

# Spatial Policy Since the Global Financial Crisis

Working Paper 05/23

June 2023

Danny MacKinnon<sup>1\*</sup>; Nadir Kinossian<sup>2</sup>, Andy Pike<sup>1</sup>; Vincent Béal<sup>3</sup>, Thilo Lang<sup>2</sup>, Max Rousseau<sup>4</sup>; John Tomaney<sup>5</sup>

<sup>1</sup> CURDS, Newcastle University, UK

<sup>2</sup> Leibniz Institute for Regional Geography, Germany

<sup>3</sup> University of Strasbourg, France

<sup>4</sup> CIRAD, France

<sup>5</sup> Bartlett School of Planning, UCL, UK

\* corresponding author: [danny.mackinnon@ncl.ac.uk](mailto:danny.mackinnon@ncl.ac.uk)

## **Abstract**

Renewed political concern about geographical inequalities in the wake of the global financial crisis of 2008 is raising questions about the ability of the prevalent pre-crisis model of development to generate more spatially balanced and inclusive economic development. This paper provides the first assessment of this emergent post-2008 spatial policy in relation to the interaction of three key processes: neoliberalism; the rise of state capitalism; and, populism and the geography of discontent. The paper seeks to provide the first assessment of how the interactions between these three factors has shaped spatial policy in Europe and North America since 2008. It identifies three main forms of spatial policy: metropolitanisation strategies to support the growth of large city-regions; the extension of competitiveness policies to smaller cities and towns; and, place-based industrial policies. The paper argues that while these new spatial and industrial policies are focusing attention on ‘left behind places’ and rejecting elements of globalism and neoliberalism, they have not as yet dislodged the underlying emphasis on growth and competitiveness.

## 1. Introduction

Renewed political concern about geographical inequalities in the wake of the global financial crisis of 2008 is raising questions about the ability of the prevalent pre-crisis model of development based on competitiveness and growth to generate more spatially balanced and inclusive economic development (Kinossian 2018, Martin *et al.* 2018). In particular, a stark process of polarisation has occurred between the dynamic ‘superstar’ city-regions which have benefited from globalisation and the growth of a knowledge-based economy and many former industrial regions and rural areas ‘left behind’ by these shifts (Görmar *et al.* 2019; Kemeny and Storper 2020). Compounded by the post-2008 squeeze on growth and living standards (De Ruyter *et al.* 2021), such geographical polarisation has generated increased discontent and alienation from political elites and institutions in some of these post-industrial and rural regions (de Lange *et al.* 2023; McCann 2020;), reflected in growing support for populist parties and movements (Rodríguez-Pose 2018).

Research on geographical polarisation and discontent (McCann 2020) has made some initial connections to spatial policy, both in terms of the contribution of competitiveness policies to polarisation, and the need for new strategies to address the problems of ‘left behind places’ (Hendrickson *et al.* 2018; MacKinnon *et al.* 2022; Martin *et al.* 2021). Yet this relationship has received limited attention thus far, with efforts to identify new strategies remaining rather divorced from accounts of the evolution of spatial policies since the global financial crisis. In response, this paper aims to assess spatial policy frameworks since 2008, informed by earlier theorisations of the shift from redistributive spatial policies to global competitiveness strategies in the 1980s and 1990s (Brenner 2004; McMichael 2012).

The paper conceives of post-2008 spatial policy as shaped by the interaction of three key influences. First, the influence and legacy of neoliberalism as a variegated regime of state-facilitated market rule (Peck and Theodore 2019). Second, the rise of ‘state capitalism’, referring to the expanded role of states in managing contemporary capitalism since 2008 (Alami and Dixon 2023). Third, the emergence of political populism and discontent, which has been identified as a central post-crisis phenomenon (Rodrik 2018). As such, the paper brings together the hitherto disconnected literatures on spatial policy, state capitalism and political polarisation and discontent.

The paper seeks to provide the first assessment of how the interactions between these three factors has shaped spatial policy in Europe and North America since 2008. It identifies three main forms of spatial policy: metropolitanisation strategies designed to support the growth of large city-regions; the extension of competitiveness policies to smaller cities and towns; and, the introduction of new place-based industrial and infrastructural policies. The paper argues that while these new spatial and industrial policies are focusing attention on the problems of ‘left behind places’ and rejecting elements of globalism and neoliberalism, they have not as yet dislodged the underlying emphasis on growth and competitiveness. Post-2008 spatial policies are emergent, partial and often contradictory rather than representing a more fundamental transformation of spatial policy.

This paper is based on the extensive review of academic and grey literature, policy documents, press articles and blogs covering Europe and North America as part of a cross-national comparative project focused on France, Germany and the UK, extending the scope of analysis beyond Anglo-American sources and debates. The paper is structured as follows. Section 2 outlines the established theoretical frameworks of ‘developmentalism to globalism’ (McMichael 2012) and ‘new state spaces’ (Brenner 2004). Section 3 sets out the context of post-2008 spatial policy, focusing on neoliberalism, state capitalism, and populism and the geography of discontent. Section 4 considers the content and direction of post-2008 spatial

policy, assessing the three forms of policy as indicated above. The final section concludes the paper.

## 2. Understanding Spatial Policy

Spatial or place-based policies can be defined as public programmes and strategies designed to influence the geographical distribution of people and economic activities. Informed by both efficiency and equity considerations (Pike et al. 2017), such policies have often sought to address spatial differences in output and employment, aiming to create a more geographically balanced pattern of economic and social development (Garretsen et al. 2013). By contrast, ‘spatially-blind’ or people-based approaches are “designed without explicit consideration to space”, targeting people no matter where they live, rather than specific places (World Bank 2009: 22).

Approaches to spatial policy must be placed in the context of wider development paradigms. In the 1970s and 1980s, the development paradigm shifted from ‘developmentalism’ (1940s-1970s) to ‘globalism’ (1970s-) (Table 1) (McMichael 2012). ‘Developmentalism’ was closely associated with the Fordist-Keynesian model of capitalism based on mass production, universal welfare provision and state ownership. In spatial terms, territorial equalisation was seen as a vehicle for both social cohesion and economic development. The decline of Fordism and the dismantling of the Keynesian mode of regulation led to the emergence of a neo-liberal model of capitalism, entrepreneurial forms of governance and interregional competition for investment. This era of ‘globalism’ was underpinned by the Washington Consensus (Peet and Hardwick 1999), which has been opposed by ‘anti-globalisation and populist movements since the late 1990s (Rodrik 2018).

