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- **Jeff Anderson**, Professor at the Edmund A. Walsh School of Foreign Service and Department of Government at Georgetown University.
- **Andy Westwood**, Professor of Public Policy, Government and Business at The University of Manchester and Policy Director at The Productivity Institute.

**Bart:** Productivity happens on the ground and place-based policies are productivity can happen on the graphs, but what does that really mean? Policies? What challenges and opportunities do place-based policies bring in today's volatile world? We're going to find out. Welcome to productivity cost. It's days called the We're going.

Hello and welcome to Productivity Puzzles, your podcast series on productivity, brought to you by The Productivity Institute. My name is Bart van Ark and I'm a professor of productivity studies at the University of Manchester and the Director of the Productivity Institute, a UK-wide research body on all things productivity in the UK and beyond.

Welcome to Productivity Puzzles, the third episode in our fourth season. In this show, we're turning our attention back to places and regions because productivity happens on the ground. You can see when a place is thriving or when it is not. Success depends on how stakeholders work together, whether they're local or regional government, businesses, education and research institutions and community groups.

But collaboration alone isn't enough. It also takes the right policies, and they're increasingly known as place-based policies. So what do these policies really mean? How do they differ from traditional regional development approaches? How are they holding up in today's turbulent economic and political climate?

What strategies are places adopting and what lessons can be learned from other countries? At the Productivity Institute, we do a lot of work on place-based productivity, and you can find more details on that on our website, including projects with local authorities across the UK. And of course, we'll share a link to that in the show notes.

But today we have the opportunity to dive into a new TPI paper titled *The New Political Economy of Place-Based Policymaking*. It explores why this idea has gained traction, how it differs from all the regional policies, and how current economic and



political pressures are reshaping the debate, creating new challenges, but also new opportunities.

The paper is available on our website and in the show notes, and I am delighted today to be joined by its co-authors, professors Jeff Anderson and Andy Westwood. Jeff Anderson is a professor at the Walsh School of Foreign Service and Government Department at Georgetown University where he does research and teaches on European political economy.

Jeff has recently been working on the Transatlantic Industrial Heartland Initiative in collaboration with the University of Manchester and other US institutions. And the initiative seeks to build a network of policy practitioners, academics, and political leaders focused on the economic revival in industrial regions of North America and Europe.

Jeff, thank you for joining us today.

**Jeff:** It's a pleasure to be here.

**Bart:** And then of course we have Andy Westwood, who's a professor of public policy, government and business at the University of Manchester, and the policy director of the Productivity Institute. And he also has the TPI Policy Institute. And Andy has written extensively on place-based policy, including a recent blog reflecting on place-based productivity in the UK, which we also will include in the show notes.

Andy good to see and hear you today

**Andy:** Hi Bart. It's great to be here again. Looking forward to the conversation.

**Bart:** Good. Thanks for having you both. Well, Jeff, let's start by asking what place-based policies to grow the local economy and raise productivity actually is. Of course, regional development policies have been around for a long time, but you argue in the paper that it's not quite the same thing, right?

**Jeff:** That's right Bart. And I think for, particularly for those who are coming to this issue area for the first time, the easiest way to make the distinction between traditional regional policy and place-based policy is the source of the impetus for change. In traditional regional policy, and let's talk about post-war regional policy in Europe and the UK.

The principle impetus for that policy approach came from national governments, and they were in the business of designating targeted regions, which were seen as underdeveloped in some way, perhaps rural, perhaps declining industrial, and then creating policy benefits for certain types of activity in those regions with the eye toward attracting mobile investment into these regions. So you had various types of

incentives, tax incentives, grants, et cetera, for firms, but also targeted programs for local authorities in these areas to help them improve the attractiveness of the area through infrastructure development and perhaps labour training and the like.

The rise of place-based policy approaches, which dates to about 20 years ago, was really an effort to try to compensate for some of the weaknesses of the traditional approach. Place-based policy in contrast to traditional regional policy is bottom up. In other words, the principle impetus comes from within the region and it actually assigns quite a lot of responsibility to local and regional actors to map out tailored, customized development strategies for the region that draws on local expertise, local potential and vision, frankly, of where the region can insert itself into value chains, perhaps national, perhaps even global, and generate value for the region that is kept or retained within the region.

It's a very process oriented policy, and ultimately as we'll probably talk about down the road a bit here in this podcast, it is a kind of a political process as well, involving a lot of interactions, complex interactions between multiple actors in the region.

