Conjuncture or Disjuncture? An Institutionalist Analysis of Local Regeneration Partnerships in the UK

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Abstract
Following Lowndes’ (2001) injunction for scholars to take the new institutionalism seriously, this paper offers an institutionalist explanation for the development of regeneration partnerships in the UK. Drawing on four complete case studies and evidence from ongoing research into New Deal for Communities (NDC), it argues that UK-style partnerships tend to embody conflicting values and hierarchical patterns of organization. This is therefore a path shaping period, since partnerships have not established themselves as co-ordinating mechanisms built on strong-weak ties.
**Introduction**

In her discussion of new institutionalism, Lowndes (2001) exhorts urban scholars to take institutional theory seriously. She reasons that in an era of institutional fragmentation and multi-level governance, it can provide insights about contemporary urban politics. This paper takes up her challenge, deploying institutional theory to explore the development of urban regeneration partnerships in the UK. It questions the extent of partnership institutionalization and the impact of partnerships on local policy development, tackling four issues yet to be fully explored in urban studies: what does the concept of punctuated evolution within institutional theory contribute to explaining the development of regeneration partnerships; to what extent are partnerships following a path dependent course and with what impact on action; what are the dominant patterns of institutional constraint in partnerships – hierarchy or network relations; and what does an institutionalist reading suggest about the likely development of partnerships? Underpinning these questions is the broader issue of whether partnerships are embedded in the political landscape, or whether they would collapse if the Government stopped promoting them.

The main finding is that partnerships indicate a period of institutional instability and therefore that the future is uncertain. The development of an ideological terrain favouring partnership in local government and the constant flow of urban policy initiatives to promote collaboration have not generated strong institutions based on informal modes of constraint (Lowndes 2001). On the contrary, partnerships are unstable ensembles where values clash, interests differ, state-centred hierarchies persist and a stable path dependent trajectory seems elusive. Arguably, then, we are in a ‘punctuated’ phase and the growth of informal network styles of governance (Rhodes, 1997) is but one possible outcome.
The article draws on research conducted in the late 1990s in four English urban areas: Barnsley, Rotherham, Hull and North East Lincolnshire. The research focuses on the development of relationships between local business leaders and political elites. The findings are supported with insights from contemporaneous research on New Labour’s flagship neighbourhood regeneration programme, New Deal for Communities (NDC).

The article begins by exploring concepts and recent developments in institutional theory. An outline of the research methodology is followed by an institutionalist analysis of the development of partnerships, drawing on the four cases. A brief discussion of NDC follows. It is concluded that now is a good time to develop knowledge about path shaping and institutional change.

**The New Institutionalism**

New Institutionalism is an eclectic literature encompassing multiple and sometimes contradictory theoretical positions (Di Maggio and Powell, 1991). Peters (1999: 17) identifies six varieties drawing on different disciplinary traditions within social science and placing different emphases on the structure and agency problem. New institutionalists also use the framework variously; to prescribe good practice in institutional design (Lowndes and Wilson, 2003), as a framework for organizing our understanding of the governing environment (Lowndes, 2001; Pierre and Stoker, 2002), and as a means for the causal analysis of institutional continuity and change (Hay and Wincott, 1998; Hay, 1999). Different as they are, these approaches share the idea that institutions matter in political explanation.

For institutionalists, when practices such as partnership are well established, pressures toward isomorphism, the internalization of rules and procedures, limit the scope for
policy change (Torfing, 2001: 298). This process is synonymous with institutionalization. Institutions then structure future policy development. The following paragraphs explore recent institutionalist literature and identify questions it highlights about the development of regeneration partnerships in the UK.

*Institutions as an Informal Mode of Constraint*

For Lowndes (2001), the new institutionalism is distinguished from the old by its perspective on the ‘nature of constraint’. Where old institutionalists studied formal rules and organizations, says Lowndes, new institutionalists also study rules established through informal relations in which the political meanings of signifiers like ‘regeneration’ are determined and locked in (Lowndes and Wilson, 2003: 279). New institutionalists therefore focus on what Lowndes (2001), drawing on Granovetter (1973), refers to as ‘the strength of weak ties’ between actors and groups.

