

# The New Political Economy of Place-based Policymaking

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## Abstract

We argue that the broader economic and political context for place-based policymaking has changed dramatically in the last few years. After providing a definition of place-based policy and underscoring its distinctiveness as a process-oriented approach to addressing the plight of distressed economic areas, we outline the significant changes in context, both exogenous and endogenous to the region, that have occurred. Specifically, shifts in the international economy, which include regionalization, rising protectionism, and disruptions to global supply chains, have complicated the tasks of place-based policymakers. Accompanying these economic changes are political challenges, consisting of a renewed emphasis on national competitiveness and growing political polarization in distressed areas, that may hamper long-range efforts to develop place-based economic development strategies. After demonstrating how the changing exogenous and endogenous context complicates the goals of place-based policymaking, we recommend a set of priorities for local and regional actors that include expanding the knowledge base on which such initiatives are built, developing institutionalized capacity for policy delivery, and forging overt ties to political parties in order to increase the resilience and durability of place-based policy initiatives by creating a valence issue among the major political parties in the system.

Imagine for a moment that you are the economic development officer for a medium-sized town somewhere in the Midwest. You've put in the work developing a blueprint for your area's regeneration, which has struggled for decades against factory closures, job losses, and outmigration. A regional network of information exchange and communication now exists thanks in large part to your efforts, linking key actors in the public and private sectors: firms, the local university and community college, local and state officials, and labour interests. There is a strong consensus in the region, forged over several years of sustained interaction led by your office about the way forward. The focal point of your efforts has been to build on the legacy of manufacturing in the region, with a specific emphasis on connecting with global value chains in the expanding field of green technology. In short, you've checked every box on the "place-based policy" worksheet, and yet you still somehow feel that things aren't quite right. Surveying current upheavals in the global, national, and regional landscapes, you're asking yourself, "Is this a time for business as usual, or should I be worried?"

This official's situation is by no means unique; counterparts working across the post-industrial world are asking identical questions. In this paper, we examine the changing context of place-based policy (PBP), a still relatively novel and promising approach to the thorny problem of distressed economic areas. PBP has rested on a number of assumptions about the broader economic and political environment, and our argument is that these assumptions no longer hold. As such, place-based policymakers find themselves in a quandary, as their standard operating procedure is likely to yield mixed or even subpar results in the new environment. In a situation where the pressures on their regions are likely to intensify over the near term, what should they do?

This paper seeks to clarify the changing context within which place-based policymakers work, and to provide some actionable recommendations about how best to proceed. After a brief review of the origins and essential features of PBP, we review significant contextual changes that have taken place in economic relations and in politics, which in combination have transformed the environment for local actors seeking to reverse the economic fortunes of their areas. We then connect these changes in the policymaking environment back to the mechanics of place-based policymaking, and offer several concrete suggestions for how PBP might adapt in the hopes of retaining the potential for eventual success. The focus will be on the transatlantic space – North

America and Europe – in light of the prevalence and comparability of place-based problems and policies in this part of the world (Anderson and Westwood 2022).

### **Place-based Policy as an Answer to the “Great Inversion”**

In the 1970s, many previously prosperous rural and small-to-medium sized urban areas in North America and Europe began to suffer job losses, declining per capita income, and outmigration. At the same time, many large metropolitan areas and their immediate suburbs embarked on a path of economic dynamism, growth, and employment. These shifts in the contours of the spatial economy, known as “the great inversion” (Iammarino, Rodriguez-Pose, and Storper 2019) or the “new geography of jobs” (Moretti 2013), also set in motion cultural and political changes in the negatively affected areas (Mettler and Brown 2025). As distressed areas languished, many became politically polarized, as inhabitants soured on the democratic process and began turning to radical, usually far-right political alternatives (Rodriguez-Pose 2018). The causes of the great inversion are complex, but are generally thought to reside in broader forces of globalization that produced expanding free trade and cross-border capital flows as well as automation and other aspects of technological change. These broader economic forces have produced a tectonic shift from industrial, mass production economies distributed around natural resources and infrastructure to knowledge and innovation based economies agglomerating around city regions with larger, higher skilled populations and assets that support both (Drucker, 2001).

As traditional regional policies, premised on attracting mobile investment to distressed areas by means of firm-based incentives or local infrastructure improvements, struggled to produce results in the face of the great inversion, “place-based policy” (PBP) emerged as a viable alternative. PBP is an economic development approach that, like traditional regional policy instruments, targets places or locations that are deemed to be disadvantaged according to a common metric like employment opportunities, growth, or per capita income. It is, however, distinct from traditional regional economic policies in that the aim is not a top-down, “one size fits all” package of instruments and benefits, but rather a tailored set of prescriptions devised by local and regional actors that fit the particular, even unique needs of the place in question (Beer, Barnes, and Horne 2023). PBP is actually a process, and is designed to encourage the identification and mobilization of endogenous potential – that is, the ability of places to grow

drawing on their own, perhaps unique constellation of resources. For example, in the EU, the shift to “smart specialization” in the late aughts marks the turn toward PBP in EU cohesion policy (Bailey, Pitelis, and Tomlinson 2018; Demblans, Palazuelos-Martínez, and Lavalle 2020).

The literature on PBP presents a coherent picture of an approach that is distinctive for its emphasis on customization and on process (Morrison and Doussineau 2019). Effective PBP focuses on:

- the distinctive features, attributes, and potential of the place in question;
- value creation and the local capture of value (e.g. encouraging innovation; labour skilling/upskilling; technology transfer and adoption);
- engagement with local institutions and actors, particularly so-called anchor tenants in the area like universities and multi-national corporations embedded in global value chains (Bailey, Pitelis, and Tomlinson 2018);
- governance - both local/regional and multi level (ie the relationships between national and local/regional levels where PBP is implemented).
- coordination and concentration among local actors, which is deemed essential for creating a shared vision of the development potential of the place; and
- the long-term, with an emphasis on technocratic (i.e. not political) approaches and interactions.

