



# Transport, economic competitiveness and competition: A city perspective

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## ABSTRACT

Stimulating the economy is a dominant policy objective, but on what basis are decisions being taken around transport and growth? We describe how transport studies and political geography offer two related, but poorly connected, theoretical approaches purporting to explain the relationship between transport and the economy. Yet in what ways does it matter that two different world views exist? We test these questions through an empirical case study of how city and regional officials use transport in attempting to realise economic objectives. Echoing theoretical approaches based in political geography, we find officials' own reasoning places emphasis on supply side improvements, especially connectivity within regions and on a high quality urban environment hoped to attract high GVA jobs. The decision-support tools are not well aligned to this reasoning, focussing on time savings and the justification of the value for money of proposed schemes relative to other investments in the region and nationally. In contrast to much theoretical work on competitiveness, employment growth is treated as exogenous with less emphasis given to which areas win and lose in the region. It is competition between weaker regional towns and cities that is prominent in officials' discourse. Such a gap between the thinking by officials, and the types of available transport investment decision-support tools, is of international significance. Given the centrality of the economy to where and what we invest in, the paper suggests a need for better knowledge about the efficacy of urban realm and other supply side improvements on job creation and on the influence of local autonomy in decision-making on investment selection and outcomes.

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## 1. Introduction

Over the last two decades a prominent vein of research has investigated the role of cities as potential agents of economic competition and development (Camagni, 2002; Kresl, 2012; Krugman, 1993, 1996; Lever, 1999; Porter, 2000, 2003; Snowdon and Stonehouse, 2006). In various manifestations, it is suggested that city and regional officials have come to 'focus upon competitiveness as a key economic tool' (Boland, 2007, p. 1021; see also Begg, 1999; Peck and Tickell, 2002). Researchers have raised questions of which, if any, of the multiple ideas of economic competitiveness explain the motivations that officials do, or should adopt (Agnew, 2000; Begg, 1999; Boland, 2007; Florida, 2005; Ward and Jonas, 2004).

Transport investment has reasserted itself as a central tool in the post-recession 'growth agenda' across the globe (OECD and ITF, 2013; DfT, 2013) and cities are seen as key engines of growth where transport investments can help transform city economies by generating jobs for the longer term (Clayton et al., 2011). Economic theory indicates that

transport is a significant factor influencing costs of production and access to labour markets (Eddington, 2006; SACTRA, 1999). Beyond this, there are empirical and theoretical studies of how transport might play a role in a variety of broader economic objectives such as parking policy, and development of supply side conditions to attract knowledge-based industries (Banister, 2012; Docherty et al., 2009; Graham et al., 2010; Marsden, 2006). Investigation and representation of the ways in which city officials use transport in pursuit of economic growth objectives, however, are more limited than might be expected (Banister, 2012). There are significant debates about the extent to which rational economic analysis matters and the degree to which apparently economic decisions are in fact determined by political contexts, competition or struggles (Lovering, 1999; Ward and Jonas, 2004), or distributive concerns (Basolo, 2000; Ranci, 2011). There is a question as to whether the accounts of the role of transport in making cities more competitive are more or less rhetorically or evidence based.

This paper investigates representations and tools which aim to explain the role of transport in competitiveness and economic development, and explores how officials' themselves understand that role. First, we identify a fundamental distinction between the accounts which inform transport models and which draw on economic theory, and those based in political geography. Then we report an empirical case study of how city and regional officials' perceive the relationship

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between transport and economy, and how they use transport in attempting to realise economic objectives. The study reported in this paper involved English cities, a town, and their regions. The findings indicate that officials' perceptions are frequently closer to representations found in political geography than to those assumed in transport models. Given the stark contrast between the accounts by officials and the approach drawing on economic theory which underpins existing decision-support tools (which are in widespread use across the world – see Mackie and Worsley, 2013) this raises questions for transport decision-making far beyond the English case studies.

We begin by setting out contrasting accounts of city competitiveness drawn from literature on political geography. These are then compared with accounts of the role of transport in economic development and an outline of the assumptions which frame decision-making tools for transport (Section 2). From this, in Section 3, we set out questions developed and methodology used in our empirical study. In Section 4, the interview analysis considers the economic objectives of city and regional officials, how they view competitiveness in relation to these objectives and how transport is used in attempting to achieve these objectives. Section 5 discusses the implications of the findings. We extend the representations of transport decisions with respect to competitiveness, identify uncertainty and limitations in evidence supporting those decisions, and so offer a contribution to the development of tools which better support actors' concerns and priorities.

## 2. Accounts of city competitiveness

In this section we describe and contrast accounts of city competitiveness and the economic role of transport found within and between political geography and the economic theory underpinning most transport decision-making tools. As primarily a descriptive, rather than an evaluative review, this does not attempt to assess the likely impact on economic prosperity of applying measures or interventions informed by any one or other account of competitiveness and how that competitiveness might be facilitated (cf. Turok and Docherty, 2004, p. 14).