For Granovetter (1973), weak ties have the capacity to link members of different social groups, while strong ties are concentrated within groups such as families, friendship circles and organizations. Granovetter suggests that weak ties can be effective in bringing groups together because they facilitate information flows. Strong ties, on the other hand, tend to create cliques or closed networks (1973: 1373-1376). However, weak ties do not necessarily facilitate effective information flows; it depends on the tie. What makes a weak tie effective is a ‘bridge’, for example the discovery of a congruent purpose between groups, which valorizes the link. Hence, a distinction is made here between strong-weak ties and weak-weak ties. The former ties are effective bridges the latter are not. This distinction is important for understanding interorganizational relations in partnerships.
For Granovetter (1973), the difference between strong and weak ties is more one of intensity than kind. But he is silent about whether a distinction might be drawn between strong and weak ties on one hand and ties based on subordination on the other. For current purposes, control systems are contrasted with both strong and weak ties as Granovetter interprets them. This said, Lowndes argues that the notion of weak ties ‘refers to the manner rather than the impact of constraint’ (2001: 1962, author’s emphasis). Institutional glue arises from the strength of weak ties, tacit understandings between groups that structure action.

Arguably, much of the novelty of new institutionalism lies in this conception of weak ties. For Lowndes (2001: 1957), its relevance lies in the increased salience of inter-organizational networks in a world of multi-level governance. In this world, strong-weak ties between actors are both more necessary and more prevalent than in the era of strong local government (see Rhodes, 1997). New institutionalism invites scholars to consider how individuals and groups create strong-weak ties enabling effective governance through partnerships, or alternatively why they cannot.

Despite its utility in analyzing network style relations, new institutionalism is not exclusively a network theory. It is also deployed in analyzing policy in formal organizations, such as the European Union (Lindner and Rittberger, 2003). Thus, the ‘old’ and ‘new’ institutionalisms should not be counterposed too sharply and a standardized definition of ‘institution’ is not desirable (Immergut, 1998). Lowndes’ (2001: 1962) suggestion that ‘partnerships are promoted in a context that is “strategically selective” … in favour of network-style institutional forms’ is therefore an empirical question. The research discussed below suggests that formal organizations and
hierarchies remain more significant in the local politics of collaboration than networks built on strong-weak ties.

This discussion about the character of new institutions is important, but it is also necessary to reflect on what institutionalism adds to our understanding of how partnerships evolved. Here, the historical institutionalist concepts of path dependency and path shaping are helpful.

Path Dependency

In new institutionalism, the internalization of rules and values structures political action. For historical institutionalists in particular, such action is path dependent. Simply, path dependency means that the order in which things happen affects the way they happen (Hay and Wincott, 1998: 955). Choices made at a particular moment eliminate some future choices, while serving as the condition for others (Peters, 1999: 63). In the language of institutionalism, agreed norms, rules and practices can become ‘self-reinforcing processes’ where the cost of exit to some previously plausible option rises with each step down a given path because of the sunk investment of intellectual and material resources in that path (Pierson, 2000a: 252). This process opens some paths and closes others. Institutions are therefore social structures, enabling and constraining political action. Pierson characterizes institutional development and change as ‘policy feedback’. He argues that ‘policies provide incentives that encourage individuals to act in ways that secure a particular path of development’ (1993: 606). The outcomes of structuring, policies then co-determine further structuring and contextualize future choices and outcomes.
Since new institutionalism straddles the formal and the informal, it follows that path dependency can occur in a range of institutional settings. As Immergut (1998) notes, the mode of constraint (organization or network) does not itself signify whether a course of action is path dependent. Strong ties in formal organizations may also generate path dependent action when rules, shared purposes and norms are internalized.

On the other hand, while formal and informal institutions can both sustain path dependent action, continuity in either form does not necessarily denote path dependency, pointing to the need for clarity about causation (Alexander, 2001). For example, to find a partnership pursuing a given strategy does not entail that it is sustained by strong-weak ties between participating actors. The glue may be exogenous and the participants may not depend on one another for the construction or the delivery of the strategy. To the extent that a partnership is sustained by command structures, and constraint does not arise from the relationships between participants, its course is not path dependent.

