



Government decision-making and the site of power in New Labour's 'levelling up': reconsidering economic regionalism

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Abstract

Debates about England's geographic inequalities and the extent to which the problem is intertwined with the 'Westminster system' of government are often light on historical perspective. Few recall that "levelling up" was a New Labour slogan before it was a Conservative one. Making use of recently released archival material and interviews with former ministers and officials, this article explores a project that aimed to tackle England's geographic inequalities through strategic and unapologetically undemocratic bodies at the regional level, the Regional Development Agencies (1998–2012). This vision of 'levelling up' was accompanied by an alternative understanding of how England's spatial economic divergences relate to wider economic challenges. The project gave new powers and spending to regionally based public bodies despite simultaneously reinforcing political centralisation, demonstrating the ongoing relevance of key aspects of the 'Westminster Model' while underlining the need for nuance when employing the framework. Concerning contemporary policy debates, the article invites us to reconsider economic regionalism as a pragmatic means to counter economic disparities while complex political questions and arrangements are worked through.

Keywords Levelling up · New Labour · Economic regionalism · Neoliberalism · Westminster model · Core executive

Introduction

The economic regionalist agenda initiated by John Prescott in 1997, with support from Gordon Brown's Treasury, was described by the government as "a process of 'levelling up'" (HM Treasury, DTI and ODPM 2003). Yet insights into contemporary debates on how to tackle England's geographic inequalities that could be gleaned from New Labour governments are hindered by the scarcity of discussion on

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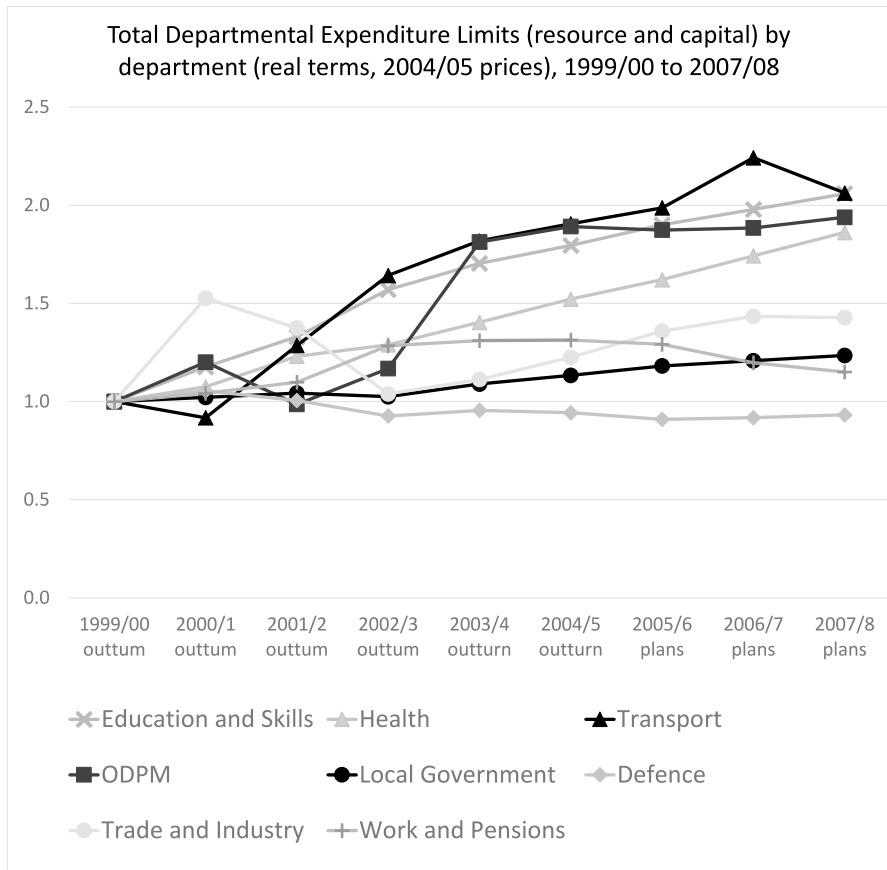


Fig. 1 Total departmental expenditure limits from 1999/1900 to 2005/2006 and Treasury plans for DEL 2006/2007 and 2007/2008, increase relative to 1990/1900 levels. Real terms, 2004/2005 prices, with the DEL increases shown relative to 1999/1900 figures. N.B. The Treasury's pre-1999 accounting system split the DETR figures into siloes that make comparison with the 1999/1900 onwards system unfeasible. The Treasury marks the department as 'ODPM' but has used DETR figures from 1997/1998 to 2000/2001, DTLR figures from 2001/2002, and ODPM figures and spending plans for ODPM for the 2002/2003 to 2007/2008 period. *Source: PESA 2005*

Prescott's influence on the strategic policy agenda. This is odd considering Prescott served as Deputy Prime Minister for 10 years and oversaw two 'super-departments' that enjoyed some of the largest percentage increases in spending allocations under New Labour (see Fig. 1). Departmental Expenditure Limit figures for the 2000/2001 to 2003/2004 period show that Prescott's Department of the Environment, Transport and the Regions (DETR) enjoyed a 14% real average annual growth rate, compared to 12.8% for Education and 8.8% for Health (HM Treasury 2005).

Believing it remains the case that "both contemporary history and political science could benefit from a much closer collaboration" (Pemberton 2003, p. 2), this article recovers an alternative vision of what 'levelling up' might look like and an



alternative understanding of how England's spatial economic divergences relate to wider macroeconomic and political challenges. In doing so, the article contributes to our understanding of the tensions in spatial policymaking in England since the 1990s and casts a new light on New Labour's political economy.

Employing recently released archival evidence to examine the internal power dynamics of the first New Labour government, the article demonstrates how Prescott managed to overcome opposition from the Prime Minister's Office to get the establishment of Regional Development Agencies (RDAs) for each English region on the legislative agenda in the first year of New Labour's first term and enacted in November 1998 (House of Commons 1998). While Prescott's endeavour to introduce elected regional assemblies to the English regions failed dramatically with a 2004 referendum defeat in the North East, RDAs were more successful. Growing steadily over the 1998–2010 period, by 2007 RDAs were receiving £2.3 billion per annum of central government funding (Business and Enterprise Select Committee 2009). In 2021 prices, this represented £3.1 billion per annum, which, for context, compares to the £1.7 billion allocated in the first round of the Johnson government's Levelling Up Fund, spanning October 2021 to January 2023 (DLUHC 2023; BBC 2023).

A key factor behind the rapid establishment of RDAs was the long-held preoccupation with divergent economic geographies brought into government by Prescott and, to an extent, Gordon Brown. Treasury support for Prescott's explicitly Keynesian regional economic agenda was crucial in the creation of RDAs and explains why Brown and his Chief Economic Advisor, Ed Balls, considered that agenda an important part of what we should acknowledge as their New Keynesian economic strategy. This suggests that an intentionally redistributionist spatial policy can be achieved by a social democratic government within the contours of a 'power-hoarding' UK system of government, a centrist political platform, and what many consider a 'neo-liberal' or 'Anglo-Liberal' economy (Jessop 2007; Hay 2013).

Not only does New Labour's economic regionalism enrich policy debates about tackling the issue of England's divergent economic geographies, but it also has implications for our understanding of decision-making in the UK state. This article challenges depictions of the late 1990s and early 2000s as a time in which 'policy networks' and a 'differentiated polity' were in the ascendancy (Rhodes 1997, 2007, 2011; Bevir 2005). Instead, the evidence points to the ongoing utility of aspects the Westminster Model, especially as inflected by the Asymmetric Power Model, for understanding the continuity of an "impositional" form of government (Richardson 2018; Marsh et al. 2003; Richards et al. 2023).

Importantly, however, the findings also indicate that application of the Westminster Model must be nuanced. Despite the simplicity of Lijphart's (1999, 2012) typology, some political processes cannot be placed easily on a linear scale between unitary and federal, or centralised and decentralised. Instead, as with New Labour's economic regionalism, political processes may centralise decision-making while simultaneously offering new forms of power to sub-national areas or agents.

