lovering 1999; Markusen 1999; Martin 2001). It is claimed, however, that:

“…the new policy orientations… …are not just the ex-post generalizations based on the experience of a small number of regions, but also ex-ante suggestions based on a particular conceptualization/abstraction of the economy and its territoriality. As such, the suggested actions are not crude (mis)translations of unique local experiences, nor are they – on the grounds that abstracted axioms never convert to mirrored practices – a policy recipe (Amin 1999: 366).

Such reflections about the heterodox agenda should not preclude its analysis nor render it unworthy of attention. Its implications for economic development
theory, policy and practice are potentially profound. The need for more than a set of somewhat vague descriptors is acute, however. Below is a contribution to this task. A preliminary attempt is made to develop an analytical framework based upon the main dimensions and characteristics of the heterodox agenda for economic development (Table 1). It makes no claims to be exhaustive. The intention is to begin to provide some indicative basis upon which critical and analytical work might proceed around this research agenda, allowing for the subtlety and complexity of the overlapping historical evolutions involved.

What follows attempts analysis of empirical evidence of the heterodox agenda at the national and regional levels before — heeding Peck’s (2000) call for more longitudinal, ‘up—close’ studies of institutions in action — focusing upon a particular local example from South Tyneside. In-depth interviews were conducted with over 20 key informants from within the local and regional economic development community, including task force members from the public, private and voluntary sectors and national civil servants in the late 1990s and early 2000s. This was supplemented by an audit of their memberships, strategies and other available secondary evidence.

Table 1: Preliminary analytical framework for the heterodox agenda in economic development

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Selected Key Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heterodoxy</td>
<td>- Multi-agency (e.g. level and degree of multi-institutional organisation, participation and co-operation).</td>
</tr>
<tr>
<td></td>
<td>- Roles of the local, regional, sub—national and national state and quasi-state, private and voluntary sectors.</td>
</tr>
<tr>
<td></td>
<td>- Forms, focus and objects of intervention (e.g. individuals, firms, sectors, production systems, territories).</td>
</tr>
<tr>
<td></td>
<td>- Timescale (e.g. open-ended, task-oriented or fixed-term).</td>
</tr>
<tr>
<td></td>
<td>- Policy and service provision (e.g. existing mainstream or new; balance between ‘soft’, process-based forms and ‘hard’</td>
</tr>
</tbody>
</table>
infrastructures).
- Level, type and nature of funding (e.g. in-kind and matched funding models or grant and incentive-based).
- Type of assistance (e.g. discretionary and targeted or automatic).

<table>
<thead>
<tr>
<th>Experimentation</th>
<th>- Extent and nature of experimentation with new and/or innovative institution building and policy piloting.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Extent of utilisation of existing formalised models, procedures and structures.</td>
</tr>
<tr>
<td></td>
<td>- Degree and nature of departure from existing, ‘tried and tested’ practice.</td>
</tr>
<tr>
<td></td>
<td>- Degree and nature of adaptive and reflexive action (e.g. institutional evolution).</td>
</tr>
<tr>
<td></td>
<td>- Type and nature of assessment and evaluation (e.g. effectiveness, added value and synergy, balance between sustainable outcomes and one-off outputs).</td>
</tr>
<tr>
<td></td>
<td>- Extent and nature of adherence to set formulae and plans.</td>
</tr>
<tr>
<td></td>
<td>- Adaptation of successful and effective experiments (e.g. evidence of ‘Learning by doing’).</td>
</tr>
<tr>
<td></td>
<td>- Responses to failure.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Context-Specificity</th>
<th>- Recognition of local knowledge and path dependencies.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Extent and nature of orientation toward specific local, regional and/or sub—national context.</td>
</tr>
<tr>
<td></td>
<td>- Degree and nature of adherence to standardised, universal and/or national templates.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Governance</th>
<th>- Origins, establishment and leadership (e.g. national, regional, local).</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Strategy, aims and objectives (e.g. holistic, integrated; balance between exogenous and indigenous priorities).</td>
</tr>
<tr>
<td></td>
<td>- Autonomy, co-ordination and regulation (e.g. independence, oversight, degree of centralisation/decentralisation).</td>
</tr>
<tr>
<td></td>
<td>- Internal and external governance structure.</td>
</tr>
<tr>
<td></td>
<td>- Inter—relations between multi—level institutions (e.g. local, sub—regional, regional, national and supranational).</td>
</tr>
<tr>
<td></td>
<td>- Type and nature of accountability and transparency.</td>
</tr>
</tbody>
</table>