What goes into successful PBP approaches? According to the literature, it appears to rest on making the best of the resources and assets a place has, whether physical, cultural, or historical<sup>1</sup>. Can the region draw on a reservoir of untapped entrepreneurial talent? Is there a legacy of capable, trainable workers in the area? Are there natural amenities like rivers, lakes, port facilities that can be leveraged for the development of customised economic development strategies, such as tourism? Does the local culture promote the kind of positive thinking and resilience that support arduous, long-term initiatives to better the region’s prospects? Are key local actors willing to collaborate and engage with each other on the future of their economy? Is there expertise and experience, whether in the local private or public sectors, that can help PBP efforts to pool the requisite information and to manage uncertainty?

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<sup>1</sup> See, for example, the six types of economic assets or ‘six capitals’ set out in the Bennett Institute’s Wealth Economy Project and adapted in the UK Government’s ‘Levelling Up’ white paper (2022).

There are numerous examples where progress has been made thanks to PBP. In Pittsburgh, Pennsylvania, we have seen a long-term coalition of business, city government, and independent institutions including Carnegie Mellon University and the University of Pittsburgh driving new economic growth particularly around technology, health and defence (Andes, Horowitz, Helwig & Katz, 2017). In Greater Manchester, successive local and national politicians have driven the creation of new institutions and devolved governance models that have enabled the city to reap the benefits of long-term economic renewal (Curtis, 2025). In the Federal Republic of Germany, the state government of North Rhine Westphalia has led the renewal of the Ruhr Valley area, a formerly declining coal and steel region, with its long-term investment in new industries and technologies, particularly through the creation of new universities and increased innovation capacity (Morgan, 2022). Each of these examples are works in progress - nowhere has the task of fully restoring places to their former levels of wealth and significance been accomplished. Nevertheless, these examples confirm that concerted efforts across multiple stakeholders and different levels of government working together make economic renewal possible.

### **The Changing Context for Place-based Policymakers**

Successful PBP is premised on a number of elements, some of which are under the control of local actors and many of which are not. Those elements that are subject to the influence of local actors – let's call them endogenous – generally revolve around processes: aggregating information and expertise; connecting relevant institutions and actors in the region; working out a consensus vision of the potential and future of the region; and constructing mechanisms to keep all these processes running smoothly and in an integrated manner (typically dubbed “governance” in the literature). Elements beyond the immediate control of local actors – let's call these exogenous – include market trends and forces at the global and national levels, national policies that affect the region both directly and indirectly, and technological innovation and change. Since exogenous factors are obviously relevant to the endogenous processes that place-based policymakers seek to create and maintain, they deserve closer analytical attention.

How has the external landscape for PBP changed, if at all, in recent years? One can point to a number of interrelated developments that began to take shape sometime in the middle of the

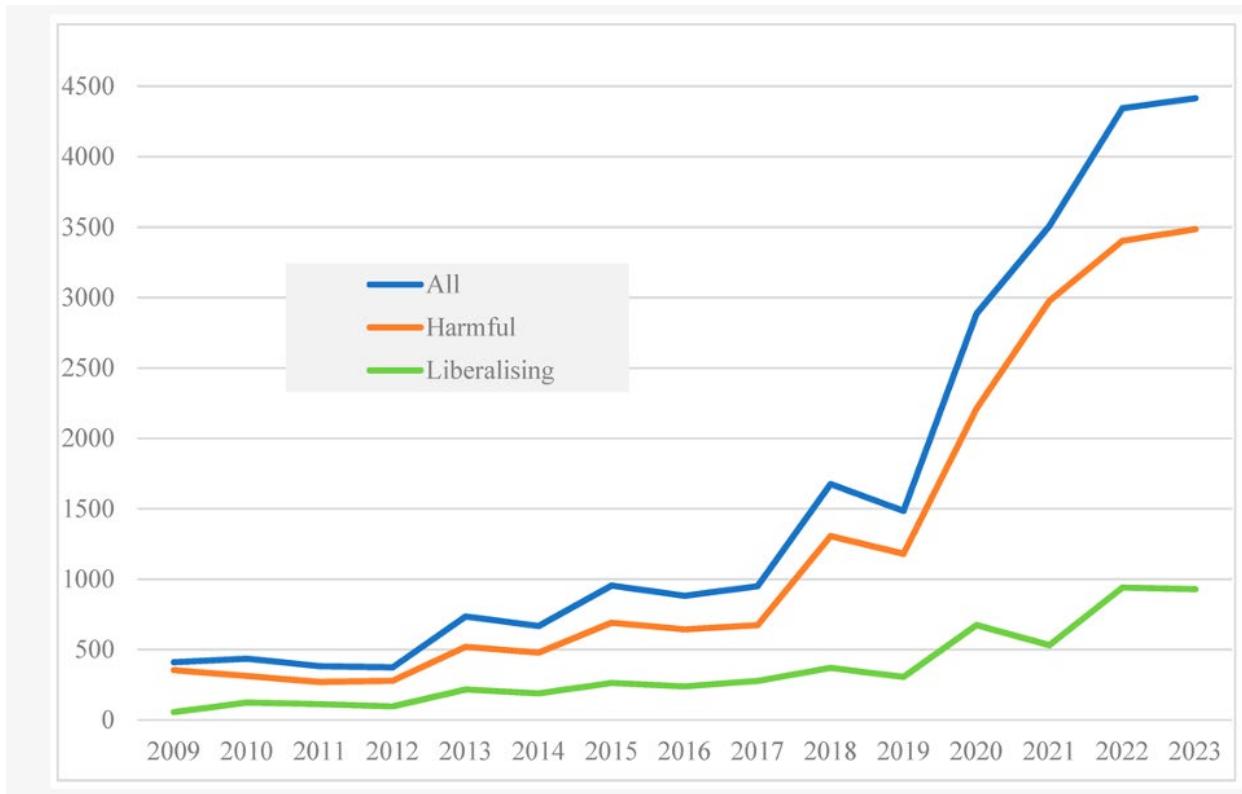
2010s. One set is located broadly in the realm of the economy, and the other largely in the realm of politics. It is to this broader changed landscape that the analysis now turns.

