

Localism and Regionalism in Scotland: Lessons from the North?

Learning from geography and history – from elsewhere and from the past – is key to good government, governance and to good policy formation and implementation. Scotland continues to make judicious use of both but can still benefit from further borrowing and consideration of other systems. In this process, however, guarding against cherry-picking on the one hand and a naïve acceptance of best practice, as always, should encourage us to return to first principles and so to base policy on evidence.

Re-orientation away from a reliance on North America for initiatives and innovations in policy and towards our European neighbours has ushered in fruitful and dynamic partnerships between the European Commission, local and central government bodies, NDPBs, social enterprises and others. Indeed, Scotland's distinctive partnership approach has been rolled out across the EU. The keywords in that evolving paradigm have been 'consensus', 'cohesion' and 'integration'. As Mary Hilson demonstrated at the previous Nordic Horizons meeting, these terms are also characteristics of the Nordic model(s), and their relation to the sustained superior performances of those countries is clear. This has promoted a willingness to look for a different political economy and for greater powers to be exercised within Scotland, and for looking afresh at the structures of local government and governance. Complementing these developments, the Scottish Government's economic strategy lays stress on inclusion, smart growth and sustainability and so is congruent with both the Europe 2020 strategy and the general approach in the Nordic countries.

Against a background of de-industrialisation, FDI and moves to a service economy, the last two decades have stressed the importance of agglomeration economies (promoted by Paul Krugman amongst others) and clusters (Michael Porter leading this crusade). The logic of these in defining economic systems at the city and regional levels has suggested that sufficient scale of firms, knowledge generation and skills development, and institutional thickness are critical in producing the conditions for competitiveness. This has favoured strategies focused on capital and core cities and regions where agglomeration externalities could be realised for private and 'national' advantage. These moves are repeated across the OECD economies and confirm the rationale for interventions and institutional structures at the regional level. As human capital and higher education have gained in importance as essential economic factors, so concentrations of R&D and innovation have been encouraged. These have all tended to be historically and contemporaneously located close to centres of power and finance; again the capital and existing cores have been privileged.

These tendencies of centralisation and concentration together have argued for economic arrangements to be managed and institutionalised at the same level. Our research for the Scottish Parliament directly led to the regionalisation of many of the activities of the development agencies in Scotland with twenty two local enterprise companies (LECs) being created to deliver economic development activities. With experience and an emphasis on the Scottish national level, many of the powers and responsibilities of the LECs have been transferred up to Scottish Enterprise (SE) and Highlands & Islands Enterprise (HIE), and the remainder - for the support and advice to new and small businesses - down to local authorities. There are some parallels but also contrasts with the

localism agenda in England in this regard. In planning and economic development at least, there is a logic in having a multi-layered system of government.

Interestingly, even when SE (and, to a lesser extent HIE) was being furnished with apparently ever more roles and resources, it was progressively working in greater and closer partnerships with other players, extending the typical Scottish approach of collaboration and cooperation across organisations. This willingness to participate in and make widespread use of partnership working, which became deeply embedded in Scottish strategic thinking and planning, was entirely consistent with the prescription for coherence and inclusion in policy making and delivery as well as the earlier attention given to the need for institutional capacity and thickness. These dimensions of development have been captured in the concept of the triple or quadruple helix (created and promoted in Scandinavia especially) where state, enterprises, academia and community accept partnership working to mutual benefit. Beyond this, at the national level in the Nordic countries there are more formal economic and social contracts that have delivered sustained growth and development over the long term.

And here are the dangers of contradictions: efficiency against democratic accountability, NIMBYism against the postcode lottery, etc. Scotland is a deeply unequal country, so institutionalising that inequality and lack of opportunity by empowering rich enclaves is incompatible with a national social contract to eliminate poverty and inequity. Smallness is a crucial factor in supporting cohesion and inclusion, but this may be at the cost of losing the externalities of agglomeration. Partly for this reason, there has been a drift of business, power and activities to the capital cities and core regions in the Nordic countries in the search for continued but balanced growth. Maintaining dynamism at all levels and in aggregate has been a key objective of many states, though across many states (e.g. UK and now France), there often has been an unwillingness to endanger the perceived competitive advantage of the core. The corollary of this protection of the centre through the pursuit of a national competitiveness agenda, with associated significant public infrastructure investment in the core to enhance its role in attracting mobile capital, has usually been increasing inequalities between territories with forces of cumulative causation attracting more from the periphery and exacerbating that divide. A strong commitment to resist and balance these forces is necessary if the divisions are not to prove both escalating and threatening to the national system.

Scotland has performed relatively well since the early 1980s: rising up the UK 'regional' league tables of GDP per capita and economic activity, despite the destruction of the base industries of the last two centuries, and building higher degrees of coherence and confidence and so establishing the conditions for further improvements. The absorption of the activities of the LECs into SE, HIE and the local authorities, means that localism is primarily evident in European Partnerships, Community Planning Partnerships, Employability Partnerships, Structural Plan Joint Committees, and a host of other statutory, formal and informal collaborations involving local government, NDPBs, health boards, the RDAs, chambers of commerce, the STUC, DWP, social and private enterprise bodies and other social partners. This corporatist approach relies on compromise and consensus, working within wider agendas set by European, UK and Scottish governments. There are issues with such partnership working, but is it progressively moving Scotland closer to the social contract and partnership model at a national level - which has served the Nordic countries so successfully to address inequality - as a necessary pre-requisite for subsequent genuine devolution downwards to communities? Or are there alternative models offered from the periphery: can the successes of the

land buy-out communities be transferred to urban Scotland as local authority assets are disposed off after this May's elections, and are the better off willing to meet the costs of that redistribution?
Democratising the Scottish political landscape will need to be aware of possible inconsistencies with addressing inequality, and competitiveness, simple solutions are not on the table..