**The heterodox agenda in practice? Economic development task forces in the UK**

The New Labour administration’s state modernisation project has been particularly enamoured with experiments in new forms of organisational and
terритори modes of co-ordination — Action Zones, Horizontal Working Groups, Inter-Agency Projects, Neighbourhoods, Priority Action Teams and Task Forces (Stewart 1999). This approach echoes elements of the emergent heterodoxy in its emphasis upon ‘holistic’ and ‘revitalised’ territorial governance based upon incorporating interest groups (‘Stakeholders’) in far-reaching and inter-connected (‘Joined-Up’) approaches to intractable (‘Cross-cutting’) issues (Mawson 1999). Task forces, in particular, have demonstrated ‘bacterial growth’ with 295 established at the national level between 1997 and 1999 to address a multitude of policy design and implementation questions (Barker, Byrne and Veall 1999). Economic development concerns have been central. The former Department of Environment, Transport and the Regions (DETR) established 39 (13% of the total), including the high profile Coalfields (CoalfieldsTaskForce 1998) and Urban Task Forces (UrbanTaskForce 1998). Perhaps challenging the traditions of centralised local and regional policymaking at the national level in the UK, there exists no clear, coherent and pre-planned ‘Whitehall template’ nor agenda for utilising task forces to organise economic development activity. National central government task forces are now recorded in an annual report as part of the ‘Modernising Government’ agenda for enhanced accountability and openness (CabinetOffice 2001) but this excludes sub-national, regional and local cases. In a pragmatic fashion, typical of the ‘English civil service’, task forces have been utilised where necessary — often as “bits of sticking plaster” — and have been useful in mobilising and articulating local needs to central government (Assistant Director, Regional Policy, DTI, Author’s Interview, 2002).
In the medium to longer term, the question is how and where these bodies and the issues they address are attached to the existing institutional architecture of nationally circumscribed local and regional policy. Recognition of their utility is evident as part of more heterodox forms of organisation. In DTI nationally, such bodies represent the kind of task-oriented, adaptable organisational experimentation that it is felt may be needed to ‘re-engineer’ government to cope with increasingly complex and uncertain times (Wintour 2000). Analysis of the national significance or otherwise of this ‘task force phenomenon’ (Barker et al. 1999) — what (Bennett, Beynon and Hudson 2000): 6), referring to the Coalfields Task Force, describe as a “unique intervention in the politics of regeneration” — has been undertaken elsewhere (Pike 2002).

In definitional terms, task forces are slippery creatures with numerous different names (e.g. Task Forces, Task Groups, Response Groups, Rapid Response Groups and Action Groups). Historically, they existed in de-industrialised regions and urban policy circles in the early 1980s (Keating and Boyle 1987; Greenhalgh 1999), including the pioneering ‘Merseyside Task Force’ (MTF) that represented “a hitherto untried mode of regional based combined inter-departmental and public/private sector collaboration” (Lindley 1985): 70) reporting directly to a senior member of the Cabinet Office. The late 1990s variety recognise no linkage to their institutional lineage and echo several elements of the heterodox agenda: multi-agency; selected and invited membership; ultimately temporary but initially indeterminate period of
operation (at the local and regional levels) of normally less than 2 years; non-
statutory (i.e. non-Quangos); established for specific purposes; flexible and
‘rapid response’ operation; and working across a range of inter-related levels
(employer, sector and/or territory) (Pike 2002; Cabinet Office 2001). They
differ from the commonly recognised partnerships flourishing in the 1990s
because they have an indeterminately temporary life – existing long enough to
address their stated objectives – rather than fixed life-spans from their
inception and a pronounced crisis-laden flavour. Concrete instances of the
heterodox approach is evident in the national outbreak of experimentation with
economic development task forces at the sub-national, regional, sub-regional
and local levels across the UK, including the Potteries, North Staffordshire;
Prestwick, Scotland; Rover Task Force, West Midlands and Selby Task Force,
South Yorkshire. Task forces have connected with the central economic
development focus within the new devolved institutions and their need to
grapple with the complex tasks generated by substantial responsibilities with
relatively modest resources and developing institutional capacities within a
multi-level, devolving polity.