**Bart:** So before I ask Andy to give us some examples, so you put a lot of emphasis on the centralized nature of regional policy versus the more decentralized nature of place-based policy. But it's a bit of a gradual scale, right? Because even good regional policy puts a lot of effort on and a lot of burden on regional authorities and regional entities to actually make that happen historically.

**Jeff:** That's an excellent point. In fact, I think it's fair to say that these are not entirely mutually exclusive approaches. And never have been. There's a lot of overlap. For example, saying that traditional regional policy was about attracting inward investment, is not to say that place-based policy pays no attention to inward investment. You'll remember when BMW announced that they were gonna be building a plant here in the United States 20 years ago or more, there was a lot of interest among local authorities and, and states in the US to land that big investment projects.

So that sort of thing happens all the time. And yes, traditional regional policy placed responsibilities on local actors to market the region, to sell the region, to boost the region. You know, boosterism was a big part of that. So it wasn't a completely passive approach on the part of local actors. They had to work hard to take advantage of the incentives that were being provided by their national government.

But the whole idea of a customized strategy that would really tap into the unique features of the region that was simply absent from traditional regional policy. It was a one size top down policy approach.

**Bart:** So Andy let's, you know, space based policies have now been around for, for a while. So give us some examples of places where you really have seen this come to fruition.

**Andy:** In the paper, we look at three particular examples, all of which will be very familiar to people who are interested in place-based policy.

We look at the Ruhr in Germany, and the cities and towns that make up the Ruhr. We look at Pittsburgh in Pennsylvania which, again, a very common kind of case study, turned big steel city that sort of took like the Ruhr, turned around with a mix of investments, particularly in education, technology, and health.

And then we pick a very familiar example, given that we're both based in the city, Manchester, in the northwest of England. And, now, each of these three are examples of place-based policy. Not that have reached an end point. But are kind of examples where, you know the thinking through of regional strategies and the impact of those strategies are kind of, very much, works in progress.

And so, you know, each of those three are formally heavy industrial areas. Each of them have certain sets of characteristics in governance and kind of the structures and the sectors that kind of make up their local and regional economies today.

But I think each of them kind of tell us a lesson or offer a lesson of how place-based policy has got those various actors together and how they've kind of, they've been brought together to think about and had some success in developing and implementing a strategy.

**Bart:** So is this place-based policy typically something for those kind of older industrial towns, or is it something for everyone? Could small towns have an industrial based policy or rural areas or at the other end, could really large metropolitan cities have a place-based strategy?

**Andy:** Well, so this is where this becomes a really interesting exercise in political economy. The intertwining of kind of politics, both local and national, and the economies of places, again both local and national, is absolutely critical in the way we think about these places. Now in the UK, if I start there, the impetus to sort of think really hard about kind of post-industrial cities, and Manchester is perhaps the definitive of post-industrial city, has been a kind of poor economic growth over a long period of time, restructuring kind of from a heavy industrial economy, you know, to a more sort of service-based economy. But also a particular problem that we've seen in the UK, and we continue to see, which is a sort of weakness in our second tier cities economically.

And so if you are thinking about the economy of the whole of the UK, getting those second tier cities like Manchester, Birmingham, and the West Midlands, Leeds in West Yorkshire really kind of functioning in the way that other second tier cities in countries across the OECD are functioning, then that can have a massive impact, not just on those places, but on the economy as a whole.

So that's really important to do. And likewise, you know, if you look at the kind of the size and the extent of the rural region in Germany, you know, you can see why getting that performing in a particular way is particularly important to the region and to the country as a whole.

However, I think the kind of politics of industrial places are particularly sharp in the way we think about place-based policy. You know, these are traditionally working class cities. Alongside heavy industry, they have deep traditions, deep political traditions, often heavily unionized. And as they've declined, and have as their kind of economies have restructured, the politics of those places has changed. So there's a kind of political impetus to sort of think about these places.

But to come back to your question about kind of, you know, does this work everywhere? Well, clearly, you know, place-based policy can be applied in different ways to lots of different places. If you are trying to look at place-based policy, regional economic policy in areas that are really significant building blocks of the national economy, and have the sort of the assets and the infrastructure that you really want to take advantage of, then clearly, you know, you are essentially kind of looking at a kind of hierarchy of places economically.