The article proceeds as follows. Sect. "Introduction" summarises debates about the nature of the UK state, explaining how evidence presented in this article testifies to the relevance of key aspects of Westminster Model, particularly the dominance of the core executive and the power of the cabinet. This study's methods and key



concepts are explained. Section "[Theoretical framework and methodology](#)" shows how a recovery of New Labour's economic regionalism can alter our understanding of New Labour's political economy as well as offer insights into UK spatial policymaking that are increasingly overlooked by the generalist literature. Section "[Literature review: why return to New Labour's regional policy?](#)" illustrates how RDAs constituted one of the first political battles of New Labour in government, representing a crucial moment in UK spatial policymaking over the last 30 years. Section "[Prescott's super-departments, the Treasury and No. 10](#)" explores Prescott's (1998) economic regionalist project in which RDAs were intended "to uphold the economy in the traditional Keynesian way", largely through capital expenditure and creating employment. Section "[RDAs: Prescott's 'Keynesian' economic instrument](#)" shows that Brown's Treasury supported Prescott's economic regionalism, contrary to characterisations of New Labour's regional economic policy as having "largely followed a 'supply-side' agenda established under the Conservatives" (Tomlinson 2012, p. 218), or a "neoliberal supply-side logic" (Copeland and Diamond 2022). To conclude, the article reflects on the implications for debates on spatial power dynamics in the UK state, before calling for a reconsideration of economic regionalism as a pragmatic project in the absence of any tangible signs of a resolution of the UK's democratic shortcomings and constitutional quagmire.

Theoretical framework and methodology

British Politics has been characterised by long standing debates about the site of power in the UK state (Byrne and Randall 2024). From the late 1990s onward, scholars argued that the highly centralised state depicted in the 'Westminster Model' had been replaced by a 'Differentiated Polity' characterised by governance, policy networks, a fragmented executive, power dependency, and a 'hollowed-out state' (Rhodes 1997, 2007, 2011; Bevir 2005). While fragmentation in governance and "exchange relations between various actors" have been widely accepted, others proposed an 'Asymmetric Power Model' to stress that such relations are "most often asymmetric" due to "continuing patterns of structured inequality" in the British state and within the core executive itself (Marsh et al. 2003, p. 308; Richards 2008).

The political processes described in this article fit closely with the notion of Westminster 'power-hoarding', as ministers actively sought to wrestle power from, or bypass entirely, local, regional, and supranational scales, as well as sometimes from civil servants in their own departments. This supports David Richards' (2008, p. 9) view of New Labour as having "embraced the Westminster model because it allows it to sustain and legitimise an elite-dominated system of government which it sees as necessary to securing its own political goals". Concerning New Labour's approach to central-local relations, scholars have tended to see a "hierarchist" employment of New Public Management and bureaucratic controls, or "control-freakery gone mad" (Stoker 2002, p. 430). In fact, the evidence presented here points to New Labour politicians seeking to bypass what they saw as civil service managerialism and



directly mobilise regional elites as policy delivery agents under their own direction.¹ Crucially, this was not a ‘zero-sum game’ in which the core simply took power from local and regional governance bodies. Instead, agents at the regional level gained new powers, spending and a channel to influence central decision-making. This warns against the “tendency to see power in false dualities” (Smith 1999, p. 36), and contributes to explanations of why the UK state remains “centralised in terms of power but fragmented in relation to public administration and policy delivery” (Richards et al. 2023, p. 45).

Rather than discarding the ‘Westminster Model’, as Russell and Serban (2021) have called for, this article instead stipulates the specific aspects of the model to which it refers: centralised government, a unitary state, cabinet government, individual ministerial responsibility (and the power over their policy remits that this entails), and executive dominance (Lijphart 1999, 2012; Flinders et al. 2022). Concerning the core executive, power is undoubtedly more relational, and the cabinet more fragmented, than the traditional Westminster Model depicts (Smith 1999). Indeed, it is widely acknowledged that Gordon Brown, John Prescott, and Robin Cook enjoyed “considerable autonomy” in New Labour’s first term (Smith 1999, p. 180). However, in revealing the Prime Minister’s Office’s relative weakness over English regional policy in the 1997–1999 period, this article questions the consensus that “after an emphatic election victory a Prime Minister is usually less dependent on his or her cabinet” (Smith 1999, p. 6; also see Barber 1984). Personalities and personal beliefs remain a crucial lens through which to understand policymaking in the 2000s, and, contra Rhodes (1999, p. xiv), the cabinet was far more important than “a rubber stamp”.

Evidence in this article is derived from interviews with twenty former ministers and officials in central government and the Regional Development Agencies (RDAs), as well as documentary analysis of a range of primary sources: official statistics; government papers; other grey literature, including from RDAs; archives; and biographical and autobiographical material.² Regarding a potential Westminster bias, it should be acknowledged that the historian of policy has a difficult time viewing their subject matter without making use of the Westminster lens considering that archiving policy delivery in the UK is a process generally performed more thoroughly at the national level (at least in the days before WhatsApp messages) than at the often underfunded local authority record offices or the former regional archive councils, while many public and non-public organisations do not maintain official historical records (Norgrove 2001; Ray et al. 2013).

Finally, three concepts in the article ought to be clarified. Firstly, ‘regionalism’ needs to be put in its proper context. Reviewing twentieth-century English spatial policy, Sharpe (1997) delineated two main conceptions of regions for political and

¹ This reflected a ‘conspiratorial view’ of the civil service as barriers to ambitious policy change that had been popularised in the Labour party over eighteen years in opposition (Richards 2008, pp. 144–49).

² The evidence was collected as part of a larger study which took a granular, bottom-up approach; interviews and archival research were conducted on public, special-purpose/quango, and third sector bodies such as city councils, Housing Market Renewal Pathfinders (2002–2011), and housing associations (O’Shea 2022).



economic purposes: firstly, a city region, which he traced to the ideas of Peter Hall and economic geographers interested in nodes and clusters, and secondly, an economic planning region, which was more extensive, administrative, and reminiscent of the state economic planning of post-war Britain. In 1997, with Labour talking about a directly elected mayor for London, and about RDAs, it was unclear which vision would win out. Despite the establishment of the Greater London Assembly and the short-lived but strong interest shown in city regions in the mid-2000s, the economic planning region was the victor under New Labour.

This leads us to the second concept, 'economic regionalism', which should be distinguished in the period from the 'democratic' concerns about the lack of directly elected bodies for English regions, which was outlined as a priority for Labour's Shadow Home Secretary, Jack Straw, in a 1996 pamphlet, 'A New Voice for England's Regions'. Though the democratic deficit was also a highly important issue for Prescott, it was the economic deficit that he prioritised in Labour's first term.

The third concept is 'New Keynesianism'. While discussing his economic views in that period, Prescott would often refer to 'Keynesianism', a term with which Gordon Brown and Ed Balls also aligned themselves, usually stipulating 'New Keynesianism'. There is a problematic tendency to equate Keynesianism with social democratic, post-war Labour Party political economy, when in fact the relationship between the two was extremely complex and never taken for granted (Booth 1984; Tomlinson 1981, 1984; Toye 2007). There is a similar tendency to associate 'New Keynesianism' with an abandonment of Keynesianism, even an embrace of "monetarism" (Hay 2004, pp. 39–40). Rather than placing "individuals in a tradition by comparing their beliefs and actions with a checklist of core ideas", this article tries to briefly explain what core agents thought they were expressing by 'Keynesian' and related terms (Bevir and Rhodes 2006).

Literature review: why return to New Labour's regional policy?

This section demonstrates the following: firstly, that the generalist literature on New Labour has not seen economic regionalism as a particularly important concern for key New Labour actors and their wider political project; and secondly, that where New Labour's regional economic policy has been discussed in detail, mostly in specialist literatures, the consensus has been that the project was broadly 'neoliberal' and marked no significant break with the approach of previous Conservative governments.