Path shaping and Institutional Change

Lowndes and Wilson (2003: 280) see stability as a defining feature of institutions. This is right up to a point and political scientists do tend to focus more on the effects of institutions than on institutional development (Pierson, 2000b). However, recent literature counters the emphasis on inertia that Hay and Wincott (1998) ascribe to historical institutionalism. According to Torfing (2001: 288), any policy path has a degree of elasticity. It can account for and cope with unexpected events by mobilizing discursive resources, stretching interpretive schemes and modifying rule-governed practices. Institutional dislocation occurs when the limits of elasticity are breached.
The other side of path dependency, then, is path shaping. Path shaping is the moment when institutionalization is contested and subject to structuring forces, which may or may not be path dependent themselves. Social forces intervene in existing conjunctures so that new rule-governed policy paths become possible. Path shaping strategies are based on different readings of dislocating events. Actors structure a new political agenda around empty or floating signifiers with the aim of codifying a sustainable way of regulating social, economic and political relations (Torfing, 2001: 289).

Hall’s (1993) study of economic policy in the UK illustrates institutional change. He elaborates the notion of hierarchies of change to distinguish normal policy making from periods when rapid policy and institutional change occurs. Hall identifies three orders of change: policy settings, policy instruments and policy goals. He describes an increase in UK interest rates as a change in policy settings, whereas the introduction of cash limits for public spending is a new policy instrument. The political shift from Keynesianism to neo-liberalism is a third-order change in the hierarchy of goals behind UK economic policy (Hall, 1993: 278-9). The third order of change, suggests Hall, is exceptional.

Hay (1999) builds on Hall’s institutionalism to try and better explain change, characterizing the process of institutional development as ‘punctuated evolution’. This idea draws on the evolutionary concept of punctuated equilibrium, which was appropriated to international relations by Krasner (1984) to denote a social world characterized by stasis and sudden change. The concept of punctuated evolution seeks to explain both the success of a particular path of development and its dislocation (Hay, 1999: 327). Contrary to the representation of stasis in the idea of equilibrium, its counterpart, evolution, represents constant motion. In Hay’s model, the gradual accumulation of contradictions in times of ‘normal’ policy is the pre-condition for crises.
This conception points to a theory of co-determination in which agents create, sustain and undermine structures in a society comprising objective crisis tendencies. These objective tendencies must then achieve ‘narration’, or political and ideological articulation. When society finally articulates accumulated contradictions, a ‘moment’ of crisis is upon us and alternative systems compete for domination. A new institutional settlement is reached when one path shaping strategy is victorious, proves successful and structures future choices. Whether partnerships herald such a settlement is the subject of this article.

There is much that might be questioned about this model of change. Perhaps most importantly, given Hay’s emphasis on ideation, it is silent about how ideas are structured – whether, for example, the realm of ideas has its own causal properties. Arguably, silence about ideational dynamics is a weakness in the strategic-relational approach to political analysis (Hay and Wincott, 1998). If ideas are to be taken as seriously as this approach requires, it needs a theory of ideational causation capable of trumping, or working in dialectical synthesis with crisis-inducing dynamics like Marx’s laws of motion of capital. Freud’s (1985) distinction between the instincts of love and death as the fundamental but mutually opposed characteristics of human behaviour illustrates one means by which a theory of structuration might privilege dialectics of motivation. Notwithstanding this unclarity about what animates structuration, Hay’s approach is an imaginative stab at explaining institutional continuity and change. This study attributes ideological change to exogenous factors. Political agency is exercised through the interpretive or mediating role of actors in defining and making choices about strategy and action that contribute to structuring further choices.
A further strand in the literature, which resonates with Hay’s approach, suggests that when institutions are replaced, new rules synthesize with the old. Torfing (2001: 307) argues that even major reform strategies designed to negate old policies can reproduce traditional dichotomies and sustain what they aim to reject. Hood (2000), for example, shows how New Public Management (NPM) carried forward characteristics of the old public sector management model. Noting de Tocqueville’s paradox about post-revolutionary France, that sweeping away practices of the ancien regime only succeeded in developing them to a higher degree, he wonders if this will be the epitaph of NPM too (Hood, 2000: 6). Another way of looking at the idea of contradiction in punctuated evolution, then, is to suggest that institutional strategies, however successful, are likely to embed elements of the old and new in a potentially unstable mix.