### *Changes in the Global Economy*

At the highest level of abstraction, the most significant changes in the global economy involve what is widely described as the end of hyperglobalization or the fragmentation of world trade (Dadush 2024, Shearing 2025). Analysts describe the emerging outlines of a restructured global economy in which regional blocks are fast becoming the organising framework for trade in goods, services, and even capital. Some predict the return of a bipolar structure, with China at the centre of one economic block and the United States anchoring a rival block. Others envisage a more multipolar, fluid outcome, with Europe possibly emerging as the fulcrum of one of several extended trading blocks. Whatever the endpoint, the process appears to be driven by concerns first and foremost about China, with many nations determined to become less dependent on Chinese markets, products, and investment capital. The origins of this concern to “de-risk” from China began back in the early 2010s with the impact of the first China shock on manufacturing employment in the advanced industrialised economies, and received added impetus during the pandemic. But this isn’t just about China; the regionalization of the global economy has also been given an added push since 2025 with the growing international doubts about the predictability and reliability of the United States as both an economic and security partner (Jaeger 2025).

Within this broader context of deglobalization, there are two developments in particular that merit attention from the standpoint of place-based policymaking. The first is growing protectionism – that is, the erecting by nation-states of rising barriers to trade in goods and services. Many will point to the second Trump Administration as the main culprit here, and there is certainly something to that argument, but protectionist trends predate Trump’s second arrival at the White House, as indicated in Figure 1 (Dabrowski 2024, p. 11).

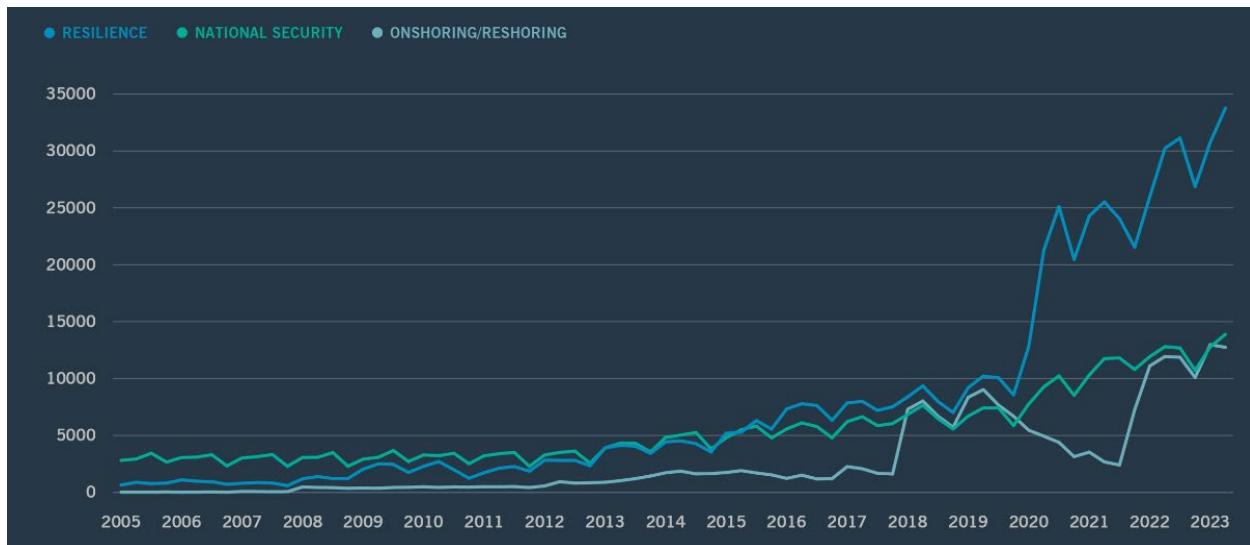
**Figure 1**  
**Number of trade interventions imposed annually worldwide, 2009-2023**



Source: Dabrowski 2024, p. 11.

The second development is supply chain restructuring, which is of course connected to the growth of protectionism and, along with it, is helping to shape the regionalization trends mentioned above (Sajjad 2021). Supply chain restructuring is the proximate result of individual firms' investment and partnership decisions as they seek to manage risk in a new environment (Enderwick and Buckley 2020), but the role of politics in spurring on these changes – specifically, geostrategic rivalry with China – cannot be overlooked. Private sector efforts to reorganise supply chains, particularly those identified as critical to national security and competitiveness like semiconductors, green technology, critical minerals, and pharmaceuticals (Shearing 2025, 106) increased dramatically with the onset of the pandemic, as depicted in Figure 2 (Bayaan et al. 2024).