Task force fever in the North East region of England

Economic development task forces have been taken up with particular gusto
in the North East of England during a period of accelerated industrial decline
in the late 1990s. By 2000, there were 27 (all but one established since 1997),
operating at employer (10), sectoral (7) and area—based levels (10), involving
a total of 351 individual organisational memberships (Pike, 2002). This
proliferation of new institutional experiments resonates with the heterodox agenda and is underpinned by an unformalised but nonetheless relatively coherent task force model that has evolved regionally through ‘learning by doing’ with a high degree of adaptability to local circumstances built in. Task forces have become an institutional mechanism for the rapid incorporation of a wide range of specialist agencies to address particular crisis-laden economic development concerns. Their aims were shaped by their particular context, circumscribed by their shared history within the North East.

The origins and governance of the economic development task forces melded elements of both orthodox and heterodox approaches. They were the product of neither a simple ‘top-down’ or ‘bottom-up’ logic. Rather, they emerged from the articulation of inter-relations between institutions across a range of scales, moulded in their organisation and structure by their particular circumstances and selected, functional membership, and established for task-limited periods of operation. They were predominantly established either nationally or locally, although decentralisation from the national to the regional and sub-regional levels in their leadership is evident, with the local also increasing in its importance (Table 2).

Table 2: Task Force Establishment and Leadership Levels, 2000

<table>
<thead>
<tr>
<th>Level</th>
<th>Established</th>
<th>%</th>
<th>Chair</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>10</td>
<td>37</td>
<td>11</td>
<td>41</td>
</tr>
<tr>
<td>Sub-Regional</td>
<td>3</td>
<td>11</td>
<td>5</td>
<td>19</td>
</tr>
<tr>
<td>Regional</td>
<td>3</td>
<td>11</td>
<td>9</td>
<td>33</td>
</tr>
<tr>
<td>National</td>
<td>11</td>
<td>41</td>
<td>2</td>
<td>7</td>
</tr>
</tbody>
</table>
Contrary to the new heterodoxy, the task forces utilised an array of largely conventional policy instruments delivered through the specialist roles of their predominantly public sector (especially local authorities and the local and regional arms of national Departments) membership alongside quasi-state agencies, private and voluntary bodies. Interventions were similarly orthodox in approach, targeted at short- to medium-run market adjustment as well as longer-run market failures and other structural problems across a range of conventional policy objects (individuals, firms, sectors and local economies). Accountability, co-ordination and transparency have been limited, leading to national and regional criticism of their contribution to the UK’s particular problems of institutional and territorial ‘democratic deficits’ (Skelcher, Weir and Wilson 2000; HouseofCommons 2001). The task forces worked in private, published few final reports of their activities (FujitsuResponseGroup 1999; EastDurhamTaskForce 2000) and received virtually no independent assessment. Narrow financial accountability was fragmented amongst their membership. Wider democratic scrutiny was largely absent, particularly at the local and regional level. The national task forces were accountable to the central government Ministers that sanctioned their establishment through Parliament. Co-ordination has been missing, even amongst organisations involved in multiple task forces. The local and regional dimension of accountability is lacking and it is unclear where such institutions sit in the increasingly multi-level, devolving governance of economic development in
the UK. Their proliferation suggests an *ad hoc* and ‘quick fix’ overuse, with attendant criticism of political tokenism, liable to be prolonged and recurrent in regions undergoing long-run structural change.