You know, they're different to coastal towns or to more rural towns, or even to smaller cities, whether they're industrial or, you know, whether they've got an industrial history or not. It's not to say you don't have place-based policies in those. You just do it differently, and there might be different reasons for kind of approaching it locally and nationally in the first place.

**Jeff:** Yeah, and if I can just jump in, I think Andy's absolutely right. I would just add one more thing, which is the more you look at place-based initiatives outside of urban areas, the more you encounter the constraints that can handicap place-based policymaking efforts. The kind of small town phenomenon or mainly rural areas that lack local authority infrastructure, that lack capacity to engage in the kinds of activities that are absolutely fundamental to place-based policy making success. And that's where national governments, or at least governments above the level of the place, can play an important role in empowering these efforts where local resources are perhaps in short supply.

And so, kind of back to your earlier question about the distinctions between traditional regional policy and place-based policy. Place-based policy does not presume that higher level government governments are inactive or uninvolved in the process. In fact, the real success stories for place-based policymaking presume an active engagement by more often than not national governments. And that's one of the challenges.

**Bart:** Almost sounds like it's a bit of an evolution then, right? Because it means that if places don't really have the resources, regional policy, traditional regional policies might still best serve them. Whereas places that do place-based policy need to have,

and this is one of the things we'll get back to in a minute, needs to have a basic amount of resources and capabilities in order to do this bottom up kind of work that you, that you emphasized earlier.

**Bart:** That's really a good start and I think that helps us to understand what we're talking about here. So let's move on a little bit, Andy, because a big part of the paper makes this kind of distinction between sort of external exogenous forces that are basically given to local or regional policy makers, and endogenous which are the things they can actually change.

And there's a quite a bit of discussion in the paper about these exogenous forces, things that just happen to all of us, that have actually really put place-based policy in a different light. And if I can summarize them, but correct me if you think I'm not summarizing this rightly, I would say the sort of three big things happening here.

One is deglobalization, the other is digitalization, and the last one is what you would call demarketization, the lesser importance of markets in a neoliberal market economy. Is that sort of a summary of what you're talking about or am I missing something here?

**Andy:** Lots of the cities we're talking about, the regions we're talking about, have obviously seen their economies and their infrastructure change over quite a long period of time. So other things are kind of having an effect. So, you know, the kind of big growth in globalization before deglobalization has had a huge impact on, you know, particularly the three cities we were just discussing. But a whole host of other places too.

And of course you're right about technological change that's kind of rapidly accelerating and threatening to disconnect some of these places and the people and communities within them even more. But I would also add there are big questions around energy, energy use and resource.

And I would add, particularly in some of the areas that we tend to think about, there are major demographic changes. So, you know, you tend to have a more aging workforce where the kind of, you know, the ratio, the dependencies is increasing outward migration. You know, lots of these kind of places tend to be losing not just population sort of generally, but often skilled population. Younger kind of families tend to sort of leave lots of these places.

And so there are kind of other, if you like, sort of secondary issues that those big macro drivers are kind of bringing in as factors that are really changing, shaping and challenging these places as well.

**Bart:** So, Jeff, can you give some examples? Why these kind of developments that Andy is describing have made it so much more challenging for place-based policies?

Because, you know, it seems they're not isolated from these big trends. So give us some, make some concrete things that have been happening that makes it harder for places to conduct these kind of policies.

**Jeff:** Absolutely. And I think one of the things we try to do in the article is help the reader place him or herself in the shoes of a typical local based, place-based policy maker, and try to give a sense of the challenges that they face in this new context.

For place-based policy to work well, it requires predictability, stability, a capacity to read not just the state of the local economy, but also how the local economy is integrated into the broader national and even global economy. And if all those are changing, and we talk about, you know, deglobalization, the rise of regions in the world economies, accompanied by growing protectionism, disruptions to supply chains some of which are caused by the protectionist impulse, perhaps others caused by efforts of national governments to manage the uncertainty out there and promote home shoring and ally shoring.

You're talking about a global economy in upheaval and from the standpoint of local policymakers, many of whom, as we just discussed, are a bit short on expertise, a bit short on the capacity to read the current situation. This is likely to be a very frustrating and overwhelming environment. It's not easy to think about how you would create local value and tap into global supply chains from your vantage point in the region if all those are changing. Some because of economic policies, some because of just economic trends that are beyond your control.

You know, if you throw in the rise of digitalization, the artificial intelligence revolution, green revolution. This creates a lot of difficulty for local policymakers to assess, and then evaluate, and then somehow integrate into these local strategies, these local visions for the future of the place.