**Figure 2**  
**Mentions of onshoring and reshoring are on the rise**



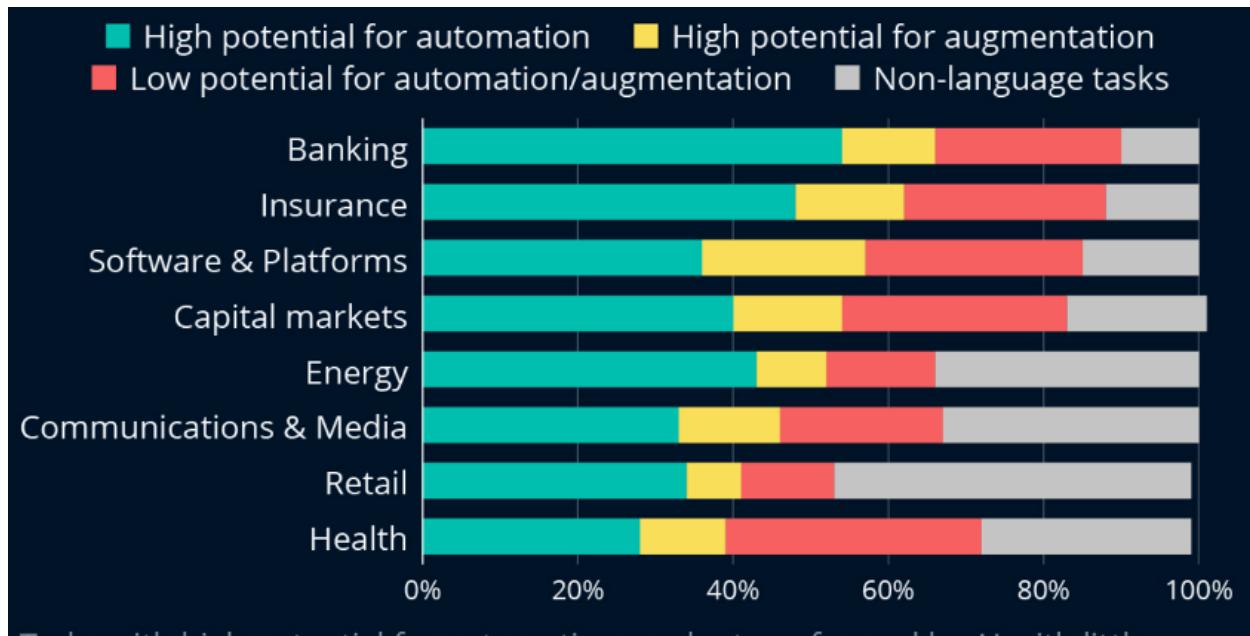
Source: Bayaan et al. 2024.

Supply chain restructuring has been cheered on by national governments, and in some cases directly assisted with concrete policy efforts, in the name of “home shoring” (renationalising supply chains) or “near-shoring”/“ally-shoring” (reforging supply chains among friends and non-adversaries). In some cases, most notably in the US, with the Biden administration’s introduction of the Inflation Reduction Act (IRA) and the CHIPS and Science Act, such national objectives have been deliberately coupled to regional economic strategies (Westwood, Anderson, Austin, 2023).

Beneath these seismic changes in the global economy, there are forces at work that also portend significant contextual changes for place-based policymakers. Dubbed the fourth industrial revolution, the combination of digitalization and artificial intelligence (AI) appear to be generating the most significant technological upheaval in the economy since the 19<sup>th</sup> century. The implications of AI are vast and only beginning to come into sharper view.

Experts forecast a major impact of AI on productivity growth following from the automation of routine processes in manufacturing, services, logistics, finance and healthcare (Communale and Manera 2024). As a result of the spread of AI, productivity growth will be accompanied – indeed, often generated by – a major restructuring of labour markets (Richter 2023) - see Figure 3 below.

**Figure 3**  
**Share of working hours in selected industries in the U.S.**  
**that could be impacted by the use of AI**



Source: Richter 2023.

By no means will the impact be entirely negative, despite the widespread focus in the media on AI as a job-killer. There is the potential for significant job and task creation – or augmentation – in sectors closely tied to AI production: research and development, cybersecurity, and data sciences. That said, the spread of AI is forecast to be responsible for job displacement and even destruction in economic sectors that are structured around routinised – and therefore potentially automated – tasks, such as clerical services, data entry, customer service, and transportation (e.g., trucking and shipping). Overall, AI-generated transformation of the labour market could lead to bifurcation, characterised by growing opportunities for high-skilled and trainable labour accompanied by swiftly declining prospects for low- and middle-skilled labour.

AI thus brings with it the potential for significant but inherently uneven growth. There will be changes in wage structures, and more relevant to our concerns here, there will be at least the potential for widening income and wealth inequalities as well as growth potential between countries and within countries. All of which may feel more like a technological “shock” because of the pace and scale of change. But in short, it is easy to imagine the AI revolution exacerbating

the great inversion, as already successful urban agglomerations thrive while the disconnected and distressed areas sink further into misery.

### *Changes in the Political Landscape*

Connected to these far-reaching changes in the global economy are political developments at both the national and regional levels that significantly alter the playing field for PBP. Since at least the pandemic outbreak in 2020, we have witnessed the return of the interventionist state in advanced post-industrial democracies on both the domestic and international levels (Gerbaudo 2024). State actors appear to be much less content to leave economic outcomes to market forces; as described above, protectionism as a vehicle for restoring lost manufacturing capacity and jobs or as a means of shielding sectors deemed critical for long-term national competitiveness is now much more in vogue than during the heyday of neoliberalism. Along similar lines, the return of industrial policy, with a focus on ensuring long-term competitiveness, is also consistent with this trend (Shih 2023; McNamara 2023). In practice this may open up new approaches to reviving regional economies, whether enacted at the local or national level. Similarly, it may offer electoral strategies to build (or rebuild) political support amongst communities that feel they are being left behind. All of which raises the question: if national governments are unabashedly pursuing national economic objectives, where do national efforts to assist PBP fit in? Can they fit together and if so, how?

A different constellation of political developments has taken hold on the ground, at the level of region and place. Although it is difficult to generalise across urban, semi-urban, and rural spaces in the US and Europe, one can point to a more polarised political environment in many of these places. In the broader context of long-term economic decline, divisive cultural issues like immigration, crime, gender equality, and climate change scepticism, either singly or in combination, have come to characterise common everyday political discourse in many regions. As mentioned above, such cultural grievances have been expertly fanned and amplified by right-wing populist parties; in distressed areas within the transatlantic space, this has led to a common political phenomenon dubbed “the revenge of the places that don’t matter” (Rodríguez-Pose 2018, Mettler and Brown 2025).

Combined with a pervasive and growing public scepticism directed at elites, scientific claims, and expertise, the result is an often toxic brew of distrust and anger that profoundly shapes the way in which ordinary citizens relate to each other and to the political process (Deane

2024). Of course, this creates a very inhospitable environment for fact-based policymaking, including quite possibly place-based policy.

## **Contextual Changes and the Implications for Place-based Policymaking**

The preceding section has outlined significant changes in the exogenous context of the political economy that have emerged within the past decade. What does all this portend for place-based policymaking? Answering this question requires that we think a little more deeply about what goes into PBP.