*A task force up close: ‘South Tyneside Redundancies — Rapid Response Group’*

Drilling down to the local level allows analysis of the micro-level workings of an economic development task force and, in its national and regional context, an in-depth exploration of the empirical substance of the heterodox agenda. The South Tyneside Redundancies-Rapid Response Group (STR-RRG) was established by the Economic Development Team in the local authority - South Tyneside Metropolitan Borough Council (STMBC) - in late 1998 as a ‘bottom-up’, localised response to substantial redundancies at two of the Borough’s largest employers, VA Tech Reyrolle and Rohm and Haas, and the closure of the Onwa and Claremont Garments factories. Such issues were interpreted, in the current lexicon, as ‘cross—cutting’: affecting several agencies and requiring an integrated (‘joined—up’) approach. In parallel and overlapping the creation of the STR-RRG, the Onwa closure triggered the establishment of a separate task force by then Minister for Trade and the Regions in the Department of Trade and Industry Richard Caborn MP that Regional Development Agency ONE North East was “to lead an urgent review of the social and economic problems facing South Tyneside” (SouthTynesideMetropolitanBoroughCouncil 2001: 4).
STR-RRG bears many of the hallmarks of the heterodox approach. It aims “to co-ordinate the responses of partner agencies to ensure the maximum benefit and minimum damage to the affected company, supply chain, employees and local economy” (Pike 1999): 1). With a relatively small economic development function and modest budget, the local authority has been forced to work in partnership. STR-RRG is necessarily a multi-agency institution and is based upon co-operation amongst a localised network of relevant partners. It is flexible in its organisation and adapts to particular circumstances through the specialist but largely mainstream (sometimes statutory) roles and services of its constituent members (Table 3). Its focus remains conventional in correcting failures and/or temporary maladjustment in labour, land and capital markets. Its actions are largely orthodox too, firm-centred – irrespective of external or indigenous ownership - shifting toward redundant individuals for retraining and job search support and the local economy more broadly. The array of support services are largely incentive-based, publicly subsidised through UK and EU funds and standardised, mainstream services (e.g. New Deal), although targeting and some limited flexibility characteristic of the heterodox approach are evident at the margin. Local technological capacity is largely concentrated in the largest firms, and upgrading has not been a priority in the context of limited resources and the short term labour market concerns.

Table 3: Member Organisations, Sectors, Geographical Levels and Roles*

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Type and Sector</th>
<th>Geographical Level</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits Agency**</td>
<td>Central Government Department,</td>
<td>Regional (North)</td>
<td>Benefits advice.</td>
</tr>
</tbody>
</table>

H:\lucy\papers\1-E&PA-P~1.DOC 25
<table>
<thead>
<tr>
<th>Public Sector</th>
<th>Sub—regional (Tyneside)</th>
<th>Supply chain development, identification of employment and skills transfer opportunities through known skill shortages at client firms, and business support activities (e.g. MBO, MBI, start-ups).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career management consultants</td>
<td>Human Resources Consultancy, Private Sector</td>
<td>Regional (North East)</td>
</tr>
<tr>
<td>Chamber of Commerce</td>
<td>Business Association, Private Sector</td>
<td>Regional (North East)</td>
</tr>
<tr>
<td>Employment Service***</td>
<td>Central Government Department, Public Sector</td>
<td>Regional (North) and Local Job Centres (Jarrow, South Shields)</td>
</tr>
<tr>
<td>ONE North East</td>
<td>Regional Development Agency, Public—Private Sector ‘Quango’</td>
<td>Regional (North East)</td>
</tr>
<tr>
<td>South Tyneside Enterprise Partnership</td>
<td>Public—Private Partnership, Public—Private Sector ‘Quango’</td>
<td>Local (South Tyneside)</td>
</tr>
<tr>
<td>South Tyneside Metropolitan Borough Council</td>
<td>Local Authority, Public Sector</td>
<td>Local (South Tyneside)</td>
</tr>
<tr>
<td>TEDCO (Tyneside Enterprise Development Company)</td>
<td>Enterprise Agency, Private Sector</td>
<td>Sub—regional (Tyne and Wear)</td>
</tr>
<tr>
<td>Tyneside TEC****</td>
<td>Training and Enterprise Council, Public—Private Sector ‘Quango’</td>
<td></td>
</tr>
</tbody>
</table>
The heterodox approach was evident in the establishment of STR—RRG as a genuinely new experiment in multi—agency co—ordination fostered by a sense of urgency in the local authority to address the contraction of the Borough’s economic base. Prior to STR-RRG such events would have been dealt with in relative isolation by the relevant agencies with some duplication. STR-RRG was an innovative, untried approach to address a set of deep and recurrent economic development problems. Its creation reveals evidence of policy transfer and learning based upon the adaptation of emergent ‘good practice’, legitimated in its use by key institutions elsewhere in the region:

“The idea was taken from the Siemens Task Force. Politically this did a lot and seemed to be the sort of model needed in STMBC. Since we had quite a few closures but no history of a mechanism to respond to rationalisation, redundancies and closures to make the best of situations” (Economic Development Team Leader, STMBC, Author’s Interview, 1999).