**Bart:** Now there there's a little nice section. It's a small section but it's still a nice section around causes for hope. So that section is actually talking a little bit about are a few opportunities as well. If you do this right, this kind of volatile environment might also give you an opportunity. Can you describe what these causes for hope are?

**Jeff:** Well, the most obvious one, and we talk a little bit about it in the paper, is defence. If we're entering a world in which national governments are starting to worry more about providing for national or, in the case of Europe, regional defence and, as a result, they wish to become less reliant on third parties for their security. And here I'm kind of speaking in code about Europe and the United States. That opens up possibilities for reshoring manufacturing, or developing the defence industrial base in a way that was never necessary before in a much more open, globalized economy.

Does that provide opportunities for, you know, declining industrial regions to kind of find their mojo again and enter the world of manufacturing in a, in a, in a more robust

way? Perhaps. There's no question about that. And there are presumably other examples almost always related to security, economic security, military security, where home shoring and reindustrialization could be viable strategies for distressed areas.

**Bart:** Well, I was thinking, Andy, in particular, for example, in the UK, right? So if you think about how net zero has given opportunities for the Northeast, for example, to build battery factories and stuff like that, but maybe you have other examples that you can think of.

**Andy:** Yeah. Well, so, I mean, net zero is obviously a part of that sort of energy shift and change that I touched on just now. But the new UK labour government was very keen really to follow the kind of industrial policies that president Biden had introduced in the US. And that, you know, before we started really worrying about security and the kind of geopolitical tensions that have really accelerated sort of since Trump returned to the White House.

You know, we saw a pretty systematic large scale attempt to build energy capability and jobs, and to bring firms into particularly parts of the, not just the Midwest in the US, you know, parts of the south and others as well. And in many ways, you know the reaction to that across Europe and including in the UK was to follow that same kind of policy prescription.

And of course, you know, from one particular set of perspectives that was protectionism. Lots of people don't like industrial policy in any shape or form. But what you did see, defence has become a kind of another example of that, what you did see was a kind of the state at both a national and local level beginning to think, well, you know, we are gonna have to pump prime this energy transition. But we can do it in such a way that we can bring benefits to particular places and particular regions that desperately need it.

But there was also a sort of process, particularly in the US, and I think this is equally true in Europe and the UK is that you're not just trying to build a battery factory in the middle of nowhere. You know, you are building on some of the capabilities that already exist in places.

You know, it might be a skilled workforce that is used to kind of particular types of manufacturing. It might be institutions that are kind of familiar with those sort of large scale operations. It might be sort of sets of supply chains that still have, you know, the kinds of capabilities that are gonna feed those sorts of investments. But you'd also have things like universities, R&D and some of those kind of capabilities too.

So, in other words, both defence and net zero, particularly in the Bidenomics era were an attempt to really build on some of the assets that places have, but to pump prime them with investment. The nations that, you know, could really take

advantage of some of those global changes that, you know, that we've just discussed.

**Bart:** So after the break, we'll talk a little more about what strategies and place-based policy makers can adopt to make things work even in this volatile environment. Let's first hear about what else is happening across the Productivity Institute.

**Ad:** The Productivity Institute aims to pinpoint why UK Productivity has flatlined and how to create the foundations for a new era of sustained and inclusive growth. Visit our website at [productivity.ac.uk](http://productivity.ac.uk) to find research covering topics such as business investment and innovation skills and further education, foreign direct investment and trade, and the transition to net zero.

On our website you can find deep dives into how leaders can improve productivity within their firm or public sector organization. While you're there, sign up to our newsletters for regular updates on what productivity means for business, workers and communities. As well as the latest on how productivity is measured and how it truly contributes to increased living standards and wellbeing.

The Productivity Institute is a UK-wide research organization funded by the Economic and Social Research Council, the Productivity Institute. Productivity together.

**Bart:** Welcome back to Productivity Puzzles. In this episode, we're discussing place-based policies and what forces have changed the dynamics of those policies and how we can deal with those challenges. And for that, I'm speaking with Jeff Anderson and Andy Westwood authors of a new paper published by TPI on the new Political Economy of Place-Based Policymaking. It's a great read, this paper, quite accessible, very informative, so please have a look at it with the show notes, of course, where we have the link.