Recent institutionalist studies have illustrated the importance of instability. Lindner and Rittberger, examining budgetary conflict within the EU, distinguish between enacting and executing coalitions. The enacting coalition, that which establishes institutional rules, may not be the executing coalition responsible for implementation – in this case, the Council of Ministers and the European Parliament respectively. If members of the enacting coalition are driven by different polity ideas (political goals or theories), and gloss over them to reach agreement, then the executing coalition will become enmeshed in conflict about interpretation, notoriously common in the EU (Lindner and Rittberger, 2003: 450-451). Thus, as Alexander (2001) argues, once established, institutions are contested and revised. This is true, he argues, even in institutional designs, such as proportional representation, that lower the risk of non-compliance by ensuring losers maintain a stake in the system. Lindner and Rittberger conclude that in polity based institutions there is a ‘constantly smoldering battle over rules and their interpretation’ (2003: 451).
A valuable insight in these approaches to change is that the potential for instability is embedded in the very rules and norms that enable institutions to function. Institutions bear the imprint of societal contradictions. Exogenous factors may explain some change, but endogenous tensions are often crucial to understanding why institutions, once enacted, appear dysfunctional or even self-destructing (Lindner and Rittberger, 2003: 468).

The following empirical analysis suggests that new institutionalism, thus understood, can be a helpful framework for understanding partnerships; but not in the manner anticipated by scholars who herald the rise of networking (Rhodes, 1997). Partnerships are constructed more on hierarchical relations than on strong-weak ties between actors. Where weak ties exist, they do not provide effective bridges. At the same time, partnerships have not become institutionalized, locking in path dependent action. On the contrary, they are an arena in which values and governing styles compete. While there are exceptions, the concepts of path shaping and institutional disjuncture best characterize the partnership environment at present. Four questions follow from the framework developed above and they drive the empirical analysis:

- What does the concept of punctuated evolution contribute to explaining the development of regeneration partnerships?
- To what extent are partnerships following a path dependent course and with what impact on action?
- What is the nature of constraint in partnerships?
- What does an institutionalist reading suggest about the likely development of partnerships?
Methodology

The main part of the research reported here draws on four case studies - Barnsley, Rotherham, Hull and North East Lincolnshire (Grimsby) - undertaken over eighteen months in 1998 and 1999 (Davies, 2001). All four areas suffered severe economic decline and social deprivation, particularly during the 1980s. All had been Labour Party strongholds for many years. Each had built regeneration partnerships in response to these conditions. Stoker (1998) identifies three types of partnership, distinguishing between principal-agent relations (contracts), inter-organizational negotiation (formal partnerships) and systemic co-ordination (networks). This article explores the second and third types in the arena of urban regeneration, focusing on the local authority and local business relationship.

The original reason for this bilateral focus was to mount a critique of urban regime theory as it has been applied in the UK (Stone, 1989, 2004; Davies, 2001, 2002, 2003, 2004). The research nevertheless reveals much about the dynamics of partnership development, studied through an institutionalist lens. However, to provide a counter-balance and bring the findings up to date, contemporaneous research on New Deal for Communities (NDC) is briefly discussed. This research addresses the relationship between regeneration professionals and local residents, offering a different perspective to the business-local authority relationship.

The main case studies comprised ninety semi-structured interviews with elite actors. The majority of the interviewees were local authority councillors and officers. Thirty interviewees were local business leaders from chambers of commerce, Training and Enterprise Councils (TECs), and individual companies. Two government ministers and
civil servants at the national and regional levels were interviewed. Sources to triangulate the interviews included Council and business reports, newspaper reports, reference library and archive sources and web material. The NDC material is drawn from my contribution to the UK government sponsored national evaluation and other sources in the public domain (see CRESR, 2003). Some 20 Wolverhampton NDC activists have been interviewed each autumn since 2001. The evaluation continues.