STR-RRG provided a mechanism to ensure the timely meeting and co-ordination of activities amongst the relevant partners. Each of the members’ specialist roles were formalised through a menu of support and provision to...
embed co—operation, co—ordination and ensure seamless and ongoing service provision — both ‘hard’ (e.g. financial, legal) and ‘soft’ (e.g. career management, owner/manager relations) — tailored to particular situations. Close networks have fostered the familiarity and trust upon which members recognise and validate each other’s roles, build credibility through delivery and work more effectively together through sharing information. Experimentation was therefore evident but limited to the importation and adaptation of existing ‘good practice’ and the co-ordination benefits of joint working. There was little or no genuine innovation in the specific policies each member was able to offer as part of their mainstream services.

The degree of context—specificity of STR—RRG’s strategy was somewhat constrained by the short—term nature and depth of local economic problems amidst the broader backdrop of the declining industrial region of the North East. South Tyneside continues to suffer from an entrenched legacy of substantial economic and social decline due to the prolonged contraction of its traditionally narrow industrial base of coal mining, ship building and repair and heavy engineering reinforced by the lack of companies in growth sectors, the predominance of small and externally—owned large companies, few medium sized companies, a relatively poorly developed service sector and low rates of new business start-ups (STMBC 2001). It ranks 54th highest out of the 354 most deprived local authority areas nationally (OfficeoftheDeputyPrimeMinister 2002). At 12.2% (January 2000) and persistently above both regional and national rates, localised unemployment is
a particular problem compounded by the particular economic and social character of the local labour market:

“South Tyneside, and Jarrow in particular, has a poor labour market with limited vacancies and investment. Men are reluctant to travel. They are very parochial with respect to their travel to work area. Historically, industry was on their doorstep. They expect to live and work within the same small area” (Job Centre Manager, Employment Service - Jarrow, Author’s Interview, 1999).

STR-RRG’s focus upon safeguarding and creating employment is therefore a context—specific response sensitive to the particular nature of the South Tyneside local economy. Such strategies are more generic and shared by other localities, however, in the particular context of the North East.

Context-sensitivity underpinned STR—RRG’s effectiveness: “only local partners have the local knowledge and credibility” (Special Projects Manager, Tyneside TEC, Author’s Interview, 1999). Close contacts amongst local agency staff and employers was vitally important in filtering and interpreting the formal and informal ‘early warning’ signs, often from the local ‘rumour mill’, making judgements about the prudence of interventions in order to avoid destabilising situations, and providing routes into troubled companies. Timeliness was critically important as ‘getting in early’ often helped avoid outright closure and allowed agencies ‘hit the ground running’ when closures are announced. This allowed tailored support to specific circumstances. Overall, evidence of the heterodox approach is partial, with a degree of
context specificity mixed in with rather more generic, ‘tried and tested’
approaches utilised elsewhere.

Similarly, the heterodox agenda is only partially apparent in the governance of
STR—RRG. It mixes a degree of internal and external decentralisation at the
local level with elements of nationally—configured centralisation in framing the
autonomy of the group’s members. Internally, STR-RRG’s governance was
originated and Chaired by the local state but relies upon a decentralised
governance of a range of state, quasi-state and private sector institutions to
deliver their existing mainstream services. Membership was ‘inclusive’ and
formalised existing linkages amongst the relevant agencies. As evidence of
reflexive institutional learning, the STR—RRG has evolved into a standing —
rather than temporary — convened regularly to address the context—specific
consequences of local economic decline in South Tyneside. STR-RRG is
accountable to its local authority. Its activities are reported to the full council of
Members and it is subject to oversight by the Resources and Corporate
Development Scrutiny Committee. STR-RRG has a technocratic orientation
with specialist agencies discharging their specific roles. The political
dimension was only utilised through a letter from the Council Leader seeking
clarification of the situation, expressing concern and offering the support the
local partnership. Such a direct link to a democratically legitimate body may
only prove workable at the local level in the absence of devolved government
in the English regions (Pike, 2002).
Externally, STR—RRG was introduced into an already crowded multi—level institutional landscape governing economic development in South Tyneside (Figure 1). The local authority plays a central role holding the various partnerships together because of its deep local knowledge and statutory responsibility locally to promote economic, social and environmental wellbeing. While STR-RRG was below the national level radar, it was influenced directly through the national frameworks that circumscribed the roles and resources of its members. The governance of economic development in South Tyneside is therefore characterised by multi-layering, particularly following the strengthening of the regional level and the insertion of a sub-regional tier, and fragmentation and questionable effectiveness at the local level despite the attempts at integration.