Place-based policymaking is inherently inward-looking and process-oriented, and demands sustained leadership, drive, and initiative from place-based actors if the policy efforts are to bear fruit. PBP seeks to develop strategies that encourage value creation and the local capture of that value, which are premised on five distinct but inherently interrelated pursuits:

1. acquiring knowledge: local actors must develop a deep understanding of the regional economy, charting its strengths, weaknesses, and long-term growth potential;
2. acquiring information: local actors must develop a shared understanding of how the regional economy fits into national and international value chains;
3. developing capacity: PBP requires leadership from both public and private sector actors, which in turn is premised on a minimum level of administrative capacity to oversee, coordinate, and process the interactions among actors that underpin the place-based policymaking process, leading to effective outcomes;
4. building networks: PBP is predicated on building networks of information exchange and ultimately of shared commitments to action among local elected officials, technocrats, producers and entrepreneurs, university officials and subject experts/innovators, labour representatives, and civic groups. Once in place, the network is supported and maintained by leaders through a governance process;
5. garnering resources: It goes without saying that to accomplish activities 1-4, local actors must possess or acquire the wherewithal to activate and sustain these complex pursuits. Given our focus on distressed economic areas, it is to be expected that the region will confront challenges in assembling sufficient resources endogenously. In other words, the typical distressed region likely cannot do without some measure of assistance from outside the region. Depending on the region in question, that exogenous source of support

might be a state and/or national government, and in the case of continental Europe, that could well be the European Union.

In sum, place-based policymakers are engaged in a resource- and time-intensive ensemble of activities designed to turn around the economic fortunes of their region. If we reflect on the far-reaching exogenous changes that have taken place in economics and politics over the past decade, it is difficult to escape the conclusion that the challenges confronting place-based policymakers have grown immensely. New opportunities have opened up, to be sure, but in general the policymaking environment has become less knowable, less predictable, and less supportive of PBP efforts.

### *Cause for Hope?*

Amidst the complex changes to the policymaking context detailed above, there is some reason for optimism about the future prospects for place-based policymakers. Specifically, if both regionalization of the global economy and protectionism hold as trends, meaningful opportunities could arise for “home shoring” – i.e., creating or restoring manufacturing capacity that was previously lost during the first China shock or simply to other lower-cost producers in the global economy. Sharp-eyed place-based policymakers might be able to take advantage of these opportunities, and fill gaps in supply chains that have opened up because their country is no longer as integrated into the international trading system and therefore less exposed to low-cost production from abroad.

One sector in which such an import substitution strategy might make sense is defence. As strategic rivalries gain in significance and threat assessments change in a more worrisome direction, states are beginning to reconsider their defence postures and to develop long-term plans to ramp up national military spending. Clearly, not all countries confront similar challenges, and as such not all place-based policymakers enjoy similar opportunities. For example, the United States is less reliant on foreign suppliers to meet its defence requirements than most countries, and although there is reason to believe that defence spending will increase in the years to come, the landscape for place-based policymakers in American distressed areas is unlikely to change appreciably in the future. The situation is quite different in Europe, which now faces a significantly altered security landscape as the US becomes less reliable and the Russian threat to the continent looms. Serious discussions about strategic autonomy have been

underway within the European Union for over a decade now, and regardless of the eventual shape and strength of the transatlantic partnership, it is clear the European countries will begin shouldering more of the burdens of providing for their common defence. This inevitably will create chances for place-based policymakers in distressed areas to engage. In the UK for example there is now a target to increase spending to 4.1% of its GDP by 2027 (and to 5% in the longer term) and so defence has now become a core sector in both its industrial and regional strategies (House of Commons Library, 2025).

There are of course other sectors closely tied to national security where opportunities for PBP may arise: energy security, artificial intelligence, chip/semiconductor production, and so on.<sup>2</sup> Overall, however, the scope for home-shoring is likely to be limited. It may well be limited to a small number of sectors, technologies and places - based on the “small yard, high fence” approach articulated by the Biden government (Sullivan, 2023). Beyond that, however, uncertainty reigns and therefore risks remain significant. Even within a more-or-less clearly defined Western regional trading block that has decoupled from China, for example, there are likely to be many competitors for the honour of “lowest cost production site” in places like India, Mexico, or Poland (Shearing 2025, 27).

### *Causes for Concern*

Whatever the prospects for a boost to PBP, the contextual changes to the policymaking environment outlined above create two major obstacles for PBP, either of which (and certainly both of which together) could easily overwhelm any potential opportunities created by regionalization and growing protectionism.

First, the changed exogenous context threatens to create a practically inscrutable economic landscape for regional actors in the typical distressed region. The fraying of the liberal international economic order and its attendant impact on markets, supply chains and trade creates a highly challenging and uncertain environment for place-based policymakers seeking to connect their region in a viable manner to the broader national and international economy. The standard PBP strategy is to move into higher value-added niches, essentially climbing the ladder of global value chains, but what if these global value chains are in upheaval, and in some cases breaking down? Add to this the looming changes in production and labour requirements brought on by the

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<sup>2</sup> This has already begun to happen in the US; both the CHIPS Act and the IRA contained provisions that sought to restructure supply chains in the interests of US national security (Shearing 2025, 14-15).

artificial intelligence revolution, and it is easy to see how place-based policymakers, engaged in especially knowledge- and information-intensive activities, will be pushed to the limits in the present environment.

Second, the political environment for place-based policymaking has grown inhospitable. At the national level, the focus on strategic rivalry, geo-economic challenges, and competitiveness – much of this to do with China – means that economic policies viewed as palliative and compensatory will have to compete with policies that promise more bang for the buck in terms of their contributions to competitiveness and national security objectives, regardless of who or what areas benefit. In short, national policies that are designed to support place-based policymaking at the grass roots level could find themselves taking a back seat to national economic priorities.<sup>3</sup>

Meanwhile, at the regional level in many countries, political polarization coupled with a pervasive distrust of elites threaten one of the core elements of the place-based policymaking process: the building of functional, cooperative, and consensual networks. As outlined above, if PBP is to succeed, a broad and varied coalition of local actors must work together to develop a shared understanding of the strengths and vulnerabilities of the region as well as a shared vision of how the region can begin to create and capture value. This requires transparency and mutual trust on the part of participants, not to mention acceptance and support from ordinary citizens who may not be directly involved in the place-based policymaking process. All of these attributes – transparency, trust, acceptance, support – are in short supply in the dominant political cultures of many distressed regions.