Table 1 about here

Based on a spatialisation of strategic-relational state theory (Jessop 1990), Brenner (2004) provides a complementary framework for understanding overarching shifts in spatial policy and planning in Western Europe and North America. Extending Jessop’s terminology, his account of ‘new state spaces’ distinguishes between state spatial projects and state spatial strategies. State spatial projects refer to the internal operations of the state, while state spatial strategies refer to how the state interacts with society in a broader, integral sense to promote economic and social development. Each incorporates a scalar and a territorial dimension. State spatial projects are shaped by the tensions between: centralisation and decentralisation tendencies in scalar terms; and, standardised and customised forms of administration and service provision in territorial terms. Similarly, state spatial strategies are structured by the contradictions between: privileging a single scale or seeking to distribute responsibilities across multiple scales; and, the concentration or equalisation of socioeconomic assets and activities across territories (Brenner 2004).

Brenner applied this framework to provide a historical periodisation of spatial policies in Western Europe, framed by an underlying shift from spatial Keynesianism to what he terms ‘urban locational policies’ in the 1980s and 1990s. As a state spatial project, spatial Keynesianism was characterised by centralisation whereby local and regional authorities delivered services on behalf of national government, adopting a consistent and uniform approach across space. State spatial strategies were orchestrated around the national economy, incorporating redistributive regional policies that aimed to equalise socioeconomic conditions between core and peripheral regions.

With the shift to urban locational policies in the 1980s and 1990s, the spatial organisation of the state was subject to increasing decentralisation to local and regional authorities and to

growing administrative customisation and differentiation across space (Table 2). At the same time, state spatial strategies emphasised localisation and socioeconomic differentiation as investment and support was channelled into the most globally competitive city-regions. This policy shift is associated with increased socio-spatial concentration and regional divergence (Martin et al. 2021; Rosés and Wolf 2020). Such regional divergence is increasingly recognised as politically problematic amidst increased concern about geographical inequalities and the predicaments of ‘left behind places’ (Rodríguez-Pose 2018). While Brenner provides a valuable theoretical vocabulary for assessing shifts in spatial policy, the turbulence, fragmentation and uncertainty of the post-2008 period make it difficult to characterise in such sweeping and definitive terms.

Table 2 about here

### **3. The Post-2008 Setting for Spatial Policy**

The post-2008 context for spatial policy is characterised by political-economic disruption, instability and uncertainty, compared to the relative stability of the 1990s and 2000s (Martin et al. 2018). Economic recovery from the financial crisis has been slow and difficult in many countries (Chen et al. 2019). The period since 2015-2016 in particular has been marked by recurring crises, including the migrant and refugee crisis of 2015, Brexit, the COVID-19 pandemic, war in Ukraine and the inflation and cost of living crisis (Martin 2021). This turbulence makes it challenging to identify the key factors shaping spatial policy. In what follows, we consider three key influences, as highlighted earlier: neoliberalism, the ‘new state capitalism’, and populism.

#### Neoliberalism

The shift to urban locational policies in the 1980s and 1990s can be seen as part of the broader project of neoliberalisation, defined as a geographically uneven process of state-facilitated market reform (Peck and Theodore 2019). In essence, neoliberalisation involves the promotion of market forces, individual choice and a limited state as key principles of economic and social organisation (Jessop, 2002). Key political and economic reforms include privatisation, deregulation, the promotion of free trade, efforts to reduce welfare expenditure, and the introduction of market practices in the public sector (Peck and Theodore 2019).

With regard to spatial policy, neoliberalism is associated with state spatial strategies seeking to boost the growth and competitiveness of cities and regions and the rejection of geographically redistributionist approaches (Brenner 2004; Martin 2008). Over time, neoliberal principles became increasingly institutionalised within the regulatory structures of capitalism, providing the cross-national and inter-local ‘rule regimes’ of urban and regional development (Brenner et al. 2010). The process of neoliberalisation has varied over time and across space, according to how these emerging rules have interacted with nationally and locally specific conditions, practices and actions (Pinson and Morel Journal 2016).

Based on the privileging of economic efficiency over social and spatial equity, neoliberal spatial strategies are associated with urban locational policies that channel state support to the most globally competitive city-regions (Brenner 2004; Lang and Torok 2017). These policies incorporate ‘metropolitanised’ spatial strategies whereby key metropolitan regions are targeted for state-financed mega- projects and infrastructural investment, alongside state spatial projects involving: decentralisation from national government to local and regional authorities; local government reorganisation; new forms of metropolitan economic

coordination; and, the creation of new institutional arrangements to promote local economic growth (Brenner 2004).

The introduction of austerity policies from 2010 represented a new round of neoliberalisation. Austerity was chosen as the principal form of adjustment to the global financial crisis by some national governments and international institutions, framed by a narration that attributed responsibility to states for excessive debt and borrowing and away from banks and financial institutions (Blyth 2013). The adoption of austerity policies has been highly differentiated between countries and regions, being imposed externally by international financial institutions in Southern Europe, but actively chosen by the United Kingdom (UK,) and Ireland, while taking a more limited and negotiated form in France and Germany (Béal et al. 2018; Lobao et al 2018). The effects of austerity policies have also been geographically uneven, exacerbating existing spatial inequalities by weakening the economies of the poorest regions most dependent on state provision (Gray and Barford 2018; Hadjimichalis 2019).

### State capitalism

According to Alami and Dixon (2023: 76), state capitalism refers to “configurations of capitalism where the state plays a particularly important role as promoter, owner and supervisor of capital”. While the term incorporates a diverse array of institutional formations and governance arrangements, the growth of state capitalism since the 2000s and especially since 2008 is based on a “multiplication of state-capital hybrids” (ibid. 2023: 78), including: state-owned enterprises and sovereign wealth funds; interventionist forms of statism, for example, bailouts of banks and other system-relevant companies; economic nationalism; new forms of industrial policy; and, the consolidation of state-led development models (Alami and Dixon 2020). As a plural and contradictory phenomenon, state capitalism can include liberal economies with a strong state influence, as well as authoritarian states, such as Russia and China, where economic life is subjugated to the state (Kinossian and Morgan 2022; Peck and Zhang 2013).

Both the ‘new state spaces’ and ‘new state capitalism’ literatures stress the role of the state in supporting capital accumulation from a neo-Marxist perspective (Alami and Dixon 2023; Brenner 2004). For instance, Alami and Dixon (2023: 84) argue that contemporary state capitalism is rooted in the “aggregate expansion of the state’s role as promoter, supervisor and owner of capital across the spaces of the world economy”. This may involve the “disciplining of domestic social relations in line with the competitive imperatives of global capitalism” (ibid: 92). Yet, this renewed emphasis on state’s role in facilitating capital accumulation risks underplaying the importance of politics in shaping economic development (King and Le Gales 2017; Luca 2022).