Now, Jeff, before the break, I said we would talk a bit about the strategies for policy makers to tackle the headwinds that we discussed earlier. And I think there are something like four recommendations, strategies that are pretty undisputed and non-controversial, but still require quite a lot of effort. So maybe you can take us through those and see what it takes for places to really build place-based policies.

**Jeff:** Yeah, happy to. And, yeah, these four recommendations are anything but earth shattering. I think they can best be summed up as going back to basics, you know, looking at the first principles of place-based policymaking, which first and foremost is to gather knowledge about the regional economy, develop a vision for the future of the regional economy, but one that is shared by the relevant actors in the region.

And that presumes a second area of activity, namely establishing networks of expertise, which translates into building and then solidifying relationships, long-term relationships between local authority officials, university officials and experts, the private sector, perhaps organized labour, civic associations, and the like. All with an eye toward, um, developing support and consensus around a plan for the area in question.

And that also entails what in the literature is described as governance responsibilities. Maintaining these networks takes effort. It takes essentially, you know, local politics to keep it going, and that is probably best carried out by public-private partnerships. There are plenty of examples of successful governance initiatives that are designed to foster the sort of consensus that fuels success in this particular area.

None of this is new. This is what place-based policy makers should be doing regardless. But given the circumstances, it seems like wise counsel to suggest that those involved in these kinds of activities go again back to first principles and shore up the knowledge base, shore up the network, shore up the governance, shore up the capacity that's required to carry out these kinds of activities.

**Bart:** Yeah. So I think this issue of capacity building, and we alluded a little bit to it earlier on already, is a big challenge for many places, right? And, and is certainly the UK where, you know, we don't have a sustained long-term policy of building capacity at the local and the regional level.

So particularly in sort of distressed places, disadvantaged places, you know, where do you start? You know, if you just have one or two people in local government and you have a few businesses, if any, that want to engage with you. If you have just one or two schools, or not a good university or no university at all, what is it that these places should do in order to get going?

**Andy:** Well, in the UK, I mean, there are particular circumstances that make it even more difficult. And that's, you know, a long-term poor track record in creating and maintaining local government, , chopping and changing local and regional institutions and a very, very strong centre. So often in the UK when we're talking about regional policy, we're talking about what the centre decides regions should do or can have.

But, you know what the UK can learn from other countries is that, you know, strong local institutions matter. That stability that Jeff mentions is incredibly important to that. And it's something that, you know, we've disregarded to our cost really.

And so in England, you know, we now see the kind of growth and the spread of mayoral strategic authorities. Greater Manchester, to continue that example, was amongst the first to get a city region mayor. The West Midlands, West Yorkshire around Leeds, the North East. South Yorkshire, those are now beginning to cover the kind of whole country. But they're still relatively young, and in many areas, you

know, they're still quite underpowered even though, you know, we're beginning to see mayors in the headlines, particularly in Manchester, quite frequently.

You know, these are still institutions that don't have huge capacity. And we really need to build that, because without that strong kind of local institution or tier, you know, in the UK, you continue the risk that you are, you know, you are trying to build things on a sort of policy infrastructure that you're chopping and changing all of the time. And it's a top down process.

And I think, the first stage is that you have to understand that multilevel governance in the kind of academic jargon is incredibly important. And that's having a supportive national framework, but it's having the institutions and capacity at the local level to really understand what's happening in those places. And then to really sort of think about, well, what strategies are we gonna deploy to, you know, to change the sort of circumstances that we find ourselves in.

**Bart:** Jeff, you studied both Germany and of course the US in quite a bit of detail. So when you hear Andy talk about the UK, of course, it's very easy for us to say, well, look at Germany. And then we would always say, yeah, but Germany's not the UK and never will be.

So what is it in the US when it comes to sort of, you know, the role of places in the economy? What is it we can learn from the US where things do work versus where things do not work in this respect?

**Jeff:** We are not a poster child for effective place-based policymaking environment at all. I don't know if you're familiar with Tony Pipa, who works on regional issues at the Brookings Institution. He has a famous chart showing just the welter of federal policies and agencies that are responsible for delivering various kinds of benefits to rural areas in the United States. And it's a cacophony of policies and a cacophony of actors. And his point over the years has been that this creates an almost unmanageable situation for local policy makers. It is unsurveyable at the end of the day, and in fact it's a kind of a miracle that anything gets done for the regional areas given the lack of a streamlined approach from the federal government.