## **What is to be done?**

Unfortunately yet understandably, there is much that place-based policymakers cannot change. Exogenous factors like the changing structure and functioning of the global economy and the speed and direction of the new technological revolution should be regarded much like the weather – it is important to understand their origins and implications and to prepare for their effects, but there is nothing that can be done about them.

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<sup>3</sup> A past example of the “crowding out” of PBP by national priorities is the Lisbon Agenda in the early 2000s (Berkowitz, Storper, and Herbertson 2024). The current EU discourse of strategic autonomy and the Trump Administration’s “America First” foreign economic policy agenda pose similar challenges for place-based policymakers on both sides of the Atlantic.

Five priorities are definitely within the grasp of place-based policymakers and, unsurprisingly, these can and should be pursued endogenously. The first four, readers will note, represent nothing novel – each is a call to redouble efforts and activities that define place-based policymaking processes, in spite of the even more challenging environment in which they are carried out. So, the advice here is essentially to not neglect these activities, and where possible even to invest more heavily in them, however difficult the trade-offs have become. The fifth priority is new, and arguably carries with it risk and the potential for controversy.

### *Knowledge-building*

The first priority is to focus efforts on building a knowledge base on the region, its broader place in the economy, and its long-term potential. If the goal is to figure out how to create value and capture it for the region, answering the following kinds of questions becomes essential: How can the region connect to the changing global economic environment? What options are closing off as trade relations change, as supply chains restructure, and/or as the advance of new technologies transform the landscape? More importantly, what new opportunities are opening up that might be exploited? In the absence of clear paths of action to connect with global value chains, does it make sense to focus on the basic modernization of the existing local/regional economy, such as the green energy transition, the diffusion of AI technology, and/or promoting innovation in health and other essential services in the region?

To address these questions, local actors need to ensure that they have the requisite “in house” expertise at their disposal. For a distressed area starting from scratch with PBP, the initial focal point should be on properly equipping local government, since public sector actors are uniquely positioned to provide the long-term leadership essential to effective place-based policymaking as well as the governance functions that these initiatives require to take root. In the not-so-distant past, a city or town might have been content to simply hire a local booster, someone whose job it was to know the region and to be able to sell its advantages and potential to external companies and investors. The current context demands a different approach. In short, it requires a shift in mindset from boosterism to development. And that requires a specific type of expertise. It means hiring someone to work for the locality/region who understands the local economy – past, present, and future – *and* its evolving position within the broader national and international economy. There are many kinds of people with the requisite background and expertise, including former entrepreneurs and business people, MBAs, economic geographers,

and even graduates of public and international affairs schools who have combined business and international affairs in their formal studies and internship/employment experience.

#### *Establishing local networks of expertise*

The second priority is closely linked to the first. Pulling together the information necessary to answer the above questions requires tapping into experience and expertise – in other words, a network of knowledgeable and action-ready actors committed to the future of the regional economy. Universities can be particularly important participants in PBP networks and major contributors not only to acquiring a local store of knowledge but to the end goal of economic renewal itself (Valero & Van Reenen, 2018), bringing high skilled jobs, a large economic footprint and the high levels of local spending by both students and the institutions themselves.

The impact of actors in the higher education sector can be multiplied further if they are active and strategic contributors to PBP, for example by deliberately tailoring their research activities as well as the skills of their graduates to local employers and sectors. Technical or community colleges are especially important actors, more likely to be aligned with local jobs/dedicated to needs of employers in regions and acting at scale. Alongside universities, they can produce trained workers at scale, for example in support of inward investors or to build absorptive capacity in firms looking to deploy new technologies or innovations, key objectives in President Biden's CHIPS and Science Act (Ross and Muro, 2024). In the case of both colleges and universities, local control and funding may offer limited levers and resources and so the best engagement is likely to come from the coordination of policy, funding and regulation at both local and national levels, together with an institution's own strategic choices. Finally, university experts and administrators, in addition to possessing critical knowledge resources that can benefit the PBP network, are also often in a position to contribute tangible resources that can assist with the third priority outlined below, building capacity.

Networking should of course extend beyond the ivory tower. Important actors will likely be found amongst other local institutions - across the public, private and in local community and charitable or philanthropic groups. One thing that place-based policymakers will have to get accustomed to is creating partners where few exist. An example of this might be found on the ground in the United States, although there could also be comparable stories in parts of eastern

and southern Europe. Specifically, we are referring here to the organizational weakness of labour. In the vast majority of distressed areas in the US, labour – employed or otherwise – is present, but labour organizations are not (Mettler and Brown 2025). In such circumstances, especially when place-based strategies based on labour skilling and upskilling are under consideration, local and regional actors may need to step in and create the functional equivalent of union leadership (if not the base) in order to collect useful information and also enhance the chances of successful implementation/take-up should labour market policies be a part of the PBP package.

Some of the most successful and effective place-based policy initiatives have come about under the leadership of networks that span the public and private sectors: [The Right Place/Grand Rapids](#), [The Allegheny Conference on Community Development](#), and [The Greater Milwaukee Committee](#) are just three examples taken from the US experience. In Europe we might look to similar regionally based examples including [Business Metropole Ruhr](#) in Germany or the [Northern Powerhouse Partnership](#) in the UK. Understandably, funding a quasi-permanent regional task force may be an expensive ask in tough economic times. However, the challenging task of building a unified regional network that gets behind a consensus vision for the region does not happen by itself; it requires knowledge, commitment, and resources that can only be marshalled effectively by involving all key actors with a stake in the future of the region: both public servants and their counterparts in the economy and civil society.