Other rationales for state intervention can be identified alongside the need to support and facilitate transnational capital flows (Arrighi 1994; Su and Lim 2022). Foremost amongst these is the imperative for the state to reproduce its own power and sovereignty, requiring the consolidation of state power domestically through, for instance, the formation of territorialised class alliances and strategies to manage uneven development and support the growth of selected cities and regions (Su and Lim 2022). States’ exposure to domestic political pressures may prompt them to introduce populist and authoritarian measures that conflict with the “competitive imperatives of global capitalism” (Alami and Dixon 2023: 92).

### Populism and the ‘geography of discontent’

The rise of support for political populism is a distinct post-2008 phenomenon in Europe and North America (Gordon 2018; Wishlade 2019). Contemporary political populism takes both

right wing and left-wing forms (Rodrik 2018). It is based on the assertion of political divisions between the authentic people, on the one hand, and corrupt and self-serving elites and ‘undeserving’ others such as immigrants and minorities, on the other, generating a strong anti-establishment orientation (Gordon 2018; Wishlade 2019). Beyond this, populism is a rather ‘thin’ ideology that lacks a coherent policy agenda (Mudde 2021). As such, it can be combined with a range of other political ideas and positions. The right-wing populist parties that have gained support in many European countries often combine anti-immigration policies with elements of economic nationalism and conservatism (Feldmann and Popa 2022). As such, they generally favour national protectionism over global integration (Wishlade 2019), reflecting a political backlash against ‘globalism’ (Rodrik 2018).

Rural and post-industrial areas experiencing economic stagnation and decline are seen as hotspots of populist support (Rodriguez-Pose 2018). Higher levels of populist support in these areas reflects a new pattern of political polarisation whereby while older, less educated and skilled workers with conservative values are associated with ‘left behind’ towns and rural areas, while younger, more skilled and educated voters with liberal values tend to be concentrated in dynamic and cosmopolitan cities (Bayerlein 2020; Jennings and Stoker, 2019; Rodriguez-Pose 2018). Rather than representing a stark divide between urban and rural areas, this pattern should be viewed it as a gradient running from inner cities to metropolitan suburbs, towns and the countryside (Kenny and Luca 2021). Focusing on the Netherlands, de Lange et al (2023) report that regional resentment is strongest in peripheral regions and deprived areas, particularly amongst citizens with distinct place-based identities.

This form of political polarisation is apparent in the UK, France and Germany, although it is far from absolute and has different national and regional manifestations. In the UK, the divide between major cities and provincial towns and rural areas was central to both the Brexit referendum of 2016 and the Conservative Party’s victory in the General Election of 2019 (Jennings and Stoker 2019). Similarly, voters in the so-called ‘peripheral France’ (Guilluy 2014) have been disproportionately drawn to far right and far left parties in recent Presidential elections (Abboud and Nolsøe 2022;). In Germany, support for the far-right Alternative für Deutschland (AfD) party) is highest in the rural East and the post-industrial Ruhr region (Bayerlein 2020; Belina 2020).

In this section we have identified three key influences on post-crisis spatial policy. Neoliberal ideas underpinned the urban locational policies of the 1980s and 1990s, based on metropolitanisation strategies to support the largest and most dynamic city-regions. State capitalism highlights the expanded post-crisis role of the state (Alami and Dixon 2023). In emphasising the role of states in facilitating capital accumulation, the state capitalism literature is suggestive of continuities with urban locational policies in terms of states privileging the most competitive city-regions. Yet the growth of discontent and support for political populism in economically lagging and declining rural and former industrial areas is exerting countervailing pressures on spatial policy to support the development of these ‘left behind places’ (Martin et al. 2021).

#### **4. The Evolution of Spatial Policy since 2008**

Informed by our more nationally and sub-nationally nuanced reading of the ‘developmentalism to globalism’ and ‘new state spaces’ frameworks, this section provides a first assessment of how the interaction between the three influences outlined above is reshaping spatial policy in Europe and North America. We highlight three main forms of on-going and emergent spatial policy: reinforced and continued metropolitanisation; the

extension of competitiveness policies to smaller cities and towns; and, new placed-based industrial and infrastructure policies. These three forms of spatial policy are related to the three shaping influences discussed in Section 3 and the ‘developmentalism to globalism’ and ‘new states spaces’ frameworks outlined in section 2 (Table 3). They are compared to the preceding eras of ‘developmentalism’ / spatial Keynesianism and ‘globalism’ / urban locational policies. As indicated below, these new spatial policies are not fully developed, comprehensive and coherent, but emergent, partial and sometimes contradictory.

Table 3 about here

### Reinforced and continued metropolitanisation

In the immediate aftermath of the 2008 financial crisis, the idea of city-regions as the key engines of economic growth became a ‘dominant narrative’ internationally (Rodriguez-Pose 2018). Inspired by the NEG, the World Bank’s (2009) influential ‘*Reshaping Economic Geography*’ report argued that spatially unbalanced economic growth should be accepted by policy-makers, reflecting the underlying benefits of urban agglomeration as increasing returns and knowledge spill-overs enhance innovation and productivity (Cheshire et al. 2014). According to the city-centric logic of the metropolitanisation agenda, growth will spread or ripple out from central cities to smaller towns and their surrounding rural hinterlands (Pike 2018).

Driven by this dominant international narrative, the concept of metropolitanisation gained further ground, building on the established global city discourse (Lang and Torok 2017; Moore-Cherry et al. 2022). Having become a key focus of spatial planning in both Germany and France during the 1990s, metropolitan regions retained this prominence after 2008 (Demazière et al. 2022; Miessner 2020). In the UK, the secondary ‘core’ cities outside London attracted increased attention after 2010 as national governments sought to address their relative economic under-performance by devolving new funding sources and powers (O’Brien and Pike 2019). Metropolitanisation has also proved highly appealing to the European Union (EU) accession countries of Central and Eastern Europe, supporting the market-driven concentration of investment in leading city-regions (Lang and Torok 2017: 5).