That said, the Biden years showed that place-based policymaking can be effectively taken on by the federal government. Unfortunately, most of that has been undone since January of this year. There was just an article in The Guardian a couple of weeks ago about Appalachia and the green transition, and how the IRA had been kind of parachuted in during the Biden years and caused a great deal of hope and expectations in these areas about, you know, converting the region to green energy and creating jobs and prosperity and that. As at best been put on hold and is likely, frankly to, to collapse, given where the government has gone with this,

**Bart:** Could you argue that, because of the Inflation Reduction Act, actually some places actually got a dynamic and that, even though at a federal level some these

policy have been pulled back, do we see examples of places that have been carrying on with it and that are successful in sustaining it?

**Jeff:** Possibly, I think it's fair to say that in areas that are closer to kind of prosperous urbanized centres in the United States, it's quite conceivable that these initiatives, which just got started during the last two years of the Biden administration might have enough momentum, particularly if they're assisted by their state governments to carry on in the absence of a full-fledged federal support network.

But in places like, you know, rural Appalachia and elsewhere, I mentioned that earlier, it's a little more dicey, let's put it that way. These initiatives did take root. There was a lot of hope about kind of broad-based coalitions that were all on board for, you know, tackling once again the longstanding problems of the region. But the absence of federal support, the pulling away of federal support really places these initiatives in jeopardy. No question about it. We're back to the capacity question, in other words.

**Bart:** Yeah. So Andy, with this emphasis on knowledge, on information and creation of networks. There's a lot of emphasis in the paper on the role of universities, which of course is a critical part of the innovation ecosystem and so on.

There's another part that you do mention, but pay less attention to, which I know you think is very important. But I just wonder why you haven't exposed it more, which is the role of, you know, further education and technical education. All those parts that seem to me quite often featuring small, medium-sized enterprises who benefit from this, that quite often also help local people growing up in the region to go to those kind of schools.

How would you balance the role of universities versus the other parts of the education system?

**Andy:** Well, as you know, I think both are critical, but they're critical in different ways. And I think place-based policy, you know, has to sort of start really with the assets that exist in a place.

And, you know, if there's a research intensive university that has particular specialisms and, even better, if they're linked to sectors within the locality, then clearly that is an asset. Typically they bring a pretty significant economic footprint of their own.

But you are right, we shouldn't forget the importance of other institutions, other types of university, the kind of community college or the FE colleges, as we call them here in the UK. Because, you know, that's very much the sort of engine of workforce training that will build the workforce capabilities at scale. That can translate some of the research work that a university or a firm might be doing.

So, you know, in the case of major industrial policy or a sort of reshoring or an inward investment type process, you know, it's often the kind of college that will pick up the need to provide a, you know, 500 workers for a battery factory or a munitions factory if we take the example of defence.

So, you know, it's quite important that we think of both of those types of institutions as part of the same continuum, and absolutely they are both institutions that you want to make the most of when you're thinking about how to kind of improve the economic conditions in a place.

**Bart:** Yeah, the ecosystem is quite broad. That's right.

So let's go to the last strategy. So, you know, we refer to four of them earlier on, Jeff, and you said that they're pretty much bread and butter of what any good place-based policymaker should be doing. The last one is a bit more controversial because that's the one where you actually argue, Andy, that there is a need for policy makers to move beyond technocratic approaches to place-based policy and bring the sort of positive effects from those policies more into the political sphere, more into the electoral cycle.

You know, the problem being that in practice we don't see that voters are rewarding politicians and policy makers for changes they actually have achieved. Now that's of course a tricky one. So Andy, maybe you wanna start off with sort of illuminating us on how we're gonna go about that.

**Andy:** To answer that, and it's a really, really important question, and obviously it's a central part of the paper, and kind of one of the major points we wanna make. And to really kind of get to grips with that issue, I think you almost have to kind of go back 10, 20 years and sort of think, well, you know, regional policy, local economic development was a pretty niche discipline. You know, it was about kind of skills, it was about infrastructure. And at a kind of policy level and even at a political level, this was seen as, you know, a provincial issue. And so it was hardly in the kind of, you know, policy or political mainstream.

Roll forward to the last decade and, you know, this is equally true whether we're talking about the UK, the US, France, Germany, many other places besides. And regional policy or the kind of economic plight of places and individuals within it has become this thing that kinda shapes the national politics of places. You know, whether that's kind of the EU referendum in the UK, the kinda rise of the AFD, Le Pen in France and obviously Trump in the US, suddenly we can see a very short line between what's happening in often distressed or kind of declining local places and what's happening at the national ballot box, right.