**Structuring Regeneration Partnerships: Exogenous Processes**

The following paragraphs examine empirical material from the case studies, interpreted with the above institutionalist framework. The account highlights the convergence of three variables to create the environment in which partnerships developed: relative economic decline, changing ideologies within the Labour Party and developments in urban policy.

*Economic Decline*

Many UK cities have suffered severe economic decline during the past 30 years. Decline varied in severity in the four areas discussed here, but it was an important contextual factor in each. In Barnsley and Rotherham, the whole of the coal and most of the steel industry had disappeared by the late 1990s. In Grimsby and Hull, the fishing fleets were decimated. All the areas suffered very high unemployment and the prospects for Grimsby in particular were described by a senior Council officer as ‘chilling’.

Partnerships are sometimes conceived as following directly from economic decline. A popular thesis propagated by regulation theorists (Boyer, 1990), for example, is that market-led economic globalization has weakened national economic management. The state has responded by delegating economic powers upward to global and European
institutions on one hand and downward to the locality on the other (Harding, 1994). Privatization and fragmentation of local service provision have accompanied these tendencies, creating a new need for local strategic co-ordination. Partnerships are seen as one response to these trends.

Yet local variation in the development of partnerships shows that they are not a simple function of economic trends. In Barnsley and North East Lincolnshire, early attempts at drawing the business sector into regeneration began in the mid-1980s. In Rotherham, however, a long-serving senior officer pointed to productive relationships with the business sector as far back as the early 1970s. In Hull, in contrast, reluctance among local Labour leaders undermined the development of partnerships until the mid-1990s, despite economic conditions. Senior councillors in Hull remained sceptical about the regenerative capacities of either markets or partnerships.

While economic decline was an important driver for both central and local political elites, other factors must be deployed to explain how partnerships became a pervasive feature in the local political landscape. The evolution of political struggle and the entrenchment, or not, of political norms and values locally and nationally, in the state and business sectors, are crucial elements in explaining partnerships. In Hay’s terms, economic crisis has to be analyzed and interpreted by real actors at different geo-political scales and there are many possible political responses. Why, then, have partnerships become the dominant strategy in urban politics?

The ‘Logic’ of Market-Led Regeneration in Labour Politics

From the standpoint of New Labour, partnerships are a ‘search for efficiency within an organizationally fragmented and fiscally constrained government landscape’ and ‘for new
responses to the “wicked issues” facing government’ that cannot be tackled by one organization (Lowndes, 2001: 1962). Partnership is therefore integral to the ‘third way’ strategy for mobilizing civil society in pursuit of economic and social renewal (Davies, 2001: 217-218).

By what means and to what extent has this project become ingrained in local political life? A historical perspective is useful in answering this question. Although the trend can be exaggerated, from 1945 to the mid-1980s the Labour Party was committed to state led demand management, employment creation and redistribution. This relatively stable ideological pattern was challenged from the mid-1980s, with local politicians confronted by spiralling economic decline in working class areas, the defeat of union and municipal struggles and a rampant neo-liberal right in the electoral arena.

Labour suffered two humiliating election defeats in 1983 and 1987, leading it to question traditional commitments to state ownership and redistribution. Under the leadership of Neil Kinnock, it began moving to the right, for example by confronting the Militant Tendency and initiating a wide-ranging policy review. Perhaps the most crucial single moment in the ideological transformation of Labour was Thatcher’s defeat of the 1984-5 coal strike. This event had a shocking and demoralizing effect across the left in British politics for many years, perhaps even today. In Barnsley and Rotherham, where the industry vanished in the years after the coal strike, Labour leaders described how for pragmatic reasons they began to pursue market-led regeneration.

A crucial related factor was the defeat of Municipal Socialism (Boddy and Fudge, 1984), a strategy which involved among other things refusal by councils to set a legal budget and resistance to rate-capping. It was prosecuted, notably, in Liverpool under the leadership
of Militant, Sheffield and the London Borough of Lambeth. By 1986, resistance to rate capping had folded and the Greater London Council, perceived by Thatcher as a bastion of socialist extremism, was on its way to abolition.