As a result, continued metropolitanisation since 2008 has largely reinforced urban locational policy (Table 3). This involves the further localisation of socioeconomic assets to enhance the global competitiveness of metropolitan regions and the further differentiation of national space as these regions are prioritised for infrastructure investment and innovation support (Pike et al. 2019; Unger et al. 2019). The other key trend is asymmetric decentralisation whereby different powers are granted to different regions (Morgan 2018), alongside growing customisation as institutional arrangements are adapted to the needs of different territories (OECD 2019). A key element of this is the creation of special governance arrangements for large metropolitan areas with the number of metro regions in the EU increasing from 12 in 1990 to 23 in 2018 (European Commission 2022). In response to growing concerns that this approach may be exacerbating spatial inequalities (Martin et al. 2021; Rodriguez-Pose 2018), recent iterations of the metropolitanisation agenda emphasise the ‘responsibility’ of cities to their hinterlands (Rauhut and Humer 2020), focusing on “strengthening urban-rural links and the role of smaller cities and towns in supporting rural areas” (European Commission 2022: 7).



## Extension of competitiveness policies to smaller cities and towns

New discourses of local and regional development have emerged as politicians have sought to address spatial inequalities and the ‘geography of discontent’ by crafting narratives to appeal to voters in economically lagging and declining areas (Table 1) (Jennings et al. 2021). For instance, Donald Trump promised to reverse globalisation, revive traditional industries and ‘bring jobs back’ to ‘rust belt’ states (Martin et al. 2021), while his successor, Joe Biden, is seeking to utilise increased federal expenditure to revitalise the same ‘heartland’ regions (Westwood 2023). In the UK, Boris Johnson’s Conservatives appealed to traditionally-Labour voting areas in the North and Midlands of England in the General Election of 2019 by undertaking to ‘level up’ growth across the country. Meanwhile, the French Government has sought to respond to the discontent of ‘peripheral France’ (Guilluy 2014) through a renewed emphasis on territorial cohesion (Adam et al. 2022). This agenda was expressed through the establishment of the new government department, *Ministère de la Cohésion des Territoires*, and of the new state agency, the *Agence nationale de la cohésion des territoires* (ANCT) in 2020.

Reflecting the new concern with addressing geographical inequality and discontent, spatial policy has been extended in geographical focus and coverage, moving beyond large urban centres to encompass other types of places. In particular, towns and smaller and medium-sized cities have become key objects of intervention in France, Germany and the UK. While towns received some support in prior decades, they have risen up the political agenda in recent years in the context of concerns about urban shrinkage and demographic decline (Grabski-Kieron and Boutet 2022). In general, the focus of towns programmes has been fairly similar across countries, aiming to address decline through competitiveness strategies developed for larger cities, emphasising attractiveness, regeneration and infrastructure, alongside quality of life and heritage (Dehne et al. 2022; Ministry of Housing, Communities and Local Government (MHCLG) 2019).

The renewed focus on towns emerged earliest in Germany where the federal government and states launched an Urban Development Support Programme for small towns in 2010, aiming to strengthen their role as anchors in rural regions (Dehne et al. 2022). In France, the government established the *Action Coeur de Ville* (ACV) programme to revitalise the centres of medium-sized towns in 2018, followed by the *Petites Villes de Demain* programme for small towns in 2020 (ibid.). Thus far, 234 towns have received support under ACV, with total funding of 5 billion Euros, emphasising city centre revitalisation, improved accessibility and connectivity, enhancement of public space and heritage and increased access to public facilities and services (ANCT undated; Demazière and Sykes 2021). Established in 2019, the UK’s £3.6 billion Towns Fund is designed to support economic regeneration, with a focus on improving town centres, skills and infrastructure (MHCLG 2019). The selection of the 101 towns to receive funding generated acute political controversy with Conservative-held areas more likely to be successful (Hanretty 2021).

These programmes for towns and smaller cities retain an often implicit ‘globalism’ through a continued attachment to increased national and international competitiveness and attractiveness (Table 1). As state spatial strategies, they incorporate an element of localisation on the scalar dimension by supporting local development project and strategies. They also represent a weak form of equalisation by investing in previously neglected towns and cities

beyond the major city-regions, although this is generally couched in terms of equalising access to opportunities not outcomes. Within the frame of place-based policies, smaller cities and towns are expected to find their economic niches and establish new strategies to ‘catch up’ with national productivity levels. As state spatial projects, these competitiveness policies are associated with increased centralisation through national government control over the allocation and awarding of funds, often reflecting electoral and political objectives (Diamond et al. 2023; Hanretty 2021). Yet this centralisation coincides in a contradictory manner with continued decentralisation of political responsibility for economic under-performance and the identification and delivery of initiatives to address it. Such decentralisation involves local authorities playing a key role in the local implementation and planning of national programmes, for example, through agreeing deals or contracts with central government (ANCT undated; MHCLG 2019).

### *New industrial and infrastructure policies*

While interest in industrial policy has been growing since 2008 (Bailey et al 2023), the period since 2020 has seen an increased focus on large-scale industrial policy in the context of increased geopolitical tensions, accelerating climate change and the disruptive effects of the COVID pandemic on supply chains (Martin 2021). This expansion of industrial policy is most evident in relation to green growth and clean energy technology, led by the US under President Biden. In particular, the signature Inflation Reduction Act (IRA) is designed to assert US technological leadership over China by supporting green energy innovation and manufacturing (Cassidy 2023). As a high-profile expression of contemporary state capitalism driven by national security considerations (Sullivan 2023), the IRA is part of what US Treasury Secretary Janet Yellen (2023) terms ‘modern supply side economics’ aiming to expand national productive capacity, strengthen resilience to global shocks, and promote greater fairness for workers and businesses. The IRA commits around \$400 billion in clean energy spending, including a range of tax credits for clean energy production and investment, alongside grant and loan programmes (ibid). It is accompanied by the Infrastructure Investment and Jobs Act (IIJA), American Rescue Plan (ARP) and CHIPS & Science Act, which together account for £3.8 trillion of spending, representing a massive expansion of state investment in industrial policy (Westwood 2023). According to Muro et al. (2022), these other three laws contain 19 place-based industrial policy programmes, including the creation of regional innovation hubs, ‘innovation engines’ and funds for regions to develop clean energy technologies.

The IRA incorporates a strong element of spatial targeting to tackle inequality by focusing investment on underdeveloped or ‘left behind’ areas – characterised by brownfield sites, coalfields, high fossil fuel employment and high unemployment – so as to secure a ‘just transition’ to green technologies (Muro et al. 2022; Westwood 2023). These areas qualify for an additional 10 per cent tax incentives under the IRA (Rami and Pesek 2022), aiming to “catalyze innovative investments across cities and towns that haven’t seen such investment in years” (Yellen 2023: 7). The IIJA also incorporates an important element of spatial targeting, being subject to President Biden’s Justice40 Initiative, requiring that 40 per cent of the benefits flow to disadvantaged communities, both urban and rural (Biden 2022). The widespread availability of federal subsidies through the IRA is not only fostering intense competition between states for investment (The Economist 2023), but also fuelling fears that the EU will lose out to the US in a global race to attract investment and develop clean energy

technology (Ten Brink and Harwood 2023). The EU is responding by establishing its own Green Industrial Plan, based on four pillars: a simplified regulatory environment; faster access to funding; enhanced skills, and open trade, retaining a more liberal ‘globalist’ approach (European Commission 2023).