In these challenging times, it is also important the local actors seek to link their PBP network beyond the region itself. In both the United States and Europe, there are existing networks of policy experts that bring together practitioners, academics, and others who track PBP activities and have become quite important players in the exchange of best practice, both within countries and even internationally.<sup>4</sup> Connecting with such external partners and even networks can be especially valuable for regions that are just finding their way into the PBP sphere, or where endogenous expertise and capacity is limited.

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<sup>4</sup> For example see the work of the Transatlantic Heartlands Initiative: <https://heartlandstransformationnetwork.substack.com/about> and the German think tank ‘Das Progressives Zentrum’: <https://www.progressives-zentrum.org/en/project/industrial-heartlands/>

### *Focusing on quality of life and local pride*

Increasingly PBP has - rightly - begun to pay more attention to policies that seek to improve the quality of life in places. Thinking here ranges from the need to improve local infrastructure and services, including access to healthcare and education (Austin, Weinstein, Hicks and Wornell, 2022), to policies that seek to improve levels of local pride and satisfaction. This might involve making better use of natural or cultural assets in a place, whether they be access to countryside or the environment, supporting local heritage or cultural facilities or putting more effort into reviving high streets or downtown areas (Shaw, Garling and Kenny, 2022). Taken together, these interventions can improve the local conditions in which existing firms operate and where people live and work, reducing dissatisfaction and rebuilding faith in democracy and local institutions. In addition, especially where population and industry have been in decline, this also provides a basis through which new people, firms and investors might be attracted to places.

### *Building capacity*

This brings us to the fourth priority area for place-based policymakers: building capacity. The story of the IRA and the CHIPS act over the past couple of years in the United States is largely a positive one, even if the Trumpian aftermath has been discouraging. As with other federal programmes designed to assist disadvantaged places, typically inner city areas and declining rural areas, policy take-up often was hampered by a lack of administrative capacity at the local level, and although these programmes contained provisions that were designed to help localities build the necessary administrative capacity to implement funding awards successfully, the programmes did not survive long enough for such capacity-building efforts to take root. More broadly, ensuring that local and regional authorities develop and possess the necessary administrative capacity and expertise to access whatever policy benefits for which they are eligible from higher levels of government is absolutely critical in the present circumstances. Overall, this will require investment in personnel and administrative infrastructure, and in some circumstances may call for an explicitly regional approach, so that these investment outlays can be shared or pooled with nearby authorities and institutions.

### *Getting political*

The fifth and final priority involves taking action that place-based policymakers might consider risky, and for good reason. Simply put, local actors must develop or at a minimum be open to incorporating a partisan dimension to their activities. Specifically, this means deliberately building political support for their otherwise technocratic place-based policymaking efforts.

It needs to be stressed that a more technocratic approach is often preferred because the goal is to build a far-reaching, functional and consensual network capable of working for the entire region. Casting the place-based policy processes in an openly partisan vein, particularly in the present circumstances, would not only inject unnecessary friction into the network-building efforts, but quite possibly risk dooming the effort in the end.

However, the downside of a largely technocratic approach is that it leaves PBP vulnerable to the vagaries of party politics. In the United States and Europe, voters residing in distressed areas that have benefited from national place-based policy initiatives have not only *not* rewarded the parties-in-government that implemented these policies, but they have broken decisively for right-wing challenger parties that subsequently de-emphasise or even dismantle the programmes in question. The 2024 US presidential election is a clear case in point. The failure of place-based policy to generate positive political feedback loops is on the face of it puzzling. How did it come to pass that the Biden Administrations' considerable efforts on behalf of underserved areas (IRA, CHIPS) failed to register with voters living in these areas (Porter 2024)? Similarly, in the UK during the 2016 EU Referendum, many voted to leave, rejecting predictions of damaging economic impact in the poorest regions (Menon, 2016).

Is there something about place-based policy (as opposed to people-based policies, which put benefits directly in the hands of people/voters) that fails to register with voters when they make up their minds at the polls? Academic research suggests that public policies that generate positive political feedback loops for the politicians who implemented them are not as common as one might expect or as politicians might hope (Galvin and Thurston 2017). There are numerous reasons why voters do not connect policy benefits with the provider of those benefits: lack of information, the complexity and opaqueness of the policy process, a lack of short term impact in communities or in people's daily lives and partisan frames that shape voters' understanding of causality and responsibility (Galvin and Thurston 2017, 337).

Despite the considerable risks and questionable rewards of seeking to hitch PBP to a political wagon, there remains an untapped potential for place-based policymakers to insert their issue into the electoral space in a more general sense, and – if successful – thereby secure a more stable national platform for local efforts. Connecting apolitical PBP efforts on the ground to vote-seeking politicians operating at the highest level of the polity must be the objective.

There are basically two options open to place-based policymakers looking to develop a political strategy for their place-based policy efforts. One is to pursue an openly partisan strategy, and seek ways to encourage one of the major political parties to take up the banner of PBP. All the evidence suggests that this is likely to be a losing proposition. Identifying PBP with one major party in a broader environment of polarization is likely to be counterproductive if the goal is to insulate policy efforts from the vagaries of party politics. And the existing academic research suggests that it is not likely to work anyway; “[p]olicies can generate supportive new constituencies. But even in those cases, support is more likely to be for the continuation of the policy than for the political party most responsible for its creation” (Gavin and Thurston 2017, 338).

This last analytical point suggests a second, more promising strategy: to seek to turn PBP into a valence issue, ie. one that is broadly supported by all the major parties competing for power in the political system because it is generally demanded by voters, irrespective of their partisan leanings. If PBP can be converted into a valence issue, it stands a better chance of escaping the dangers posed by polarization, and as a result become much more durable and resilient, presumably opening up even more creative space for local actors to pursue their tailored development initiatives. Turning PBP into a valence issue would mean that political parties might then compete over the best way to promote place-based policy initiatives formulated at the ground level, but they would not clash over the very existence of national policies that are supportive of PBP efforts.