New Labour features prominently in discussions of British social and economic change, often concerning the party's focus on the southern England electorate and acceptance of the shift toward a London-centric and service-based economic model (Hay 1998; Heath et al. 2001, p. 131). It is less common for scholars to look to New Labour for insights on how a social democratic party might address the problems created by divergent regional economic geographies. The New Labour governments would seem like an especially odd place to look for examples of policies attempting to confront England's 'North/South divide' in the light of claims from Blair (1999)



and Andrew Smith (1999), employment minister 1997–1999, that the “north–south divide” was a misleading idea based on “lazy presumptions”.³

Part of the reason New Labour governments have not often been seen as making a serious attempt to address England’s regional economic disparities is the tendency not to treat Prescott as a policymaker. Instead, Prescott appears in the guise of the following: the symbolic left-winger and/or ‘northerner’ in New Labour’s electoral positioning (Rawnsley 2000; McLean 2007, p. 487); the ‘party man’ and trade unionist who was key to securing party support for New Labour’s ‘modernisation’, particularly helping John Smith enact the one-member-one-vote and Blair bring in his new Clause IV (Minkin 2014, p. 201; Campbell 2010, pp. 64–7); and as “referee” when antagonisms between Blair and Brown reached boiling point (Kirkup and Thornton 2017). Prescott is thus presented as a crucial actor in New Labour winning and keeping power, and simultaneously a tokenistic figure who attained high rank and wide-ranging responsibilities thanks to his descriptive characteristics rather than his ideas or political judgement.

Literature on the policy areas for which Prescott had responsibility generally considers the policies to have been ‘neoliberal’. Scholars such as Colin Hay and Bob Jessop saw institutions established by New Labour, such as the Regional Assemblies and Regional Development Agencies, as “flanking mechanisms” that were ‘rolled forward’ in order to consolidate neoliberal governance by giving it a more ‘social’ or democratic face, belying a strong central government working in the interests of global capital (Hay 1999; Jessop 2002, 2004). In the literature focusing specifically on New Labour’s regional reforms, the consensus is that they were a “step toward decentralising decision-making over economic policy”, but ultimately a façade behind which lay New Labour’s centralism (Ayres and Pearce 2004, pp. 256, 274, 2005; Atkinson 1999; Harrison 2008; Blunkett et al 2016; Mycock 2016). Though there has been considerable academic discussion concerning Labour’s failed attempt to introduce directly elected Regional Assemblies (Humphrey et al. 2004; Leyland 2011; Ayres and Pearce 2007; Tomaney 2002; Travers 2007), there is less literature focusing on RDAs, which were established in 1998 and consistently grew in terms of power and funding until 2010. There was early attention on RDAs from those associated with the UCL Constitution Unit (Hazell 2000; Sandford 2002), but later explorations came mostly from the specialist regional and planning literatures (Tomaney and Mawson 2002; Blackman and Ormston 2005; Marshall 2008; McVitie and Swales 2007a, b; Peck and McGuinness 2003; Danson and Lloyd 2012). Much of that literature concerns the accountability of RDAs and their relation to democratic regional institutions rather than their political economic role.

³ In a speech made before embarking on a two-day tour to the North West of England in 1999, Blair (1999) publicised the first part of the findings of a Cabinet Office (1999) study titled ‘Sharing the Nation’s Prosperity’, stating that the report demonstrated that “some of the differences between regions and within regions were every bit as great as the difference that people traditionally talk about as the north–south divide”. Two months before Blair’s North West tour, Andrew Smith (1999), Minister of State for Employment 1997 to 1999 and Chief Secretary to the Treasury from 1999 to 2002, had gone further, warning: “Do not believe the lazy presumptions about a North–South divide in the labour market. The truth is regional differences that are narrowing not widening”.



Regarding Brown and his Treasury, most scholars see them as having been engaged in a supply-side liberal project with a characteristically 'neoliberal' focus on human capital approaches and productivity performance (Heffernan 2000; Moran and Alexander 2000; Glyn and Wood 2001; Coates 2005; Thompson 2006; Theodore 2007). Scholars have seen an abandonment of a belief in the importance of "physical capital formation" (Hay and Coates 2001), and "no role for demand in the policy for the regions" (Dalingwater 2011). While some have argued that the Treasury was not interested in "regional institutional measures" (Sandford 2005, pp. 111–2; also see Diamond 2021, pp. 379–81), others consider Brown to have been converted to the regional project around the start of the second term (Kenny 2014). There is good reason for this dating, as Brown introduced a new Public Service Agreement in 2002 that aimed to "over the long term reduce the persistent gap in growth rates between the regions" (HM Treasury 2002b). The pledge was criticised for calling to reduce the divergence in growth rates rather than to tackle absolute disparities (Adams et al. 2003). But the pledge was at least specific, with the Treasury outlining that the target would be measured by whether there had been a reduction compared to the baseline in the absolute gap between the average trend growth rate in the three regions which then had above average GVA per head and the average trend growth rate in the other six regions.

Exceptions to the narrative that the Treasury were not interested in tackling geographical economic disparities through spatial policy are the arguments that Brown and Ed Balls were in favour of "greater action at the regional level to alleviate socio-economic disparities" due to "an essentially 'Keynesian' analysis of their economic consequences" (Tomaney 2002, p. 18), and that from New Labour's second term, "building up coordinating powers at the regional level [...] became a more salient theme within [the Treasury's] macro-economic strategy" (Kenny 2014, p. 187). In fact, the following section of the article demonstrates that Brown and Balls supported Prescott's regional economic policy programme as early as 1997. Moreover, this suggests that the Treasury has more than "powers of coordination" or "negative" power to "stop departments doing things" (Smith 1999, p. 160) and instead can be an important agent in realising and shaping new policy agendas.

Evaluations of New Labour's achievements on reducing regional economic disparities are mixed. On the one hand, some have claimed that "existing patterns of uneven development between and within regions [were] reinforced rather than redressed" (Faulconbridge 2010). On the other hand, independent econometric analysis found economic "improvement in the relative position of the North" (Coutts et al 2007). Leading scholars have argued that a focus on investing in cities and public infrastructure narrowed the regional divide (Diamond and Kenny 2011), while others credit the stemming of divergence in economic performance between North and South to "the government's expansion of public services" (Coutts et al 2007), which had unintended redistributive consequences (Hamnett 2010; also see Tomlinson 2012).

Policy audits have suggested that RDAs contributed to the reduction in regional divides. Analyses by the National Audit Office (2010) and a PWC report commissioned by the government both demonstrated that RDAs were successful in achieving most of their goals (PWC and BERR 2009). The objectivity and assumptions



of such reports will always be questioned, and the 'success' or 'failure' of RDAs will likely remain contested. However, even if one believes RDAs were a failure, we should avoid "a view of history infused by the knowledge of subsequent failures" (O'Hara and Parr 2006, p. 479). The argument of this article does not hinge upon the success or failure of RDAs in meeting their objectives, rather, the purpose is to demonstrate that, and explain how, an ambitious policy programme involving the creation of reasonably large and powerful new regional economic institutions was realised within the first 2 years of New Labour coming to power. As this article illustrates, this occurred even though the policy was in many ways an atavism of 'Old' Labour economic strategy and despite stiff opposition from No. 10.

Prescott's super-departments, the Treasury, and No. 10

This section reveals the tensions over spatial policy between Prescott's departments, No. 10, and the Treasury over the first few years of New Labour's time in government. For context, it is first important to briefly explain the super-departments that Prescott secured in 1997 and his historical advocacy for RDAs in England.

Blair's Chief of Staff, Jonathan Powell (2010, pp. 67, 183), recalls that Prescott "had long been committed to the idea of a regional devolution in England [...] when I was negotiating with John about his job in government, he gave me a pile of pamphlets he had produced in the 1970s and 1980s on the subject" and that he "pursued the idea relentlessly", ultimately resulting in Powell "conceding more than he [Prescott] had asked for in the first place" by creating "a huge super-department for him". The Department of the Environment, Transport and the Regions (DETR) was formed for Prescott in 1997 through a merger of the Department for Transport (DoT) and the Department of the Environment (DoE). The DETR's responsibilities covered housing, the environment, transport, rural affairs, planning, local government, regional development, and regeneration (Statutory Order No. 2971 1997). For context, in 2023, these responsibilities and agencies (though not all exist under those names) belong to three departments: DLUHC, DEFRA, and the DoT.