The productivist basis of these new industrial policies distinguishes them from spatial Keynesianism through their supply-side emphasis on creating economic opportunities and good, productive jobs, rather than redistribution, welfare and demand management (Rodrik 2023). This supply-side orientation provides some overlap with the neoliberal emphasis on supply side reform (Peck and Theodore 2019), although the productivist approach place less faith in markets, giving states a privileged role. It emphasises production and investment over finance and local firms, workers and communities over globalisation (Rodrik 2023). As a spatial state strategies, new industrial policies entail a renewed focus on the national scale through the articulation of overarching national strategies and priorities. This is accompanied by differentiation in favour of ‘left behind places’, aiming to equalise access to economic opportunities (Table 3). Such differentiation is paralleled by a renewed centralisation of state strategy and funding through the design of top-down programmes, coupled with the decentralisation of delivery through local and regional government. These trends vary considerably between countries, of course, being most evident in the US through interventions such as the IRA, which is pressuring other states to respond to this perceived protectionism (Anderson 2023). In Europe, the supra-national scale is more prominent, with the EU playing a key role in developing its own, more market-oriented industrial policies to respond to competition from the US and China (Ten Brink and Haywood 2023).

## **5. Conclusions**

This paper has reviewed changing approaches to spatial policy approaches in Europe and North America, informed by a more nationally and sub-nationally nuanced reading of the ‘developmentalism to globalism’ and ‘new state spaces’ frameworks. The paper extends these analytical frameworks to the post-2008 period, which is harder to characterise because of differentiated responses to economic instability and multiple crises across the global North. If the immediate responses to crises showed strong continuities with conventional neoliberal approaches (macroeconomic stabilisation, austerity, selective bailouts), new political-economic discourses and policies emerged from 2016 which incorporate elements of populism, economic nationalism and protectionism. They promote the interests of domestic firms, workers and communities over those of international investors and institutions (Rodrik 2023; Yellen 2023). These new policies represent a break with globalism and neoliberalism in their opposition to global trade liberalisation and privileging of national industrial capacities. The industrial policies recently introduced in the US go furthest in rejecting the globalist norms that have underpinned national and sub-national economic policy since the 1980s.

The three key forms of post-2008 spatial policy discussed above are still evolving, heterogenous and often contradictory in terms of how they are implemented and put into practice. This makes them harder to characterise than previous frameworks of urban locational policy and spatial Keynesianism. Metropolitanisation is the most established, representing a continuation and reinforcement of urban locational policy. Competitiveness strategies for towns and smaller cities project metropolitan approaches onto these smaller

settlements, based on a continued attachment to growth, attractiveness and city and town centre revitalisation (Dehne et al. 2022). Yet they are focusing attention on the problems of 'left behind places' neglected by established regional policy paradigms. New industrial policies represent a clearer break with localism and urban locational policy, particularly in the US case, prioritising 'left behind' places, for instance, through financial incentives in the IRA. This introduces an element of spatial redistribution by channelling resources towards these economically lagging 'heartland' areas (Westwood 2023).

In overall terms, current debates over the direction of spatial policy are caught up in the extended crisis of neoliberalism (Peck and Theodore 2019) as growing concerns with spatial inequalities and the geography of discontent challenge the long-standing emphasis on metropolitan growth. While the new focus on 'left behind places' starts to point in the direction of spatial equalisation, this may be undermined by continued metropolitanisation. US-style industrial policies are potentially redistributive by offering higher levels of support to disadvantaged areas, but they are limited in scale relative to the overall US economy (Tooze 2023). This makes it questionable whether their effects will be sufficient to offset the forces favouring agglomeration in dynamic 'superstar' cities, particularly in advanced, knowledge-based sectors (Kemeny and Storper 2020). Yet spatial and industrial policies for 'left behind places' are in an early stage of development, requiring further, on-going research to assess of their significance in relation to established spatial policy frameworks and wider processes of spatial convergence and divergence. Whether or not they can be sustained is likely to reflect, in part, their perceived effects in strengthening national industrial capacities, improving living conditions in disadvantaged areas and addressing discontent, as well as broader patterns of political support and the continued availability of public funds for investment.

## References

- ANCT (undated) 'Territories and ruralities'. Agence nationale de la cohésion des territoires (ANCT), [https://agence--cohesion--territoires-gouv-fr.translate.google.com/translate/territoires-et-ruralites-99?x\\_tr\\_sl=fr&x\\_tr\\_tl=en&x\\_tr\\_hl=en&x\\_tr\\_pto=sc](https://agence--cohesion--territoires-gouv-fr.translate.google.com/translate/territoires-et-ruralites-99?x_tr_sl=fr&x_tr_tl=en&x_tr_hl=en&x_tr_pto=sc). Accessed 22 March 2023.
- Adam, Baudelle, G. and Dumont, M. (2022) Spatial doctrines of urban development – persistence and change in the course of time. In Gustedt, E., Grabski-Kieron, U., Demazière, C. and Paris, D. (eds.) *Cities and Metropolises in France and Germany*. Hanover, Forschungsberichte der ARL 20, pp. 40-57.
- Abboud, L and Nolsøe, E. (2022) The corner of France that explains Macron, Le Pen and a deep political divide. *The Financial Times*, 22 April.
- Alami I and Dixon AD (2020) State capitalism(s) redux? Theories, tensions, controversies, *Competition & Change* 24(1): 70–94.
- Alami, I and Dixon, A.D (2023) Uneven and combined state capitalism. *EPA: Economy & Space* 55(1), 72-99, DOI: 10.1177/0308518X211037688.
- Anderson, J. (2023) The silver lining of Biden's 'protectionist' economic policies toward Europe. *Foreign Policy*, 2 March 2023. <https://foreignpolicy.com/2023/03/02/biden-protectionism-us-eu-economy-investment-green-industry/> Accessed 3 March 2023.
- Arrighi G (1994) *The Long Twentieth Century: Money, Power, and the Origins of our Times*. London: Verso.
- Bailey, D., Pitelis, C.N. and Tomlinson, P.R. (2023) Place-based industrial and regional strategy – levelling the playing field, *Regional Studies*, 57:6, 977-983, DOI: 10.1080/00343404.2023.2168260
- Bayerlein, M. (2020) Spatial Inequality and Populist Voting in Germany and the United States. AICGS, American Institute for Contemporary German Studies, Johns Hopkins University. <https://www.aicgs.org/publication/spatial-inequality-and-populist-voting-in-germany-and-the-united-states/>
- Béal, V., Cauchi-Duval, N., & Rousseau, M. (2021). *Déclin urbain. La France dans une perspective internationale*. Editions du Croquant
- Belina, B (2020) Political geography lecture: Social forms, spatial forms, and the New Right. Celebrating Capital at 150 and explaining the rise of the AfD. *Political Geography* 81 (2020), 102091.
- Biden, J. (2022) *Building a Better America. A Guidebook to the Bipartisan infrastructure Law for State, Local, Tribal and Territorial Governments, and Other Partners*. The White House, Washington.
- Blyth, M. (2013) *Austerity: The History of a Dangerous Idea*. Oxford: Oxford University Press.
- Brenner, N. (2004) *New State Spaces: Urban Governance and the Rescaling of Statehood*. New York: Oxford University Press.
- Brenner, N., Peck, J. and Theodore, N. (2010) Variegated neoliberalisation: geographies, modalities, pathways, *Global Networks* 10 (2), 182-222.