So, you know, the politics, the national politics and very rapidly kind of global politics and the impact of institutions, you know, the distance between this kind of technical discussion of place-based policy and what is happening kind of politically at a

national and international level has become kind of, you know, much shorter and much more obviously connected.

So the question really then is, well, you know, how much do you need to balance those technical technocratic kind of, you know, policy measures, investing in infrastructure, you know, vocational training, investment and innovation, in R&D. How do you balance that with the kind of, you know, the hard raw politics of places and the political debate that kind of surrounds those places or are kind of consequences of those places in decline?

So, you know, place-based policy, if you like, becomes front and centre to the way you think about how national politics is playing out in a range of countries. And so, you know, that's tough. If you are a local economic development professional and suddenly you're thinking about, you know, angry, disconnected voters who are cross about their own standards of living, as well as the sort of lack of opportunities for both them and, you know, their family members. This is really hard to grasp.

But, you know, our absolute critical recommendation is that you have to grasp it. You have to understand how these things are into play. And you just have to accept that kind of something's gotta be done. Otherwise, the consequences of all of that, as you sort of, you know, kind of bring it all together to the national and international level, just becomes very, very corrosive to democracies, to the kind of politics of places and the decisions politicians are making.

**Bart:** So Jeff, what you then suggest in the paper is to basically say, let's make place-based policies, a so-called valence issue. What essentially means that you make it a policy where there's a broadly shared consensus that you want that good outcome of that policy to happen. And the competition among politicians, the electoral competition, if you like, is about how to do it, how to go about it.

So, the question I think I have to you is how confident can we be that place-based policies is something like that. So for example, if you take healthcare, I would say, yeah, that makes sense. I mean, we all wanna have healthy people and we can certainly have an, you know, educated argument around which policies will or which policy will not work to do that.

In the case of place-based policies, as we already discussed, it's a much more complicated topic. How can you turn that into that kind of valence issue where everybody understands and shares what the desired outcome is gonna be about.

**Jeff:** Yeah. The model here, as you allude to, in the US case would be Social Security and Medicare. You know, regardless of whether you're a Democratic voter or a Republican voter, you expect your party, and you expect your government to protect these very important elements of the social safety net. And that's perhaps a lot easier to do when we're talking about people-based policies where the benefit

ends up in someone's pocket directly, as opposed to place-based policies where the benefit is this thing, this amorphous thing called a place or a region.

There were some green shoots of optimism in the Biden years that I would kind of hold onto. And that is, if you look at the IRA, which was bitterly opposed by the Republicans. But then if your state happened to be eligible for IRA benefits, miraculously, you as a elected member of Congress and a Republican to boot suddenly became very supportive of these benefits because they were going to your district.

It's just you sold it differently in different parts of the country. If you were an elected representative in a blue state that is a state run by the Democrats, you tended to tout the green benefits of IRA investment, you know, helping the economy move toward a more eco-friendly footing. If on the other hand, you're a Republican in a red state, you were gonna sell this as a job creator. Not, You know, forget about the green stuff. This is all about creating jobs.

That was the beginning of a kind of consensual foundation for the policy. It obviously has been uprooted. But I think it suggests to me that there are ways that place-based policy initiatives which are inherently technocratic and really should remain apolitical. Because if you're gonna build a broad-based coalition that shares a vision for the region, the last thing you wanna do is inject party politics into that process. That said, you still have to be thinking about connecting your efforts first to a sense of community pride in one's place of living, in one's family origins, et cetera.

And that then connects up hopefully over time with the political parties that are competing for power in that area . You're working on it from the demand side, I guess is what I'm saying, that voters over time will associate the increasingly successful efforts of a place-based policy approach with the wellbeing of their community, and they come to then expect that from every party that's competing for power in their area. It's non-negotiable. Place-based policy making support frameworks are not up for grabs anymore in the political system. They become a generally accepted or valence issue, as we describe it in political science.

Obviously easier said than done, but I think, you know, I think that means that it can happen, let's put it that way, if place-based policy makers begin to cultivate support across the board from all parties in the area, and making elected officials aware of just how fundamentally important these initiatives are and how much they require a stable support stream from the federal government or the national government or whatever, you know, context you happen to be living in.