By 1990, therefore, defeats inflicted by the Thatcher governments on the industrial working class, municipal socialism and the Labour Party nationally had precipitated a sharp move to the right in the Labour leadership and demoralized the left in local government (Stoker, 1990: 167). At the same time, the disintegration of the Soviet bloc was interpreted by many on the left as destroying the possibility of an alternative to capitalism. Alan Milburn put this view bluntly in a recent speech (10.11.03): ‘The old Soviet empire has fallen. Capitalism has triumphed’.

The impact of these events and trends is vivid in the descriptions by longstanding councillors of how they began attempts to recruit business to the regeneration effort. Crucially, this growing perception that the business sector must play a leading role in economic regeneration produced a ‘logic of collaboration’ in the minds of local political leaders, making their choices without an alternative hegemonic project, or path shaping strategy in view. In 1985, in an important symbolic act, the leader of Barnsley Council invited the President of the local Chamber of Commerce to join a panel allocating grants to local industry. The process was uneven, however. Partnerships with business leaders were said to have existed in Rotherham from the early 1970s. In Hull, in 1999, some senior councillors still believed that the Council could regenerate the city itself with sufficient resources. The ideological changes in the Labour Party were important for these people in different ways. Militancy of the kind witnessed in Liverpool was exceptional. A preference for public-sector action did not preclude moderate Labour authorities, like Rotherham, from collaborating with business. Clearly, Labour has made
accommodations with business throughout its history (Coates, 2001). Nevertheless, the way New Labour embraces the market marks a paradigm shift reflected to a greater or lesser extent in the attitudes of local Labour leaders. It is this new ideological conjuncture that makes partnership a core path shaping strategy for these authorities.

The attitudes of business leaders are equally important in explaining the evolution of partnerships. The Chief Executive of a Humberside chemicals company explained how his corporation became more favourable to partnerships after the mid 1980s. He saw this change as a response to a more friendly local authority and growing trust between the sectors. But this attitude was atypical. Overall, business engagement in partnerships was very limited. Business leaders tended to lack the inclination or the resources to become involved in activities which did not directly increase profitability. Although most business respondents saw partnership as a good principle, they expressed hostility toward existing partnerships. A senior corporate executive described Rotherham’s main regeneration partnership as a ‘fashionable gesture’ to funding agencies, ‘servicing a dogma’. Thus, it appeared that partnerships had practical support from a handful of activists whose firms depended on local labour, materials and markets, or who felt a sense of duty or cultural attachment to the locality. The consequence of this situation, recognized by all respondents, was that the local authority lead and in some cases dominated partnerships, even where other publicly funded agencies like Training and Enterprise Councils were involved.

Hay (1999: 327) argues that a decisive change in political trajectory is not necessarily followed by acceleration in the pace of change. The development of a political ideology favouring market-led regeneration is a good example. Electoral, industrial and political defeats for the left were dislocating, leading local authorities to favour market-led
regeneration, some sooner, others later. Nonetheless, the trajectory of local Labour Party politics altered, moving away from state-led regeneration. This ideological trend gradually became established within local authorities during the 1980s and 1990s and is thus path shaping with respect to partnerships. It opened the path to collaboration, while closing the path to public sector led growth. The notion of punctuated evolution is useful here in depicting changes in the beliefs of local Labour leaders. A build up of contradictions and pressures created a breach with traditional values, normalizing a commitment to market-led growth at first seen as a necessity, latterly as a virtue.

However, this evolving logic of collaboration among local political elites was weakly replicated in the business sector. This fact has made it difficult for local authorities to carry out their path shaping strategy and build strong-weak ties with business. This does not mean there are no weak ties between the sectors, but they tend to be weak-weak ties, or unproductive links.

Central Government and Urban Policy

Urban policy has also been instrumental in structuring local authority attitudes to partnership. Atkinson (1999: 67) argues that central government prescriptions have incorporated partnership activists into the ‘linguistic market and products which dominate urban regeneration’. As urban policy evolved from a narrow concern with physical regeneration in the 1990s toward a more holistic view, so did local regeneration strategies. In 1993, the mission statement for the Rotherham Economic Partnership was to work for the economic well-being of the town. By 1997, it had adopted a more wide-ranging strategy, seeking to make Rotherham ‘a place where people feel proud to live and work’.
Changing urban policy has also played a central role in determining the organization and direction of partnerships. To tackle growing urban unrest after Thatcher’s election in 1979, the Urban Development Grant was introduced in 1982, to stimulate private sector investment in inner cities (Boyle, 1985). The Government enabled business interests to dominate Urban Development Corporations, the ‘flagship’ regeneration partnerships during the 1980s. Local authorities were progressively marginalized from regeneration politics in this period (Burton and O’Toole, 1994: 162).