There may be no better time to develop and pursue a partisan dimension to local/regional place-based policymaking efforts. Over the past several years, such discussions have become an increasingly common feature of the PBP landscape in some countries, and practitioners are becoming accustomed to approaching elected representatives of the area/region to ask for their support. Much PBP will already involve or be actively driven by elected representatives of political parties – whether they be local mayors or national ministers and policymakers. Across

many countries including in Europe and the US, it is also likely that these different levels of government will have been occupied by politicians of different persuasions and with different agendas (sometimes even within their own party or political movement). Experienced PBP practitioners in many places will already be used to dealing with changing political and policymaking environments, but as these accelerate and intensify, they will need to shift up a gear.

Furthermore, there is now much greater interest from across the political spectrum in places – and especially those where industrial decline and/or economic stagnation and falling living standards are associated with more support for populist parties and policies. In some countries, PBP is no longer a largely technocratic branch of national policymaking and politics but a key battleground, demonstrated in the importance of voter volatility especially in “swing states” or marginal constituencies. In the UK, a post-Brexit focus on regional inequality and swings between support for mainstream political parties – from Labour’s ‘red wall’ to Boris Johnson’s ‘levelling up’ agenda – demonstrated a greater interest in PBP at the national level – in both political communications and campaigning but also the much more challenging task of understanding what might actually work. Nearly ten years on, many of the same UK constituencies are now targeted by Nigel Farage’s Reform Party, currently leading in many national polls and fresh off a string of election victories in mayoral and local government, with a more populist right-wing offer (Rallings and Thrasher, 2025).

The lesson here is that PBP in many countries is increasingly in the political spotlight – and more directly connected to the way national elections eventually play out. So we must take local politicians and their policy promises more seriously while striving harder to understand what actually works. What does this mean for countries where national politics continues to ignore or at least deemphasise the nexus of place, prosperity, and politics? Establishing PBP as a matter of consensus among the major political parties will certainly pose both political and logistical challenges for advocates of PBP. Presumably, it would involve a multi-pronged strategy, one that would include local outreach to party representatives and elected officials in the various distressed areas as well as national-level consultations with multiple sets of party officials. The former dimension – local outreach – will of course be complicated by the fact that by definition, place-based policymaking efforts should remain studiously non-partisan (i.e., technocratic) in order to maximise the chances of creating a broad network united around a

consensus vision for the region. But local actors should proceed on the assumption that even in a polarised political setting, party representatives in the region are capable of compartmentalising their activities and open to participating in the expressly non-partisan gatherings designed to create an economic vision for the region. With the valence objective in mind, local actors would have even stronger incentives to create an inclusive PBP initiative, one that is open not just to other local elites but ordinary citizens as well. This will strengthen the social support base for PBP, and also provide an opportunity for party officials from across the political spectrum to witness the engagement of the citizenry in efforts to restructure the regional economy. After all, as elected representatives, regardless of what team they are on, politicians have an interest in being seen to serve the health and welfare of the region's constituents. If party officials from across the political spectrum are able to experience for themselves the positive buy-in from ordinary citizens-cum-voters in PBP activities, they will be more inclined to support such initiatives, increasing the chances that PBP becomes a valence issue in the region. .

Pursuing valence strategies at the national level will entail a different set of challenges. Take the United States, for example. There are no obvious peak associations at the national level that credibly represent the interests of PBP initiatives around the country and that can take their case to the national party organizations. However, there are almost certainly already established connections between place-based policymaking efforts and individual elected representatives in each of the major parties in Washington, DC, and perhaps those ties can be leveraged to get the issue before the national party apparatus. Again, the goal is not to generate competition among parties over the existence of national policy frameworks supportive of PBP, but rather to establish PBP as a valence issue by encouraging healthy inter-party competition over the best way to support PBP efforts, regardless of their location or form.

In the EU, on the other hand, the urgency of developing a partisan dimension to PBP initiatives may be lessened somewhat by EU cohesion policy, which as noted above is expressly organized around the principles of PBP and provides both funding and implementation support that serve to boost the bottom-up efforts of place-based policymakers throughout the Union. Even in such favourable circumstances, which contrast sharply with the situation confronted by place-based policymakers in countries like the US and UK, it may make sense to push to make PBP a valence issue in the national political system. This applies across very different models of governance in Europe and North America and even in those states where local and regional

governments hold more autonomy and power than in more centralised countries such as the UK. But recalling the less forgiving political environment in which PBP finds itself, as both national governments and the European Union increasingly march to the drumbeat of strategic autonomy and competitiveness, bolstering the claims of PBP by embedding them in a national partisan consensus seems like a prudent move. This will require persistence in both communication and campaigning and also in how to best tackle the different challenges that places face.

Understanding what works and what is ultimately achievable in PBP remains critical.

## Conclusion

This article began with a question posed by an imaginary place-based policymaker: “Is this a time for business as usual, or should I be worried?” If the preceding analysis suggests anything, it is that the answer to the first part of the question is an emphatic “No!” As to whether there is a cause for worry, the answer is by no means clear cut. There are both old and new causes for concern, but there are also opportunities. In sum, the world is getting more complex, and that demands a fresh, creative assessment of place-based policy practices. Local policymakers confront an exogenous economic environment that is much less stable and much more uncertain, and they now operate in a political environment that is stingier in providing resources and support for their distressed regions and more fraught as a result of polarization. In this context, place-based policymakers must be even more proactive than usual.

All in all, whatever the broader political context, the life of the place-based policymaker will not be easier in the future, but the goals remain within reach. Perhaps the greatest logistical challenges at the ground level are both technical – e.g., to open up channels of communication across place-based policy networks, both nationally and transnationally, so that the information gathering requirements of these initiatives can be more easily met through exchange of false starts and best practice – and political – to create the conditions for stable and supportive policy efforts emanating from levels of government beyond the region itself. Knowledge, organization and political savviness may not be power, but they open the door to new possibilities for distressed regions in a complex and changing environment.

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