**Bart:** So, Andy, maybe an interesting UK episode here - I'm not sure this is quite right so push back on it if you think it's not, it is Brexit. Because when Brexit happened, particularly the Johnson government put a lot of emphasis on the importance of place-based growth and all that kind of stuff. Right? And, you know, it was one of those issues, everybody would say, well, you know, if he delivers on that,

that at least might be, you know, a small good outcome to actually go. But what you then saw happening actually, you may call it a valence war about, you know, not what do we want to achieve, but more like who's best, who's most capable, who can be most trusted to actually deliver that kind of outcome. And in that case, it became a new part of political fighting between various parties. Is that a bad example to frame this discussion? Or would you say there's something there?

**Andy:** I definitely think there's something there, And I think particularly when Boris Johnson became Prime Minister and levelling up became the sort of domestic response to the vote to leave the European Union. What that did was essentially kind of bring the plight of local places firmly into the political mainstream. Whereas, you know, up until that point it had been sort of, you know, festering away kind of at the margins. And, you know, I mean all of this of course is brilliantly captured in Anders Rodriguez-Pose, you know, the revenge of the places that don't matter. And that's absolutely what we saw in the UK and as well as other places.

The levelling up agenda as he introduced it, and that white paper, by the way, is still worth a read.

**Bart:** And, and we've used it very extensively in our work thinking about the capitals and the broad based investment kind of approach. Right?

**Andy:** Absolutely. And I think, you know, both the explanation of kind of why those regional inequalities exist and persist. Across the UK and the kinds of things that you need to think about to turn them around. Absolutely building on the work of our colleagues at the Bennett Institute in Cambridge and the six capitals, you know, strong institutions, strong social capital, strong human capital, strong natural capital.

You know, you begin to sort of understand and have the debate about it in the mainstream that this stuff is important. But also how you set about doing it. Obviously we've seen the terminology around levelling up sort of disappear, and maybe that's no bad thing. But I like to think that some of the thinking that went into that, you know, including from many of us at the Productivity Institute, is very much the kind of building blocks that the current government are still using to think about, well, how do we turn around some of the sort of those big city regions, those underperforming second tier cities, but also a whole raft of other places.

And I think a lot of this comes down to you know, basic infrastructure. Again, something that we've written about. You know, how do you have good public services, good infrastructure in every place? You know, we are rich advanced countries. People in any parts of the country should be able to rely on a kind of minimum of service, whether that's kind of local healthcare, education or kind of the buses and trains that they depend on to get to work.

But it also begins to touch on what are the things that you can do in places that are, you know, specifically as a consequence of kind of having a dialogue with people

and kind of understanding what their frustrations are. Understanding what their ambitions are.

And I think kind of it puts more of a premium on, on that kind of political debate with a small p as well as a big P. And really, really kind of getting inside, well, what matters to people and how do you kind of build that into, you know, what can still be, and in a sense there's no problem with that, you know, quite a technical economic discussion about, you know, how you improve public services or sorts of local economic conditions.

**Bart:** I think that's a good observation to close on actually. I think that certainly in the UK, and we do a lot of international comparative work, we do find that the role of place-based policy has become part of at least the political discourse. And even many of the voters will have an opinion about whether that works or not. But I think in many other countries that debate may not be as central as it was in the UK. So maybe that is a little bit of an achievement of the political volatility that we've been facing.

Look, Jeff and Andy, this is really fascinating stuff. We could spend another hour on it, but we can't. But the good thing is the paper is there. So, please go to the show notes or go to the TPI website. You can read the paper. It's extremely interesting, very good. A lot of food for thought there for policy makers, but also for lots of other stakeholders.

So, thanks both of you, Andy and Jeff for introducing us to the topic and definitely a discussion to be continued. Some answers given and some answers still looking for. Thanks for joining.

Our next podcast on Productivity Puzzles will be about productivity in health and social care. We've spoken about this important topic before, but a new report by the Health Foundation on productivity in NHS is a good opportunity to speak about this topic again. I'm hoping to get the authors of this report on the podcast, as well as some healthcare practitioners in the room to speak with us about this important topic.

Meanwhile, you can sign up for the entire Productivity Puzzle series for your favourite platform to make sure you also don't miss out on any future episodes. If you would like to find out more about upcoming shows or any other work by the Productivity Institute, please visit our website at [productivity.ac.uk](http://productivity.ac.uk) or follow us on Blue Sky or LinkedIn.

Productivity puzzles was brought to you by The Productivity Institute, and this was me again, Bart van Ark at the Productivity Institute. Thanks for listening and stay productive.

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