At the beginning of the 1990s, the Major Government introduced challenge funding to the UK, giving local authorities a new role and encouraging them to collaborate with business leaders and other agencies to bid for regeneration grants. Such partnerships were seen as a new tool in the Government's hegemonic project for the control of local politics (Stoker, 1990: 167). City Challenge was introduced in 1991. It was replaced in 1994 by the Single Regeneration Budget (SRB) the Government’s flagship regeneration programme for the remainder of the decade (Stewart, 1994). The SRB was phased out in 2001, superseded by neighbourhood initiatives like NDC and city-wide coalitions, Local Strategic Partnerships (LSPs).

The impact of challenge funding was complex. Many interviewees viewed the SRB as the major influence on partnership organization, strategy and project output. It was perceived as an important stimulus for local partnership activities and as the ‘glue’ to collaboration. However, it was universally criticized, particularly by the business sector, for being prescriptive and bureaucratic. SRB rules constrained project choice and overwhelmed partners with committee-style meetings, paper work and a box-ticking, top-down project evaluation culture. Some respondents felt that it generated more costs than benefits, preventing local actors from exercising autonomy or innovating. A council
officer in Barnsley described the main SRB partnership as a ‘rubber stamp’ for
government policies. A Rotherham business leader complained that he spent too much
time jumping through government hoops and playing a language game in pursuit of
grants that made little difference to his business. Two respondents in different local
authorities described this process as ‘local administration, not local governance’.

The influence of central government was therefore double-edged. Grant schemes
provided an incentive for partnership activity. They pushed local authorities into building
formal partnerships with complex organizational structures. The money also offered an
indirect incentive to business to collaborate. But at the same time, it sapped energies,
leaving little scope for local autonomy and the development of shared values. The
organizational form taken by these partnerships was not, therefore, path dependent but
bound by rules set exogenously. Although the value of partnership working was widely
agreed, the catch-all concept obscured different ideas about what it meant in practice,
creating the conditions for institutional instability.

**Structuring Regeneration Partnerships: Endogenous Processes**

The research also revealed three endogenous processes that may affect the future
development of partnerships: the habit of partnership, collaborative advantage and
negative synergy. The case studies suggested that a habit of partnership working has itself
generated ideological commitment to collaboration, resulting in more partnership
activity. The habit of partnership appears to have resulted in the diffusion and
penetration of partnership ideologies within the consciousness of local authority actors.
The practice of partnership working is becoming culturally ingrained among local
political and officer elites and a few business leaders. This habit is reinforced by and in
turn reinforces the ideological predisposition toward market-led regeneration.
The evidence for this claim lies in the development of small-scale partnerships through local initiative independently of national urban policy. Examples included partnerships between port companies and the local authorities in Hull and Grimsby to promote port business. One executive explained that such partnerships had been made possible by the growing climate of trust between local government and business leaders around economic development objectives. Thus, the habit of partnership can point actors toward initiatives whose implementation requires further collaboration. It is an example of positive policy feedback. In this instance, policy feedback is potentially constructive of path dependent action, an example of what Pierson (2000a: 252) describes as increasing returns through learning, which support deeper ideological commitments to institutional practices. Thus, collaboration can itself animate new policy initiatives. This case suggests that strong-weak ties can develop as a spin-off from weak-weak ties. Recognizing the potential value of partnership, even in situations where it does not work, actors draw lessons about how to collaborate in more fruitful arenas.

The second variable is the collaborative advantage generated by partnerships. Cropper (1996) suggests that to be sustained in the long term, collaboration must generate valued outcomes. The ability to win grants is one such outcome. More important for sustained networking (should grants be withdrawn) is the added value generated within the partnership itself; that is, the local resources mobilized and the outcomes achieved that could not happen otherwise. As a business leader in Grimsby commented, the answers to three questions show whether a partnership is working: ‘have you heard of it, do you know what it does and has it been useful’? Most partners felt that constraints on spending regeneration funds were so tight that they had little influence. On the other hand, there were a few examples of partnerships built around local objectives and pooled
resources. It was in those partnerships furthest from the influence of government funding that the potential for collaborative advantage was most visible.