Following the general election in 2001, the DETR was disbanded due to Prescott's desire to be closer to the heart of government through a Cabinet Office position where he could focus on chairing cabinet committees and generally helping to coordinate government action on domestic affairs (Campbell 2012, p. 633). Correspondingly, the Office of the Deputy Prime Minister (ODPM) was created within the Cabinet Office to facilitate Prescott's responsibilities, some of which were carried over from the DETR, such as overseeing the Regional Coordination Unit and the Government Offices for the Regions.

Between June and July of 2001, most of the DETR's responsibilities were hived off to the new Department for Transport, Local Government and the Regions, with responsibility for the environment going to the new Department of the Environment, Food and Rural Affairs. In May 2002, Prescott once more took over responsibility for local government and the regions as part of his new super-department created through the ODPM becoming a department in its own right. Referring to negotiations with Prescott over the ODPM, Powell (2010, p. 67) writes that "Tony was



in despair when I ended up conceding a large new department even after 2001". Prescott thus maintained key powers over spatial policy for the vast majority of the period running from 1997 until he relinquished his department in 2006 following revelations about his private life.

When New Labour came to power in 1997, Prescott brought with him not only a set of ideas about how to resolve divergent economic geographies dating from the 1970s and 1980s, but detailed specifications for institutions to enact those policy solutions. Prescott had fleshed out RDAs as early as 1982 in his *Alternative Regional Strategy* (ARS [1982]) paper, a contribution to the Bennite Alternative Economic Strategy, written after he had been appointed Shadow Spokesman for Regional Affairs and Devolution in 1981 by Michael Foot. The ARS outlined a plan for regional assemblies to contribute to a national economic plan, as well as to coordinate their regions' health services (Prescott 1982, p. 8). Each assembly would "set up and supervise a regional development agency" in a deliberate move away from sub-regional projects that had tended to dominate English spatial economic policy since the 1930s (Prescott 1982, p. 4).

Although Neil Kinnock was keen to distance the party from the Foot era, elements of Prescott's ARS made it into the 1987 manifesto, which pledged that a Labour government would establish "Regional Development Agencies" (Labour Party 1987). Prescott then proposed RDAs in his manifesto for Leader and Deputy Leader in 1994, telling the party that they would contribute to reaching "full employment" by means of "demand management to compensate for cyclical failures of demand and supply-side reforms to remove or reverse structural deficiencies" (Brown 2005, p. 303). In 1996, a Prescott-commissioned report on regional policy by Bruce Millan (1996, p. 35), who proposed that RDAs should be established for the nine English regions (including Greater London) and should promote employment by providing "finance to business", "assisting the modernisation or development of industry", providing "sites for development", and undertaking environmental and regeneration projects. Endorsing Millan's recommendations, the 1997 manifesto stated that RDAs would be established to "coordinate regional economic development" (Labour Party 1997).

However, archival evidence shows that No. 10 was keen to limit the scale of Prescott's regional project for two chief reasons. Firstly, No. 10 did not want to complicate the delivery of a major manifesto pledge of devolution to Wales, Scotland, and Northern Ireland, given existing questions about English regional governance and the perceived injustices of the Barnett formula. Secondly, No. 10 was keen to assert its authority over the Deputy Prime Minister, preventing an 'early win' for Prescott that might encourage him to push Blair for further control over the legislative agenda.

On 22nd May 1997, just 20 days after arriving at No. 10, Blair made clear his opposition to the establishment of RDAs at a meeting with DETR ministers, including Prescott, Hilary Armstrong (Minister for Housing and Planning), Nick Raynsford (PUS for Construction), and Richard Caborn, the MP for Sheffield Central since 1983 who had been persuaded to leave his position chairing the Select Committee on Trade and Industry to become Minister of State for Regions, Regeneration and Planning due to Prescott promising they would push hard to establish RDAs as



soon as possible (Caborn 2020, personal interview). At the meeting, Blair rebuked Caborn for seeking to establish RDAs within a matter of months, reportedly saying that “realistically it looked like something which would not happen this parliament” and that “in this area it was in any event essential to proceed with immense care” (Allan 1997, PREM-49-157-2).

The next major flashpoint occurred in July 1997 when Caborn and Prescott informed No. 10 that they proposed to give RDAs responsibility for allocating the Single Regeneration Budget (SRB). When RDAs began operating in 1999, SRB constituted between 30 and 71% of their funding, depending on the levels and extent of deprivation in each region (House of Commons Research 2002). In other words, SRB was crucial in securing meaningful funding for RDAs. Key figures in Blair’s Policy Unit, such as Geoffrey Norris and Moira Wallace, were firmly against the RDAs taking control of the SRB away from central government. In this, they enjoyed the support of the Cabinet Office and its Minister without Portfolio, Peter Mandelson.

On 29th July 1997, Blair’s ‘Deputy Cabinet Secretary’, Robin Young, sent a brief to Gordon Brown, who was chairing a joint meeting of the Economic Affairs sub-committee and the sub-committee on Devolution Scotland, Wales, and the Regions (DSWR). The No. 10 Policy Unit considered Brown “more alive to the Millan report as the backdrop to all this and to Richard Caborn’s regional enthusiasms” than Blair (Young 1997, PREM-49-157-1). The brief included strongly worded instructions on the topics Brown should cover and how he should conclude on each topic. The brief was copied to Brown’s advisor, Ed Balls, and a long list of figures close to the Prime Minister, including Peter Mandelson. Brown was informed that “Mr Darling, Mr Blunkett, and Mr Mandelson (+MB) [handwritten annotation, likely referring to Margaret Beckett] should speak in favour of small strategic bodies” and oppose Prescott’s drive “to give RDAs powers to spend other big budgets” (Young 1997, PREM-49-157-1). The Cabinet Office was very clear on the fact that Brown “should aim to sum up that the SRB (over £1 billion) should stay with central government”, and that RDAs should not be “eligible for statutory powers”. In fact, Prescott would go on to win both capacities for the RDAs.

On the same day, Powell sent a memo to Blair stating that he thought “Gordon will not stand up to [Prescott], and we will end up with widely drawn RDAs”, which “will be embarrassing politically, because we have been trying to keep them narrowly drawn at your behest” (Powell 1997, PREM-49-157-1). Powell made the stakes crystal clear when he concluded his memo: “First Whitehall victory to JP—unless you speak to Gordon tomorrow when you are discussing the Bank”.

Brown’s Treasury was indeed less hostile to the Prescott-Caborn RDA agenda. In his role as Chief Secretary to the Treasury, Alistair Darling acted as a go-between for Brown and Prescott, as well as conveying the Treasury’s stance on Prescott’s proposals to No. 10. In a letter dated 3rd June 1997, Darling (1997a, PREM-49-157-2) signalled early support for the RDAs, writing that he and the Treasury were “committed to preventing the RDAs becoming just another tier of bureaucracy”, with the solution being to ensure “that they will take over from many existing bodies”. For Darling (1997a, PREM-49-157-2), the RDAs presented an opportunity, he told Prescott, in which “there will be a significant prize to win, in the form of better



targeted regional expenditure that has a significantly greater final impact on output and employment in the regions”.

By 20th October 1997, the Treasury’s enthusiasm for RDAs was beginning to worry Blair, whose handwritten instructions oppose RDAs getting the SRB funds, wanting his staff to, “Get me to speak to GB” about the issue (Norris 1997, PREM-49-158-1). Mandelson (1997, PREM-49-158-1) complained to Blair that “Darling favours giving SRB to the RDAs”. Darling was in fact going further, writing to Prescott in October 1997 to recommend that RDAs be given control of Business Link, a considerable scheme then controlled by the DTI (Darling 1997b, PREM-49-158-1). While No. 10 was asking the Treasury to put the brakes on the RDAs, the Treasury was offering more control over funding to RDAs.