- Cassidy, J. (2023). Joe Biden's Innovative Attempt to Reshape the American Economy. *The New Yorker*, 7 February. <https://www.newyorker.com/news/our-columnists/joe-bidens-innovative-attempt-to-reshape-the-american-economy> Accessed 8 March 2023
- Chen, W., Mrkaic, M and Nadar, M. S. (2019) *The Global Economic Recovery 10 Years after the 2008 Financial Crisis*. IMF Working Paper No. 2019/083. International Monetary Fund, Washington. <https://www.imf.org/en/Publications/WP/Issues/2019/04/26/The-Global-Economic-Recovery-10-Years-After-the-2008-Financial-Crisis-46711>. Accessed 20 March 2023.
- Cheshire, P., Nathan, M. and Overman, H.G. (2014) *Urban Economics and Urban Policy: Challenging Conventional Policy Wisdom*. Edward Elgar: Cheltenham.
- De Ruyter, A., R Martin, P Tyler, (2021) Geographies of discontent: sources, manifestations and consequences, *Cambridge Journal of Regions, Economy and Society*, 14 (3), 381–393.
- Dehne, P., Hoffmann, J., Roth, H. and Mainet, H. (2022) Policies and urban planning in small and medium-sized towns in Germany And France. In Gustedt, E., Grabski-Kieron, U., Demazière, C. and Paris, D. (eds.) *Cities and Metropolises in France and Germany*. Hanover, Forschungsberichte der ARL 20, pp. 102-127.
- Demazière, C., Feiertag, P., Paris, D., Zimmermann, K. and Dubois, J. (2022) The development of metropolises in Germany and France. In Gustedt, E., Grabski-Kieron, U., Demazière, C. and Paris, D. (eds.) *Cities and Metropolises in France and Germany*. Hanover, Forschungsberichte der ARL 20, pp. 58-79.
- Demazière, C. and Sykes, O. (2021) Acting for cities and towns? The perpetual reinvention of categories and tools of national urban policies in France. In Zimmerman, K. and Fedeil, V. *A Modern Guide to National Urban Policies in Europe*. Edward Elgar, cheltenham, pp. 34-57.
- de Lange, S., van der Brug, W and Harteveld, E. (2023) Regional resentment in the Netherlands: A rural or peripheral phenomenon?, *Regional Studies*, 57:3, 403-415, DOI: 10.1080/00343404.2022.2084527
- Diamond, P., Richards, D., Sanders, A. and Westwood, A. (2023) Levelling up the UK: If not the Conservatives, will Labour learn the lessons from past policy failings? *The Political Quarterly*. <https://doi.org/10.1111/1467-923X.13234>
- European Commission (2022) *Cohesion in Europe Towards 2050: Eighth Report on Economic, Social and Territorial Cohesion*. European Commission, Brussels.
- European Commission (2023) *A Green Deal Industrial Plan for the Net-Zero Age*. COM(2023) 62 final. European Commission, Brussels.
- Garretsen, H., McCann, P., Martin, R. and Tyler, P. (2013) The future of regional policy, *Cambridge Journal of Regions, Economy and Society*, 6(2), 179–186.
- Gordon, I.R. (2018) In what sense left behind by globalisation? Looking for a less reductionist explanation of the populist surge in Europe. *Cambridge Journal of Regions, Economy and Society* 11(1), 95-113.
- Görmar, F., Lang, T., Nagy, E., Raagmaa, G. (2019): Re-thinking Regional and Local Policies in Times of Polarisation: An Introduction. In: Lang, T., Görmar, F. (eds.):

*Regional and Local Development in Times of Polarisation. Re-thinking Spatial Policies in Europe.* Palgrave Macmillan, pp. 1-25

- Grabski-Kieron, U. and Boutet, A. (2022) Small and medium-sized towns – situation, development and prospects in different types of areas. In Gustedt, E., Grabski-Kieron, U., Demazière, C. and Paris, D. (eds.) *Cities and Metropolises in France and Germany.* Hanover, Forschungsberichte der ARL 20, pp. 801-101
- Gray, M. and Barford, A. (2018) The depth of the cuts: the uneven geography of local government austerity. *Cambridge Journal of Regions, Economy and Society* 11, 541-563.
- Guilluy, C. (2014) *La France périphérique*, Editions Flammarion: Paris.
- Hadjimichalis, C. (2019). “New” Questions of Peripherality in Europe or How Neoliberal Austerity Contradicts Socio-Spatial Cohesion. In: Lang, T., Görmar, F. (eds) *Regional and Local Development in Times of Polarisation. New Geographies of Europe.* Palgrave Macmillan, Singapore.
- Hanretty, C (2021) The pork barrel politics of the Towns Fund, *The Political Quarterly*, 92 (1), 7-13.
- Hendrickson, C., Muro, M. and Galston, W.A. (2018) *Countering the Geography of Discontent: Strategies for Left Behind Places.* Washington DC: Brookings Institution.
- Jennings, W., McKay, L. and Stoker, G. (2021), The politics of levelling up. *The Political Quarterly*, 92, 302-311.
- Jennings, W. and Stoker, G. (2019) The divergent dynamics of cities and towns: geographical polarisation and Brexit. *The Political Quarterly* 90, S2: 155-166.
- Jessop, B (1990) *State Theory: Putting the Capitalist State in its Place.* Polity, Cambridge.
- Jessop, B. (2002) *The Future of the Capitalist State.* Polity, Cambridge.
- Kemeny, T. and Storper, M (2020) Superstar cities and left-behind places: disruptive innovation, labour demand, and interregional inequality. *Working Paper* 41, International Inequalities Institute, London School of Economics and Political Science <http://eprints.lse.ac.uk/103312/> Accessed 23 November 2020.
- Kenny, M & Luca, D. (2021) The urban-rural polarisation of political disenchantment: an investigation of social and political attitudes in 30 European countries, *Cambridge Journal of Regions, Economy and Society*, 14(3), 565–582.
- King, D. and Le Galès, P. (Eds.). (2017). *Reconfiguring European states in crisis.* Oxford University Press.
- Kinossian N. (2018) Planning strategies and practices in non-core regions: a critical response. *European Planning Studies* 26(2) pp. 365-375, <http://dx.doi.org/10.1080/09654313.2017.1361606>
- Kinossian, N., & Morgan, K. (2022). Authoritarian state capitalism: spatial planning and the megaproject in Russia. *Environment and Planning A: Economy and Space*, 0(0). <https://doi.org/10.1177/0308518X221104824>