Figure 1: Key Partners in Economic and Social Regeneration in South Tyneside

Source: Developed from STMBC (2000: 8)

Conclusions: the heterodox agenda and a democratised politics of economic development

The review of the heterodox agenda for economic development sought to draw together and reflect upon its conceptual and theoretical roots. This suggested several issues concerning: the need to understand the historical evolution of economic development approaches rather than clean breaks
between distinctive ‘old’ orthodoxies and ‘new’ heterodoxies; the lack of
coherency and consensus in conceptual, theoretical and policy terms; and,
the underdeveloped empirical base and translation into policy and institutional
practice. A preliminary analytical framework was then offered by distilling the
central dimensions and characteristics of the new approach - heterodoxy,
experimentation, context-specificity and governance (Table 1). This
framework informed the empirical analysis of the substance of the heterodox
agenda amongst the economic development task forces at the national,
regional and local levels in the UK. This presented a mixed picture with patchy
evidence of the emergence of the heterodox agenda, chiming with an
understanding of the overlapping, somewhat messy, historical evolution of
approaches to economic development. Evidence of genuine experimentation
and innovation co-exists and inter-relates with substantial continuities and the
extension and reinforcement of established practices.

Specifically, the findings revealed: the co-existence and inter-relation of
orthodox (e.g. market failure and adjustment focus, individual and firm-centred
intervention, reliance upon the public sector and particularly local authorities)
and heterodox (e.g. multi-agency co-operation, task-oriented duration)
approaches; a degree of institutional experimentation (e.g. the introduction of
a new co-ordination mechanism, reference to policy learning from elsewhere
in the region, realisation of the benefits of joint working) in tandem with a
reliance upon members to deliver their specialist, often tightly circumscribed
by the national level, mainstream services with little or no scope for
innovation; and, a high degree of context-specificity to adapt to particular
circumstances (e.g. through the utilisation of local knowledge) mixed with more generic, ‘tried-and-tested’ approaches, particularly where the context of the local and regional economy shares a similar history of economic development problems. Internally, the governance of the task forces sought to be inclusive and decentralised but often ended up selective and exclusive. Externally, the economic development governance structures have become increasingly multi-level, more crowded with institutions and limited in accountability, co-ordination and transparency. This has led to the fragmentation and emergence of diffuse forms of authority and co-ordination attempting to integrate the emergent structures. The balance between centralism and decentralism is contingent upon their inter-relations and articulation across and between levels – local, sub-regional, regional, national and supranational – with the national state often playing a pivotal role. The continued proliferation of economic development task forces proceeds across the nations and regions of the UK amid controversy and debate concerning their uncertain effectiveness in public policy delivery and their contribution to institutional fragmentation and ‘quasi-governance’ with its attendant problems of accountability, co-ordination and transparency.

While the heterodox agenda perhaps offers the prospect of thinking, doing and governing economic development differently – with both potentially progressive and problematic implications – its prospects are beset by deeper seated issues that condition the nature of contemporary economic development. Current economic development strategy in the UK is suffused by a prevailing adherence to what Lovering (2001) describes as the
‘globalisation-competitiveness’ agenda and its supporting explanatory narrative about the ‘new regionalism’. This dominant framework underpins a divisive and fragmenting process of competition at the local, regional, sub-national, national and international scales for private and public resources and emphasises the institutional capacities of territories in seeking to embed increasingly ‘globalised’ processes of growth (Geddes and Newman 1999; Goodwin et al. 2002). While it has been tempered to a limited degree in the UK by New Labour’s allusions to ‘third way’ combinations of state and market (Giddens 2002) and an uneasy amelioration with the aims of ‘partnership’ and ‘social justice’ (Kitson, Martin and Wilkinson 2000), the competition inherent in current modes of capitalist development remains central and frames current state modernisation and economic development strategies. Such inter-territorial contest has, arguably, increased in importance as sub-national territories have been compelled to become agents of their own development within enabling national and supranational frameworks in the context of increasingly complex, multi-layered and devolving governance arrangements (Morgan 2002; OECD 2001).