Another battle lost by No. 10 and the Cabinet Office was Prescott’s proposal “that in the legislation we give RDAs very broad statutory objectives so that in the longer term, as they evolve, we can give RDAs many more functions and responsibilities” (Mandelson 1997, PREM-49-158-1). Mandelson concluded to Blair: “I think that would be a mistake”. Despite this, the Regional Development Agencies Act 1998 established the RDAs with almost the functions, funding, and statutory powers that Caborn and Prescott wanted.

As explored below, the Treasury continued to support RDAs throughout their 12 years of existence (also see O’Shea 2022). Key moments included the following: Brown giving RDAs a single pot of non-ringfenced funding in 2000, a deal that was considerably better than the one Caborn had in fact been seeking (Caborn 2020, personal interview; HM Treasury 2000); Prescott receiving increased funding for the ‘Northern Way’ in 2004, which brought together the three northern RDAs “to be more ambitious about tackling regional disparities” and to coordinate transport policy in the region (Weaver 2004; ODPM 2004); Business Link being added to the RDAs responsibilities in 2005; RDAs being given control of the Regional Housing Pot from the Regional Housing Board in 2006; and producing the Regional Funding Allocation for Transport advice to the Treasury from 2007. In summary, Prescott’s historic plans for economic regionalism and Brown’s support for that project was crucial in the RDAs’ establishment and growth. Brown’s backing seems at odds with his reputation as the ‘Iron Chancellor’ with a domineering control over wide areas of domestic policy, particularly areas like regional policy with economic implications. The following two sections explain firstly that Prescott considered the RDAs a ‘Keynesian’ economic instrument and secondly why Brown supported the project.

RDAs: Prescott’s “Keynesian” economic instrument

This section demonstrates that although RDAs were business-led, they were heavily shaped by Prescott’s self-professed ‘Keynesian’ desire to channel public funds to interventionist, redistributive goals such as creating employment in struggling regions. RDAs have been considered ‘neoliberal’ bodies, largely because they were business-led, with the Chair of each RDA board coming from the private sector, though some had formally worked in government or academia. There was also significant central control, with all members of the board appointed by the Secretary of



State (initially DETR and later DTI)—often for “political reasons” (Fowler 1997; Haskins 2020, personal interview). However, the boards also contained representatives from trade unions, local government, and the third sector, initially containing around 50% elected members (Benneworth 2001). Indeed, the archives show the DETR resisted Mandelson in 1998, who had taken over at the DTI and was trying to replace three trade unionists from the list of proposed names for the RDA boards with businesspeople to ensure there was a majority of business representatives on each board (Holmes 1998, PREM-49-1018-1).

In government, Prescott (1998) was keen to emphasise continuity with ‘Old Labour’ economic policy: “There is still an argument for industrial reorganisation. I still think there is a role for intervention”. In the same interview, he went on to describe his DETR as “a massive deliverer, particularly when we have decided public expenditure is there to uphold the economy in the traditional Keynesian way”. Prescott (1993) had defended Keynesianism throughout Labour’s ‘modernisation’, asking the parliamentary party in 1993, “What is this new economics?”, stating that for him, there was “a lot left in some old economics, Keynesianism”. A graduate in economics and economic history from Ruskin College and Hull University, Prescott seems to have associated ‘Keynesianism’ with using public spending to boost aggregate demand in regions suffering from a lack of private investment and high unemployment. However, in a reflection of the fact that the ‘New Keynesian’ ideas espoused by Brown and Balls were very much palatable for Prescott (1998), he added that “it’s not like the Sixties and Seventies ... where you were told how much money to give [to ailing firms]. Now we are active participants [in the economy]”. For Prescott, as for Brown and Balls, the lesson to take from the failures of the supposedly ‘Keynesian’ policies of the 1960s and 1970s (which scholars and Brown himself have pointed out were not particularly Keynesian) was that the state needs to be *more* rather than less involved in the economy, both on the supply- and demand-side, but in a more particularised and granular manner.

By 1997, Prescott had long wanted control over economic policy, especially concerning employment. He had served as Shadow Minister for Employment between 1984 and 1987, and briefly again between 1993 and 1994. After he got wind of the Granita pact—the alleged 1994 deal that Brown would not stand against Blair in the upcoming leadership election in return for control over economic policy and a pledge that Blair would stand down as Prime Minister after two terms—Prescott reportedly erupted to Alastair Campbell that “if he [Gordon] thinks he is going to be in charge of all economic policy, then they have a fight on, I’m telling you” (Campbell 2010, p. 21).

Prescott saw his work at the DETR and the ODPM as part of the hands-on, delivery side of New Labour’s economic project, recalling that: “while Brown was up on the bridge plotting the course of the economy, I was in the boiler room” (Brown 2005, p. 404). As part of this work, Prescott enshrined a duty to “promote employment” in the RDAs Act (1998). He also managed to ensure that RDAs had statutory input into transport, planning and housing upon their establishment (House of Commons Research 1998). The RDAs authored regions’ economic and spatial strategies, gave grants directly to business as well as housing and infrastructure projects, and supported local authorities with additional funding (HM Treasury and BERR 2007).



The RDAs were also used to bypass what was seen by Richard Caborn and Prescott as civil service red tape, to get money spent faster. Caborn (personal interview, 2020) recalls that “the civil service fought like mad to get it [the model for RDAs] as an executive body, we [Caborn and Prescott] pushed back, I pushed back very strongly on that because I thought it was important to divorce the civil service from this as much as I could [...] I used to meet them [RDA Chairs] on a quarterly basis, and then go on to meet the Chancellor of the Exchequer or one of the senior Secretaries of State [...] it was a way of going around the Whitehall machinery”.

Despite Whitehall appointing their boards, RDAs were not simply pawns in a top-down policy programme. RDA Chairs stressed that their recommendations and experience were valued by ministers:

We had monthly meetings in London held with ministers from the departments, chaired by the Secretary of State, and the DTI, and then loads of their advisors and civil servants around us. We did have the opportunity to say what we wanted to say. It wasn't scripted or just a performance, it was a genuine attempt to have debate (Fay 2019, personal interview).

The small number of RDA Chairs and Chief Executives, representing large regions, helped contribute to the influence that RDAs achieved. Alan Clarke CBE, Chief Executive of One NorthEast, stated:

We had a slick operation nationally because its relatively easy to coordinate key things across nine organisations at meetings in London. [...] We had monthly meetings in London, we'd also have a dinner the night before with someone significant, if you like, they might be a Permanent Secretary, or a senior civil servant, [...] I remember the Chairs met the Bank of England for dinner (Clarke 2020, personal interview).

The RDAs, however, were closely monitored by the centre, with New Labour ministers never far away. Prescott helped the RDAs in a hands-on manner as much as he could: “Prescott was very much our best pal. In the early days, Prescott was always chair of the chairmen's meetings” (Mapp 2019, personal interview).

The RDAs were also a means to bring powers held by various quangos under the control of one body in each English region (Cabinet Office 1998). Caborn told the Commons that:

First, regional development agencies will try to start to clear up the mess that the previous Government left. They will start the move away from quangoland and bring some sanity to the sector (Caborn 1997).