- Lobao, L., Gray, M., Cox, K. and Kitson, M (2018) The shrinking state? Understanding the assault on the public sector. *Cambridge Journal of Regions, Economy and Society* 11, 389-408.
- Lang, T. & Török, I. (2017) Metropolitan region policies in the European Union: following national, European or neoliberal agendas? *International Planning Studies*, 22:1, 1-13.
- Luca, D. (2022) National elections, sub-national growth: the politics of Turkey's provincial economic dynamics under AKP rule, *Journal of Economic Geography*, 22, 829-851, <https://doi.org/10.1093/jeg/lbab041>
- MacKinnon, D., Kempton, L., O'Brien, P., Ormerod, E., Pike, A., Tomaney, J. (2022) Reframing urban and regional 'development' for 'left behind' places. *Cambridge Journal of Regions, Economy and Society*, 15(1), 39–56.
- Martin, R. (2008) National Growth Versus Spatial Equity? A Cautionary Note on the New 'Trade-Off' Thinking in Regional Policy Discourse. *Regional Science Policy & Practice* 1: 1-13.
- Martin, R. (2021) Rebuilding the economy from the Covid crisis: time to rethink regional studies? *Regional Studies Regional Science* 8, 143-161.
- Martin, R., Gardiner, B., Pike, A., Sunley, P. and Tyler, P. (2021) *Levelling up left behind places: the scale and nature of the policy challenge*. Falmer, East Sussex: Regional Studies Association.
- Martin, R., Tyler, P., Storper, M., Evenhuis, E. and Glasmeier, A. (2018) Globalisation at a critical conjuncture. *Cambridge Journal of Regions, Economy and Society* 11(1), 3-16.
- McCann P (2020) Perceptions of regional inequality and the geography of discontent: insights from the UK. *Regional Studies* 54: 256-257.
- McMichael, P. (2012) *Development and Social Change: A Global Perspective* (5th Edition). Sage: Thousand Oaks.
- Miessner, M. (2020) Spatial planning amid crisis. The deepening of neoliberal logic in Germany, *International Planning Studies*, 25:1, 52-71, DOI:10.1080/13563475.2018.1517038
- Ministry of Housing, Communities and Local Government (MHCLG) (2019) *Towns Fund Prospectus*, HM Government, London.
- Moore-Cherry, N; Kayanan, C; Tomaney, J and Pike, A (2022) "Governing the metropolis: an international review of metropolitanisation, metropolitan governance and challenges for sustainable urban management", *Land* 11 (5), 761; <https://doi.org/10.3390/land11050761>
- Morgan, K. (2018), "Experimental governance and territorial development", Background paper for an OECD/EC Workshop on 14 December 2018. Workshop series "Broadening innovation policy: New insights for regions and cities" OECD, Paris.
- Mudde, C (2004) The populist zeitgeist. *Government and Opposition*, 39(4), 541-563.
- Muro, M., Maxim, R., Parillam J and de Souza Briggs, X. (2022) Breaking down an \$80 billion surge in place-based industrial policy. Brookings Institution, Washington DC. <https://www.brookings.edu/blog/the-avenue/2022/12/15/breaking-down-an-80-billion-surge-in-place-based-industrial-policy/> Accessed 1 June 2023



- O'Brien, P. and Pike, A. (2019) 'Deal or no deal?' Governing urban infrastructure funding and financing in the UK city deals. *Urban Studies* 56, 1448-1476.
- OECD (2019) *OECD Regional Outlook: Leveraging Megatrends for Cities and Rural Areas*. Organisation for Economic Cooperation and Development, Paris.
- Peck, Jamie and Nik Theodore (2019) Still Neoliberalism? *South Atlantic Quarterly* 118 (2), 245–265. doi: <https://doi.org/10.1215/00382876-7381122>
- Peck J & Zhang J (2013). A variety of capitalism... with Chinese characteristics? *Journal of Economic Geography*, 13(3), 357–396.
- Peet, R. and Hartwick, E. (1999) *Theories of Development*. New York: Guildford.
- Pike, A. (2018) The limits of city-centrism. We need to rethink how we approach urban and regional development. <https://blogs.lse.ac.uk/politicsandpolicy/the-limits-of-city-centrism/> Accessed 13 February 2019
- Pike, A; O'Brien, P; Strickland, T; Thrower, G; Tomaney, J (2019) *Financializing City Statecraft and Infrastructure*. Cheltenham: Edward Elgar
- Pike A, Rodriguez-Pose A, Tomaney J. (2017) *Local and Regional Development*. Routledge.
- Pinson, G. and Morel Journel, C. (2016) The neoliberal city—theory, evidence, debates. *Territory, Politics, Governance*, 4(2), 137-153.
- Raimi, D. and Pesek, S. (2022) *What is an "Energy Community"?* *Alternative Approaches for Geographically Targeted Energy Policy*. Resources for the Future, Washington DC.
- Rauhut, D. & Humer, A. (2020) EU Cohesion Policy and spatial economic growth: trajectories in economic thought, *European Planning Studies*, 28:11, 2116-2133, DOI: 10.1080/09654313.2019.1709416
- Rodríguez-Pose, A. (2018) The revenge of the places that don't matter (and what to do about it). *Cambridge Journal of Regions, Economy and Society* 11, 189-209
- Rodrik, D. (2023) On productivism. Research Papers, John F Kennedy School of Government, Harvard University. <https://drodrik.scholar.harvard.edu/publications/research-papers> Accessed 12 May 2023.
- Rodrik, D. (2018) Populism and the economics of globalisation. *Journal of International Business Policy* 1(1-2), 12-33.
- Rosés, J.R. and Wolf, N. (2021) Regional inequality in the long-run, Europe 1900-2015, *Oxford Review of Economic Policy* 37, 17-48.
- Schäfer, A., Streeck, W. (2013) Introduction: politics in the age of austerity. In A. Schäfer and W. Streeck (eds) *Politics in the Age of Austerity*. Oxford: Polity.
- Su, X., & Lim, K. F. (2022). Capital accumulation, territoriality, and the reproduction of state sovereignty in China: Is this "new" state capitalism? *Environment and Planning A: Economy and Space*, 0(0). <https://doi.org/10.1177/0308518X221093643>
- Sullivan, J. (2023) Remarks by National Security Advisor Jake Sullivan on Renewing American Economic Leadership at the Brookings Institution. The White House, Washington DC. April 27. <https://www.whitehouse.gov/briefing-room/speeches-remarks/2023/04/27/remarks-by-national-security-advisor-jake-sullivan-on->