Underwriting this dominant narrative has been the increasingly apparent ‘quasi-governance’ of economic development in the UK, magnified in the context of devolution (Skelcher et al. 2000; BetterRegulationTaskForce 2002; Pike 2002). Reorganised existing and new institutional structures lack accountability, co-ordination and transparency (Pike 2002). Embedded within these institutional structures and reproducing their overarching agenda in unproblematic and ‘common sense’ terms is a technocratic, professionalised
approach to economic development. This has been guided by the post—ideological Blairite pragmatism of ‘what’s best is what works’ (Hassan and Warhurst 2002). Elected local authority members, for example, expressed concern about increasing central direction, ‘managerialist’ culture and the ceding of decision making power to external bodies – such as partnerships and task forces – that has downgraded the role of local authorities and local democracy (Wilkinson and Craig 2002). Predicated upon an ‘authority of expertise’ (Walker 2000) and perhaps overlapping with Lovering’s (1999) ‘regional service class’, economic development institutions increasingly seek to operate in a wholly functional manner utilising bodies like task forces – proffering policy advice, spending public money and implementing public policy – that ‘depoliticises’ many issues that should properly lie in the political sphere. Criticism of such ways of working is often deflected by claims of more meaningful, ‘inclusive’ consultation as a means of engaging the civic realm in the age of declining faith in representative democracy.

Together, the dominant narrative and mode of economic development ‘quasi-governance’ operates in a substantially unaccountable, largely unco-ordinated and opaque way. Either unknowingly – or deliberately – this hermetically sealed policy universe risks foreclosing debate, ignoring dissent and marginalising discussion of alternatives concerning the fundamental questions of what kind of economic development and for whom? Such value-laden questions are inherently conflictual and may require not more technocratic sophistry but a renewed, democratised and potentially progressive politics of economic development. Such a politics and territorially distinct public policy
and governance may be emerging as part of devolution in the nations and regions of the UK (Geddes and Newman 1999; Adams and Robinson 2002). The strengthening of democratic oversight and accountability is beginning to influence economic development and its governance. In Scotland, Local Enterprise Companies (LECs) have been transferred from private sector entities limited by guarantee to public bodies to make them more accountable and to bring them within the legislative framework of the Parliament (ScottishExecutive 2000b). In Wales, the Welsh Development Agency has changed from a Non-Departmental Public Body (or Quango) to an Assembly Sponsored Public Body more fully within the purview of the Welsh Assembly Government. In the English regions, the voluntary Regional Chambers have been given the authority and resources to scrutinise their respective Regional Development Agencies (NorthEastAssembly 2002). Such developments may contribute toward a renewed, democratised politics of economic development. They may open up at least some space for debate, a degree of scope for doing things differently — locally, regionally and sub-nationally — from the national, the discussion of context—sensitive and progressive alternatives based upon the inevitably messy historical evolution of orthodox and heterodox approaches and the building of a more participatory determination of economic development priorities and policies.

**Acknowledgements**

This paper draws upon research supported by the University Research Committee, University of Newcastle, and South Tyneside Metropolitan
Borough Council. Thanks to the participants in this project, Bob Dobbie and Chris Pretty (GO-NE), Ken Frankish and Shân Warren (Durham County Council), Stuart Dawley and Sue Robson. An earlier version of this paper was presented in the Sub-National Governance Session at the CURDS 25th Anniversary Conference, Newcastle Upon Tyne, September 2002. Thanks for comments from the participants, the referees and Jamie Peck. The usual disclaimers, as always, apply.

References


Clarke, A. (2002). "My husband is out of work, how will I pay the mortgage?" Western Mail, Cardiff