### 2.1. Competing and competitive cities in political geography

A striking feature of literature on city and regional competitiveness is the degree of contestation about what the term 'competitiveness' should be taken to mean. Begg draws the following distinction:

'At one level, [competitiveness] is equated, usually loosely, with the 'performance' of an economy, an absolute measure. At another, because it relates to competition, it implies a comparative element, with the implication that to be competitive, a city has to undercut its rivals or offer better value for money. In this sense, competitiveness is essentially about securing (or defending) market-share' (1999, p. 796).

Two points can be clarified at this stage. First, city or regional competitiveness is often understood as concerned with attracting investment, or gaining from exporting goods. However, it would be misleading to consider this as equivalent to company competitiveness. Cities and regions cannot compete, fail and exit the market in the way that firms can (Krugman, 1993). Second, not all city or regional competitiveness is concerned with trade or business investment. Lever (1999), suggests that cities might also compete for infrastructure, population, and for public funds.

Alongside debate on its meaning, are significant disputes on how competitiveness can be supported. Ward and Jonas (2004) describe a broad perception in which city and regional competitiveness is concerned with trade and attracting investment and involves 'supply side' development. Ward and Jonas further maintain that 'the dominant neo-Smithian approach' aims to increase division of labour (2004,

p. 2121) thus creating greater specialisation (2004 pp. 2120–3). The contestation surrounds the type of supply side developments which would support competitiveness, and the role governments should have in providing these developments. Underpinning these debates are quite different accounts of the influence and value of city or regional competitiveness, and the power that governments can have in encouraging this competitiveness. Porter, in an interview with Snowden and Stonehouse, maintains that competition with others is an important feature in explaining relative prosperity of cities and regions, but that:

'the true metric of competitiveness is the productivity of the resources utilised in that location.... The competitiveness of locations is not a zero-sum game' (Snowdon and Stonehouse, 2006, p. 165).

Porter further claims that a locations' competitiveness is associated with the relative strength in their field, of clusters defined as 'geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions' (Porter, 2000, p. 15; also Porter, 2003). Significantly Porter argues that governments have a role in providing a physical and regulatory environment in which firms can improve their competitiveness, and so can 'act as a catalyst, helping companies to improve their competitive position' (Snowdon and Stonehouse, 2006, p. 165). Conversely Krugman (1996), who accepts that there are cases in which clusters can bring economic benefits of improved productivity, maintains the impact is not nearly so comprehensive as others have argued. He claims that whilst there might be a reason to favour government intervention to provide supply side conditions to support development of clusters, in practice such attempts are rarely effective.

Florida (2005) makes the somewhat different claim for the economic benefit of improving quality of life in a city in order to attract 'creative people' and secure the knowledge and creative industries that they will bring. Some authors accept the plausibility of Florida's argument, and argue that decisions should be directed to attracting these creative people by efforts to make the city 'somewhere worth going to' (Docherty et al., 2009, p. 323). Kresl (2012), who conducted an analysis of 23 major US cities over three time periods, found that competitiveness is associated with range of factors including the endowment in cultural institutions (see also Comunian, 2011), the percentage of university educated workers, and manufacturing value added. Kresl also found adequate transport infrastructure to be among factors significant in attracting and retaining educated workers. However others have challenged the underlying evidence base for this position (Boland, 2007, pp. 1022–3; Christophers, 2008, pp. 2319–2320; Clifton, 2008).

The significance of city and regional competitiveness is challenged by authors who claim that whilst competitiveness may be an objective, it is not overwhelming and decisions are influenced by other factors including the 'politics of collective consumption' (Ward and Jonas, 2004, p. 2121). Basolo (2000) claims there is a role for progressive policies, such as those concerned with re-distribution, and Ranci (2011) also notes the importance of social cohesiveness in urban policy, although this is less significant in the UK than some other Western European contexts. Without attempting to exhaust the potential forms of divergence from a competitive approach, this list points to some of the ways in which one might consider the operation of approaches not driven solely by a narrative of competition.

Given the uncertainty about competitiveness, further striking aspects of the literature are reports of the force of competitiveness in public policy (Begg, 1999; Boland, 2007, p. 1021; Peck and Tickell, 2002). Explanations given for this are variable if not necessarily contradictory. Boland suggests that emphasis on decision-making at the city or regional level may be a result of 'globalisation [which] affected the power and functionality of the state and has affected the scale of state territoriality' and in this context, the focus on competitiveness may be a response to 'intensified global competition' (2007, p. 1021). Others argue, drawing on public choice theory, that competitiveness is a normative aim

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