Two weeks' later, in late July 1997, Sir Norman Fowler, Thatcher-era Secretary of State and Prescott's shadow in 1997, objected not on the grounds that RDAs were quangos, but that they were exceptionally powerful quangos of an unprecedented form:

Is it not a fact that the new regional development agencies will not only have exceptionally wide powers, from acquisition of land to financing of business, but that every member of the boards of the RDAs will be appointed by the



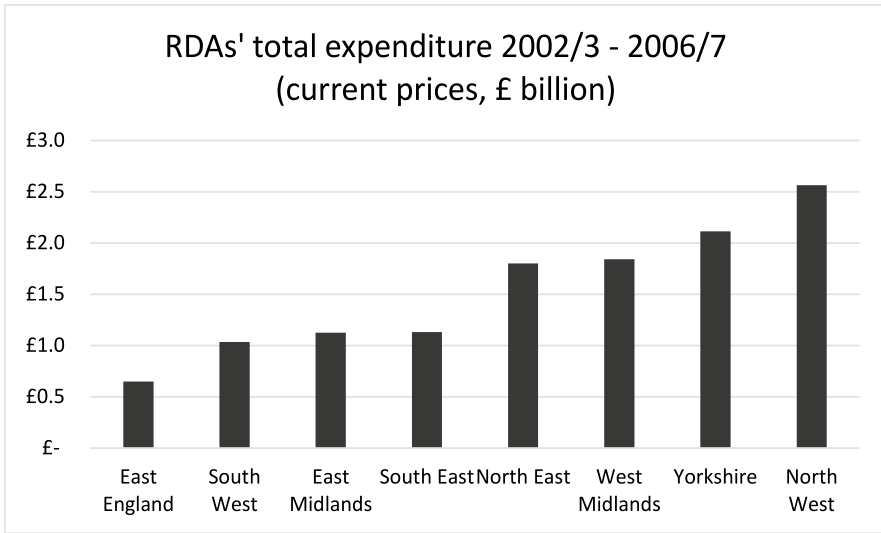


Fig. 2 Total expenditure by each RDA, 2002/2003 to 2006/2007 inclusive. *Source: PWC and BERR (2009)*

Secretary of State? Rather than reducing the power of quangos, as he often claims, is he not in the process of creating one of the most powerful new quangos that the country has ever seen? (Fowler 1997)

Indeed, the RDAs assumed multiple ‘legacy’ programmes and funding pools, such as the Single Regeneration Budget, as well as quangos such as Business Link. Allocating funding to region-specific development bodies, rather than to quangos operating with a national scope, meant the government could more easily control the regional distribution of funding according to a formula that was needs- and demand-based.

Of the formula’s nine indicators, the regional unemployment rate represented 44% of the weighting, and the proportion of the UK’s highest-ranking wards for social deprivation in the region represented a further 28% (McVittie and Swales 2007b). The indicator for skills in the region represented just 3% of the formula, and population only 2.5%. This led to the RDAs in the North of England and the Midlands receiving significantly more funding than RDAs for other regions, both in gross terms, as seen in Fig. 2, and in per capita terms, as seen in Fig. 3. The RDAs thus acted as a means of ‘topping up’ public spending for regions in the North and Midlands. For instance, from 2002 to 2007, One NorthEast’s spending as a total of all government spending in the North East (including on social services, transport, health, and education) was 1.5%, compared to just 0.3% for the East of England—five times lower (PWC and BERR 2009, p. 7).

The bulk of this spending was on physical infrastructure and regeneration. Between 2002/2003 and 2006/2007, RDA spending meant “90,000 council houses were built or improved”, “4200 new health facilities were built”, and “1.2 million



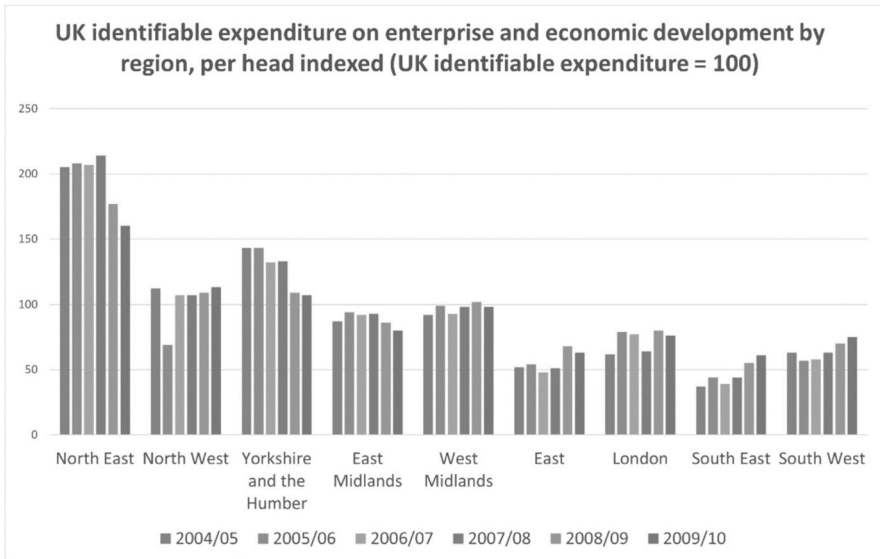


Fig. 3 Central government expenditure on enterprise and economic development per head by region, 2004/2005 to 2009/2010. Author's chart. *Source:* HM Treasury (2010). HM Treasury (2010) did not account for 'Regional policy', as HM Treasury (2005) had done, but rather folded the RDA funding into the slightly larger subsection, 'Enterprise and economic development', possibly due to responsibility for Business Link being taken over by RDAs in 2005

person weeks of construction jobs were created" (PWC and BERR 2009). The most significant 'National Programme' controlled by the RDAs was the National Coalfields Programme, which spent £233 million on "physical reclamation and renewal" (PWC and BERR 2009). Even spending accounted for under the bracket 'business support' tended to have a physical infrastructure focus (PWC and BERR 2009). This was in line with wider government capital expenditure, with scholars noting that in the mid-2000s, "public investment in the regions also creates demand for construction" (Coutts et al. 2007, pp. 859–60), and that government capital spending was a key part of regional policy (Gardiner et al 2013; Musson 2010).

The Treasury, and Brown as Prime Minister, steadily increased the funding and powers of RDAs. Though funding for the RDAs was initially set at a modest total expenditure of £1.2 billion per annum, Brown's Comprehensive Spending Review 2000 increased this to £1.5 billion. At this point, Brown was famously refusing to grant Blair the increased spending he wanted for health and education (Powell 2010, p. 111). The 2002 Comprehensive Spending Review committed £2 billion per annum to RDAs by 2005. By 2007, the RDAs were receiving £2.3 billion per annum in mostly government funding and were by some estimates spending more than £2.6 billion after accounting for EU funding and the levering in of private sector funds (The Taxpayer's Alliance 2009). RDAs were tasked with allocating the European Social Fund (ESF) in coordination with the Government Offices for the Region and gained complete responsibility for the European Regional Development Fund and the Rural Development Programme for England (Business and Enterprise Select



Committee 2009). The next section explains that the Treasury continued to increase the budgets of RDAs because they saw them as a useful component of their broader economic strategy.

Prescott's regional policy within Brown and Balls' political economic project

This section argues that Brown and Balls supported Prescott's RDAs because they saw them as conducive to the success of their New Keynesian macroeconomic project. Specifically, they thought RDAs could facilitate discretionary assistance, mostly in the form of capital investment, in regions where national interest rates were deemed inappropriate, especially following economic shocks. The spending, however, was intended not just to improve efficiency or productivity in lagging regions, but to deliver some redistribution of resources through 'topping up' public spending in those regions. In addition, the Treasury's desire to remain outside of the European Monetary Union, and for regional policy to be conducted on a national level rather than an EU level, were both justified in part by the claim that RDAs could help deliver more appropriate spending programmes than EU rules and funding.

Brown had been an economic regionalist from an early age. As a student, he edited a book titled *Red Paper on Scotland* (1975), in which he rejected the view that Scotland could solve its problems "merely by recovering a lost independence or through inserting another tier of government", instead calling for "planned control of our economy" (Brown 1975, pp. 7–8). Contrary to the view that Brown was converted to a more 'supply-side' and 'neoliberal' view in the late 1980s and 1990s, his younger Marxist phase had already seen him embrace economic 'modernisation' policies focusing on skills and training because he thought the "real resources of Scotland" were not oil but the "collective energies and potential of our people", who could be put to work in high-tech manufacturing (1975, pp. 8–13). This demonstrates an early predisposition to the "post-neoclassical endogenous growth theory" that Brown would advocate in an infamous 1994 speech in parliament written by Balls (Labour Party 1996a, b; Ashley 2004; Roberts et al 2007).