[renewing-american-economic-leadership-at-the-brookings-institution/](#) Accessed 9 May 2023.

Ten Brink, P. and Haywood, L. (2023) How to promote green industry beyond subsidies. Social Europe, 13 March. <https://www.socialeurope.eu/how-to-promote-green-industry-beyond-subsidies> Accessed 15 March 2023.

*The Economist* (2023) The incentives war. *The Economist*, 25 February, p.41-42.

Tooze, A. (2023) Chartbook 220 Biden's "new industrial policy": Revolution in the making, or an exercise in defying gravity? Chartbook, <https://adamtooze.substack.com/p/chartbook-220-bidens-new-industrial> Accessed 21 June 2023

Unger, R.M., Stanley, I., Gabriel, M. and Mulgan, G. (2019) *Imagination Unleashed: Democratizing the Knowledge Economy*. London, National Endowment for Science, Technology and the Arts (NESTA).

Westwood, A. (2023) The return of industrial strategy: Why the US and Europe need to renew heartland communities. Insights on Entrepreneurship, SMEs, Tourism, Regions and Cities. OECD, Paris. <https://oecdcofoto.blog/2023/01/27/the-return-of-industrial-strategy-why-the-us-and-europe-need-to-renew-heartland-communities/> Accessed 1 June 2023

Wishlade, F. (2019) The rise of populism, regional disparities and the regional policy response. *European Policy Research Paper No. 109*, University of Strathclyde Publishing, Glasgow.

World Bank. 2009. *World Development Report 2009: Reshaping Economic Geography*. World Bank. World Bank. <https://openknowledge.worldbank.org/handle/10986/5991>

Yellen, J.L. (2022) Remarks by Secretary of the Treasury Janet L. Yellen at Ford Rouge Electric Vehicle Center, September 8. US Department of Treasury, Washington DC. <https://home.treasury.gov/news/press-releases/jy0939> Accessed 1 June 2023.

**Table 1 The eras of developmentalism and globalism**

World framework	Developmentalism (1940s-1970s)	Globalism (1970s-)
Political economy	State regulated markets Keynesian public spending	Self-regulating markets (Monetarism)
Social goals	Social entitlement and welfare Uniform citizenship	Private initiative via free markets Identity politics versus citizenship
Development (model)	Industrial replication National economic management (Brazil, Mexico, India)	Participation in the world market Comparative advantage (Chile, New Zealand, South Korea)
Mobilizing tool	Nationalism (post-colonialism)	Efficiency (post-developmentalism) Debt and credit-worthiness
Mechanisms	Import-Substitution Industrialisation (ISI) Public investment (infrastructure and energy) Education Land reform	Export-oriented Industrialization (EPO) Agro-exporting Privatization, Public and Majority-Class austerity Entrepreneurialism
Variants	First World (Freedom of Enterprise) Second World (Central planning) Third World (Modernization via Developmental Alliance)	National Structural Adjustment (Opening economies) Regional free trade agreements Global economic and environmental management
Local and regional dimension	National spatial policy Economic and social focus Growth redistribution	Supranational and devolved (sub-national, regional and local) policy and institutions Economic competitiveness focus Regeneration

Source: Pike, A., Rodríguez-Pose, A. and Tomaney, J. (2017) Local and Regional Development (2<sup>nd</sup> Edition), Routledge: London

Table 2

Table 2. Urban locational politics and the transformation of state spatial selectivity

	State Spatial Projects	State Spatial Strategies
Scalar dimension	<p>Tendential decentralisation of state administrative arrangements towards subnational tiers of political authority</p> <p>Regional and local state institutions acquire new responsibilities in the development, financing and implementation of economic development policies</p>	<p>Increasing localisation of socioeconomic assets as national, regional, and local state institutions attempt to enhance territorial competitiveness within strategic urbanised spaces</p> <p>Cities and city-regions are viewed as key geographical engines of economic development within increasingly volatile global and European interscalar hierarchies</p>
Territorial dimension	<p>Increasing customisation of state administrative arrangements according to place- and jurisdiction-specific conditions and priorities</p> <p>This generates an increased differentiation of local and regional institutional forms and an enhanced divergence of local and regional policy regimes</p>	<p>Increasing differentiation of national political-economic space as state institutions attempt to channel major socioeconomic assets and advanced infrastructure investment into the most globally competitive urban and regional spaces</p> <p>This generates an increasing divergence of social welfare standards and an enhanced differentiation of developmental pathways among local economies</p>

Source: Brenner (2004), p. 214.

Table 3 Selected spatial policies since 2008

	Underlying rationale	Shaping influences	Developmentalism versus globalism	As state spatial strategies	As state spatial projects
Reinforced and continued metropolitanisation	Cities as engines of national and regional economic growth	Neoliberalism, NEG	Globalism	Localisation and differentiation.	Asymmetric decentralisation and customisation.
Extension of competitiveness policies to smaller cities and towns	Electoral imperative to address the 'geography of discontent'	Populism, neoliberalism	Weak and spatially extended globalism	Localisation and weak equalisation.	Increased centralisation alongside decentralisation. Customisation.
New industrial and infrastructure policies	National security by strengthening domestic industrial capacity, resilience and fairness	Populism, new state capitalism	Rejection of globalism. Productivism.	Renewed nationalisation combined with localisation of delivery. Stronger equalisation.	Renewed centralisation coupled with decentralisation. Customisation.

Source: authors