



## Learning by example

### Note from roundtable with Prof Philip McCann, Chair in Economic Geography, University of Groningen

Friday 28 November 2014

Centre for Cities hosted Professor Philip McCann on Friday 28 November, the second in a series of roundtable discussions looking at UK cities policy in an international context – you can read about our first event with Harvey Brookes talking about Auckland’s metro mayor [here](#). This note provides a summary of the conversation, including insights and analysis relevant to many of the issues that policy-makers grapple with in the UK and key elements of EU urban policy.

#### EU urban policy

There has been a shift in EU policy, away from thinking dominantly about countries and national policy, and towards a greater emphasis on urban areas and local or regional policy making. Funding for policy interventions has increasingly shifted away from grant funding and towards loans and investment, and recycled funding approaches.

The EU is working towards a more effective policy environment by:

#### ***Supporting multi-level governance***

On the basis that the best solutions will emerge out of bottom-up innovation working within coordinated frameworks, the EU code of conduct on partnerships supports multi-level governance, coordinating a number of actors at local, city, regional and national level to work together.

#### ***Reducing vertical policy silos***

It’s evident from many countries that departmental and service silos are often a barrier to achieving the best outcomes – the US especially is a front-runner on this. Reducing unemployment might require skills and

training policies, but also health approaches, for example. The EU Common Strategic Framework provides the legal changes required to enable funding to include different streams to support more integrated interventions.

### **Smart specialisation**

‘Smart specialisation’ is the ability to effectively prioritise funding: with resources strained, policy makers need to make difficult decisions and prioritise certain things over others. Smart specialisation marks a shift away from economic growth and development policy that encouraged places to invest in specific high growth sectors regardless of geographic, historical and industrial context, and towards a focus on scaling effects and diversification where cities and regions have prior expertise or market presence.

## **Cities in national economies: it’s not all about major city-regions**

While this policy shift at EU level reflects a global trend towards urbanization, the experience of urbanization in different countries, and even within countries themselves is varied, and patterns of regional growth are very heterogeneous.

Big cities are important to national economies because of the scale of their potential impacts, both positive and negative, on local and national outcomes. They contain large populations, so governments and policy-makers can generate relatively higher returns and impacts if an economic policy succeeds. But at the same time, issues such as poverty and unemployment are most concentrated in cities, and if ignored will cause more damage if left unchecked than elsewhere.

From 2000-2008, the population of major metro regions in France, the Netherlands and Spain grew at slower rate than the national population. The GDP share of urban areas also stayed relatively constant over the period. And many small and medium sized cities experienced higher productivity levels and rates of growth. Since the recession, large cities and remote rural areas have been the most vulnerable, while smaller towns and cities in close proximity to larger urban areas have largely been the most successful.

In other words, the benefits of agglomeration are not linear, nor are they automatic. Much of the focus in the UK is on the role of major city-regions in driving the national economy. But the evidence provided by Prof McCann suggests that ignoring the challenges faced by many smaller and medium-sized cities – often growing faster and more productive – would be a mistake.

## **Context matters: governance, institutions and geography**

Local and regional growth and development depends on the interrelationships between economic geography and institutions. And we understand the geographic dimension of economic growth much better now, partly due to improved data and technological advances, such as GIS mapping. Increasingly, cities and regions have been added to more traditional classification schemes such as firms and sectors which provide perspectives and insights that are lost otherwise, adding to the analytical toolkit we have to design effective policies.

This suggests different cities require different policy solutions to reflect their varied history, context and institutions – otherwise known as place-based policy. But rather than reinforce the often false dichotomy between place-based and people-based policy-making, Professor McCann urged for nuanced approach: in the majority of cases, we need to think about the people in places.

He also issued a strong caution against simply replicating successful policies from other countries without regard to context – institutions, governance and culture matter and can make the difference between one policy succeeding in one city and failing in the next. We need to build on social capital and institutional opportunities as well as market movements to deliver successful policy.

## Balance matters: combining the best of bottom-up and top-down approaches

Especially relevant to the devolution debate in the UK today is the question of policy making powers and funding, and whether these tools are best deployed nationally or locally. The clear answer from Professor McCann was: a balance of the two. The most effective policymaking environment is one that combines the best of bottom-up and top-down approaches. That means a system that enables local input, innovation and knowledge, but also provides structure where needed, coordination, and that can mobilise local actors.

This has to include a transfer of responsibility, with appropriate powers accountable for implementing policy solutions, to local and regional levels. But neither is total decentralisation the desired result, as there are significant gains from coordination at national level in many cases.

## Monitoring and evaluation matters

In most countries, too many policies are implemented and funded without clear objectives set out from the onset, and this poses problems for evaluating the impact of investment and policy interventions – although the UK is at the forefront of developments in policy monitoring and evaluation. This means evaluation can only look at what has happened, not judge effectiveness. This often means funding is based on allocations rather than evidence of effectiveness, and creates dependency relationships between funder and funded, referred to as ‘development traps’ in international development literature.

An outcome-oriented approach is essential for reasons of accountability, but also so that policy learning can become a natural part of the policy process and policy cycle. Outcome indicators and ongoing monitoring and evaluation (qualitative and quantitative) are essential for fostering policy learning.

## Insights from the Randstad

As a Briton living in the Netherlands, and having lived and worked in many countries in between, Professor McCann claimed to come to the UK as a relative outsider. His insights on the Dutch policy-making culture, as well as Dutch urban trends, were interesting points on which to end the discussion.

As a quintessential polycentric country, the Netherlands might offer some valuable insights for thinking about agglomeration effects across cities in the North of England. The Randstad, made up of Amsterdam, Rotterdam, The Hague and Utrecht functions more or less as a single city for white-collar workers in higher paid and higher skilled jobs. But it operates as four separate cities for blue-collar workers in lower paid, and lower skilled jobs.

This has important implications for the UK, where the move towards city-level governance – and in particular the creation of a so-called ‘Northern Powerhouse’ – must not be a “one-size-fits all” solution. The role of cities and the links between cities may differ for different issues – for example, skills training versus transport, housing versus sites for foreign direct investment and more. This reinforces the need for a governance system that allows for flexibility – for different issues to be tackled at different city-specific or inter-city, region-specific or inter-regional levels.

Finally, according to Prof McCann, ‘the Dutch plan everything’. In contrast to the general trend in the UK to allow for more localised approaches, the Dutch have a culture of long-term planning and large-scale strategies in housing, transport, infrastructure and other policy areas. This approach is complementary to a market-driven and business friendly culture, rather than reflective of broader state-driven culture.

## Contact

### **Louise McGough**

Policy Officer at Centre for Cities

[l.mcgough@centreforcities.org](mailto:l.mcgough@centreforcities.org) / 0207 803 4325

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**Centre for Cities**  
Enterprise House  
59 - 65 Upper Ground  
London SE1 9PQ

**[www.centreforcities.org](http://www.centreforcities.org)**

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