Brown's ideas cohered with those of Balls and, later, with those of Gus O'Donnell, the Treasury's Director of Macroeconomic Policy (1998–1999), Managing Director of Macroeconomic Policy and International Finance (1999–2002), and Permanent Secretary (2002–2005). Shortly after becoming Shadow Chancellor in 1992, Brown published a pamphlet on unemployment, stating that he would pursue an "enhanced Keynesian approach, which treats demand management as an integral part of a structural policy" (Anderson and Mann 1997, pp. 89–93; 183; Toye 2007, pp. 153–185). Brown (2001b, p. C32) toned down some of the demand-side rhetoric, but in 2001 he was still arguing that "delivering full employment requires a focus on not just one but on *all the levers* of economic policy" [emphasis added]. Similarly, in an educational book explaining the Treasury's macroeconomic strategy, Balls and O'Donnell (2002, pp. 29–30) advocated "a much more sophisticated role for governments" and stated that part of this role included "support for small business" and "regional development agencies".



Brown, Balls, and O'Donnell agreed with New Keynesian endogenous growth theory's premise that "the state has a crucial and institutionally unique role to play [...] through improved, more targeted and refined forms of state interventionism", and that the state's power and importance is "still very strong in an age of globalization" (Cerny and Evans 2004, n. 13). For Brown, Balls, and O'Donnell, New Keynesianism did not mean abandoning a concern for demand management, but rather meant conducting targeted forms of state interventionism using "all the levers of economic policy" to achieve "full employment" (Brown 2001b, p. C32; Balls and O'Donnell 2002, p. 35).

RDAs were particularly attractive to Balls because of his concern about long-term regional unemployment, having researched the phenomenon at Harvard with New Keynesian economist and later US Treasury Secretary, Larry Summers (Balls et al 1991). RDAs could help deliver the intervention needed to manage spatial variations in demand, which was most evident in the Treasury's arguments against joining the European Monetary Union (EMU). Part of Brown's decision to ask Balls to work for him was due to the latter's opposition to the Exchange Rate Mechanism. While Brown had backed entry to the ERM (Keegan 2003, p. 90; Mandelson 2011, p. 145), Balls had passionately opposed what he called "euro-monetarism" in a Fabian pamphlet in early summer 1992, months before Britain crashed out of the ERM on Black Wednesday. Warning readers to note Keynes' criticisms of the gold standard, Balls' (1992) main objection to the ERM was the lack of flexibility in interest rate policy, which "means large and persistent regional problems—slow growth and high unemployment in different European countries". Such concerns about diverse regional economies contributed to Brown heeding Balls' advice and deciding that the UK should not join the EMU after a review in the first term and another in April 2003 (Balls 2016; Scott 2004).

For Balls and Brown, appropriate interest rates combined with discretionary spending through regional policy could 'fine-tune' demand on a regional level. This was argued in a Treasury white paper written with Prescott's ODPM and Patricia Hewitt's DTI, *A Modern Regional Policy for the United Kingdom* (2003), which stated that RDAs were part of a nationally led regional economic policy that was necessary to the "macroeconomic stability" and "microeconomic reforms" that would enable "a process of 'levelling up'" (HMT, DTI and ODPM 2003, pp. 1–2).

It was not the case that, as Colin Hay (2004, p. 52) argues, Brown and Balls did not care that "interest rate variations are a blunt instrument of monetary policy, especially in an economy characterised by significant regional and sectoral divisions". Rather, Brown and Balls had shown significant interest in this issue in 1994, when they were working "on proposals for a more democratic Bank of Britain to replace the Bank of England, with proper representation for the regions and industry to replace the City bias" (Elliott 1994). While the Bank of Britain idea fell by the wayside, Balls and Brown ensured that the Monetary Policy Committee was "required to consider regional and sectoral issues, and a comprehensive network of twelve regional agents [had] been established for this purpose" (Balls and O'Donnell 2002, p. 51). For Brown and Balls, the independent Bank of England could support regional policy, but it could not easily resolve regional shocks, which was another reason they considered RDAs complementary to their strategy.



Although Brown (2001a) and Balls (2000) opposed the regional policy of the 1930s and 1960s, which they termed “ambulance work”, they nonetheless utilised RDAs to ensure that “policy can respond in the short term to surprise economic events” (Balls 2004). The perception that RDAs were able to ‘get things done’, partly because they were non-departmental public bodies and partly because they were run by experienced individuals from the private sector, which meant that New Labour turned to them in crises. They were granted emergency powers such as coordinating “much of the Government’s response to the outbreak of Foot and Mouth Disease in 2001”, facilitated with additional funding (Sandford 2001, p. 12; Haskins 2020, personal interview). Following the collapse of the MG Rover Group in 2005, the Advantage West Midlands Chief Executive explained: “we got a lot of money at the RDA in addition to the existing budget to support the aftermath of the collapse—bought and redeveloped some of the old factory sites, cleaned up factory sites for development [...] the government pumped money to us” (Lavery 2020, personal interview; also see Advantage West Midlands 2007). A similar process occurred following the collapse of Northern Rock in 2008 (Clarke 2020, personal interview).

Besides the regional economic coordination function, RDAs were a means for central government to channel funds and executive powers to the regional level while bypassing the politically sensitive issues of constitutional affairs and local government spending. When asked about RDAs, Prescott stated that he did not want to have “a bloody big argument about local government structure”, but rather “what [he] wanted to do was get on with the economic structure, get on with dealing with unemployment” (directly quoted from interview at Denham 2018, p. 147). This suited Brown, who challenged Alastair Campbell for raising “North–South [divide] stuff”, because he was concerned it was “opening us [the government] up to lots of questions we wouldn’t want to answer—I presume he meant re the Barnett Formula” (Campbell 2012, pp. 171–2).

Brown cared about investing in regions in the North of England and the Midlands to reverse what he and Balls considered a problem of historic chronic under-investment (HM Treasury 2002a, p. 43). Budget reports stressed the importance of “encouraging investment to improve the UK’s stock of physical capital in every sector and industry” (HM Treasury 2002a, p. 20). For these physical interventions, government had relied heavily on the Partnership Investment Programme (PIP) until it was deemed illegal by the European Commission in December 1999 (DTLR Select Committee 2002). In this context, RDAs were cited by the DETR as a means to continue investing in struggling regions: “Discussions are continuing with the Commission to find long term alternatives to PIP, [...] In the meantime the additional resources available to the RDAs will go a long way to allowing the pace of physical regeneration carried out by these agencies to be maintained” (DETR and DSS 2000, p. 84). New Labour continued to use RDAs to push the limits of state aid rules, exceeding the European threshold for support to the motor industry in its Regional Selective Assistance by giving £10 million to Vauxhall at Ellesmere Port and £40 million to Nissan at Sunderland (O’Keeffe and Branton 2007, p. 493; Clarke 2020, personal interview). A former Chair of an RDA stated that “on state aid, we got very close on a few occasions, we were very inventive” (personal interview, 2020).



Thus, Brown (2001a) was not disingenuous in a speech to the University of Manchester Science and Technology in 2001 when he stated that “John Prescott deserves our congratulations” in demonstrating the “central role we see for regional development agencies as the strategic leaders of economic policies in the regions”, which constituted “the route to full employment in each region”. Brown’s support for RDAs remained after Prescott’s departure from the Cabinet, when Brown and Balls resisted figures such as David Miliband and David Blunkett who were pushing for city regions rather than what Blunkett (2006, p. 166) called Prescott’s “old-fashioned 1980s view of regionalism”. Balls and John Healey issued a New Local Government Network pamphlet to argue that regions, not city regions, were the way to “reap rewards” (Balls et al 2006). Ruth Kelly, on becoming Secretary of State Department of Communities and Local Government in 2006, made clear her intention to introduce directly elected mayors for city regions, but received stiff opposition from the Treasury (Wintour 2006; Kelly quoted in Denham 2018, p. 148).

Most prominently, Brown gave RDAs increased executive responsibilities within weeks of becoming Prime Minister, and transferred to them the powers of the Regional Assemblies, which were widely considered a failure (HM Treasury and BERR 2007, p. 4). Prescott’s pragmatic and undemocratic regional economic coordination bodies appealed to Brown more than regional democracy or a city-regional approach, and he has continued to argue the benefits of regional economic coordination as Chair of the Starmer-commissioned Commission on the UK’s Future, despite arguing that “we cannot turn the clock back to recreate Regional Development Agencies” (Labour Party 2022).

Conclusion: reflections on the Westminster model, and practical considerations for regional policy

The case study of the RDAs presents New Labour’s political economy and spatial policy in a new light, complicating analyses of New Labour policy as having been an entrenchment of ‘neoliberalism’. Crucially, the case study also offers insight into decision-making in the UK state throughout a period in which ‘policy networks’ and ‘governance’ are widely considered to have been in the ascendancy. Returning to theoretical debates discussed above, the findings support the view that the ‘Westminster model’—if that term’s many dimensions are properly specified—remains useful in analysing recent British political history, and that many insights from the ‘asymmetric power model’ complement rather than undermine the model (Richards 2008; Richards et al. 2023).

We have seen that important processes encapsulated in the ‘Westminster model’ are insightful descriptors of how decision-making over spatial policy functioned in the UK state under New Labour. Specifically, these descriptors are a ‘power-hoarding’ centralised government and the relative autonomy of powerful individual ministers. The archival evidence showed that these two classic characteristics described by the Westminster model were dominant, while the cabinet was not “firmly led by the Prime Minister” in this case, despite the oft-called ‘Presidential’ Blair being fresh off the back of a historic majority (Giuliani 2022).



Regarding spatial policy in England, it is difficult to contend that politics moved away from strong unitary-centralism toward “power-sharing reforms” or “modified majoritarianism” despite remaining within a “power-hoarding democracy” (Flinders 2010, p. 287). In fact, ‘power-hoarding’ by ministers intensified under New Labour’s regional economic policy, with government not merely having the “dominant role” in a governance arrangement (Capano et al. 2015, p. 312), but also adopting what Jeremy Richardson (2000, 2018) has termed an “impositional” approach. This approach was a deliberate attempt to streamline policy delivery by limiting the involvement of agents such as local government, EU regulations, and even the civil service.

However, the federal unitary and centralised–decentralised dimensions should not be conceived of as linear scales or simple dualities. The reality is far more nuanced. The case study shows that even when power is ‘centralised’, power and funding can simultaneously be passed ‘downwards’ to regions that then have considerably more power and options than dispersed power and funding pools offered them. Interviews with both ministers and senior officials at RDAs have shown that Westminster retained control at the centre not simply due to a belief that ‘Westminster knows best’ but also due to a belief that this direct minister-to-public body relationship was the fastest means to get public funding and power to regionally based decision-makers. Although RDAs were under the supervision of ministers, the RDAs nonetheless had wide-ranging powers and non-ringfenced budgets. Of course, a crucial question is who within the region holds that delegated power and to what extent and in what ways they represent their ‘region’. Leaders of the RDAs were certainly open to tinkering by ministers.

Yet, the central–local relationship becomes even more complicated in the light of the evidence presented in Sect. “[Prescott’s super-departments, the Treasury and No. 10](#)”; RDAs’ access to ministers was arguably greater than that enjoyed by any previous sub-national area-based public body. Being directly tied to Westminster was seen by RDA Executives and Chairs as an opportunity more than a hindrance, confirming that power to influence is an important facet of political power (Hay 1995, p. 191; Kirland and Deva 2023). Although RDA Chairs had to keep in favour with ministers, the recent experiences of metro mayors struggling to gain the ear of ministers regarding Covid-19 and HS2 suggest that having a public profile and a large democratic mandate does not necessarily resolve this ‘court politics’ problem (Giovannini 2021).

While the UK’s heavily centralised financial system limits policymaking in some ways (Diamond et al. 2023), this allowed Prescott and Brown to deliver public spending to economically struggling regions according to a needs-based formula with minimal political friction. This reveals an alternative and important facet of New Labour’s political economic strategy: Brown and Balls attempted to enact a New Keynesian policy, as others have argued (Clift and Tomlinson 2007; Tomlinson 2017), but which involved actively pursuing the goal of full employment in every region through regional economic planning and discretionary assistance. This matters because it shows that social democratic governments can enact spatially redistributionist policies through area-based public bodies within the contours of centrist political positioning and ‘Anglo-Liberal’ capitalism (Hay 2013).



Despite notable achievements, the failure of New Labour to achieve lasting reductions in regional economic divergence might suggest that social democratic governments are ultimately incapable of fundamentally altering the spatial impacts of liberal market economies. The burden on social democrats concerned with addressing spatial economic inequalities, at least in the UK, is to ascertain whether the methods adopted by New Labour were of the right sort but (perhaps drastically) underfunded, or whether an entirely new approach is required. Concerning whether much larger spending would have been politically feasible, as adherents of structural dependency theory doubt (Przeworski and Wallerstein 1988; Coates 2001, 2002), the relative scarcity of opposition to RDAs from the public and industry suggests that significantly higher levels of funding could have been directed to the RDAs without the sort of opposition from capital and voters that might have presented a problem to New Labour's wider project.

In showing how Prescott was able to enact an ambitious institutional and spending agenda that was integrated with the Treasury's broader economic strategy, the article has brought into contrast the relative thinness of the current Labour Party's plans for 'levelling up'.⁴ At the start of 2024, it appears that Starmer's Labour aims to handle England's regional inequalities primarily with political rather than economic solutions (Starmer 2023). Although both the UK2070 Commission (2020, p. 6) and the Labour Party Commission on the UK's Future (2022, p. 88), chaired by Gordon Brown, have called for "strategic regional governance in England" and "regional economic coordination", respectively, Starmer's party seem to lack a plan for how it might be delivered. The lack of tangible recommendations concerning regional economic policy is particularly striking considering that Brexit has fulfilled the desire of Brown and Balls' Treasury for regional economic policy to be conducted on the national rather than EU level, as explained in Sect. "RDAs: Prescott's "Keynesian" economic instrument" (HMT, DTI and ODPM 2003, pp. 1–2).

The UK has an "incoherent state", and there are valid fears of "layering on additional complexity" to an already "sclerotic, fragmented system" (Richards et al 2023). Institutional stability is crucial (Diamond et al 2023), as is a new governance framework (Sandford 2017; Warner et al 2021), but the dismantling of the Coalition-introduced Local Enterprise Partnerships and the apparent absence (from any political party) of a coherent plan to tackle the UK's geographic disparities suggests that ambitious thinking about institutional solutions is required. It would be naïve to think any government could resolve these issues within the timescales desired by proponents of more devolved decision-making. Economic regionalism may, at the very least, be a useful means to tackle spatial divides during that process.

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⁴ The point that Treasury support will be crucial to any Labour 'levelling up' agenda has been recently argued by Diamond et al. (2023). Regarding comparisons of New Labour regional policy with its successors, John Tomaney (2016, p. 551) has claimed "a strong argument could be made that, whatever their other weaknesses, there were more substance and resources attached to the Regional Development Agencies and the Northern Way project of the previous Labour government".



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Data availability The data used in this study is available to the public on gov.uk and The National Archives webarchive. As of 30 June 2024, the following links can be accessed. Public Expenditure Statistical Analyses 2005 can be accessed at: <https://webarchive.nationalarchives.gov.uk/ukgwa/20090609003228/> <https://www.berr.gov.uk/files/file50735.pdf/>. Public Expenditure Statistical Analyses 2010 can be accessed at: <https://www.gov.uk/government/statistics/publicexpenditure-statistical-analyses-2010>. PWC and BERR's (2009) report, Impact of RDA Spending—National Report, can be accessed at: <https://webarchive.nationalarchives.gov.uk/ukgwa/20090609003228/> <https://www.berr.gov.uk/files/file50735.pdf/>

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