The Hull CityImage partnership, the best example, was established to tackle negative images of Hull as a dilapidated fishing-town. The then Bishop of Hull, together with a local executive, developed a Bond scheme in which local businesses buy a stake in an image enhancement programme designed to market Hull as a ‘pioneering city’. Bondholders purchase access to local political leaders (within legal limits), for example information about proposed developments in the City. Business commitment in financing the Bond is vital to the success of the scheme. Collaboration between the public and private sectors in this project was perceived as central to the credibility of Hull’s attempts to reinvent itself – a condition of job creation for the Council and growth for bond-holding companies. This, then, is an example of how a commitment to collaboration can lead agents to pool resources, creating new governing capacity and the potential for a path dependent trajectory favouring further partnership based economic development schemes. Collaboration in CityImage is built on strong, or strengthening, weak ties between actors, an example of the potential for increasing returns, or positive policy feedback through partnerships.

Thirdly, and importantly, collaboration can produce negative synergy and undermine governing capacity. As the case of the SRB suggests, partnerships can be disabling and may not produce optimum outputs. In three of the four case studies, education and business partnerships broke down because of disagreements over who was responsible for what, because one or other of the partners was not committed and, simply, because the partnerships were not perceived to be delivering valued outcomes. In one case, a Business Education Partnership was established in 1993 to unite a range of education
and business link projects in a single umbrella organization. Its role was to give school children a taste of work and prepare them for the job market. The partnership was beset with difficulties from the outset. The main problem, according to former partnership staff, was a ‘turf war’ between the Council and the Training and Enterprise Council. As a consequence, the Council gave little commitment to the partnership, which generated few valued outcomes. On the contrary, it magnified tensions between the protagonists and blurred lines of accountability for the management of activities that had previously been clear. When the partnership folded in 1996, responsibility for partnership initiatives fell on the TEC, which felt that having one organization in charge enabled better coordination and removed a source of conflict.

Partnerships can therefore produce inertia and conflict, requiring many resources to sustain them (Huxham, 1996: 177). The local governance debate, while recognizing the potential for governance failure (Jessop, 2000), has underplayed the extent to which collaboration itself carries transaction costs that may outweigh perceived benefits. In this instance again, while supporting the idea of partnerships, the organizations involved held different values about their role in regeneration and the attempt to collaborate amplified the problem. Negative synergy is another example of policy feedback (Pierson, 1993, 2000a) only in this case it is potentially destructive of path dependent trajectories that favour partnership. It is suggestive of decreasing returns that could, depending on how they are interpreted, precipitate challenges to partnership ideologies. At the same time, it suggests that reducing the intensity of ties between groups with different polity ideas can make for better governing.

These internal processes highlight the importance of structuring and policy feedback in partnership development. Local partnerships have structuring capacities and partnership
working is clearly having an impact on local politics. In some arenas, it is reinforcing ideologies favouring partnership and creating collaborative dynamics based on strengthening weak ties. Such processes could lead to growing interdependence and more networking. If, for example, CityImage succeeds in generating competitive advantage, image enhancement could become a core governing activity, dependent on sustained networking between parties with a common interest in place marketing Hull. In this scenario, partnership structures the selection of future policy, favouring initiatives that require collaboration. Equally, however, negative synergy and an inability among actors to form norms of mutuality or share resources might generate heavy costs and decreasing returns. On this reading, partnerships could either become embedded around common objectives and strong-weak ties where they deliver valued outcomes or disintegrate where they do not, despite incentives from central government.

**Trends in Partnership Development**

The research discussed above concluded in 1999. However, current research on New Deal for Communities suggests that the conclusions are still relevant. As Lowndes (2002) recognizes, if anything, the bureaucracy and regulation of local governance has increased since New Labour took office. Stoker (2002: 424) notes that local governance is besieged with a ‘byzantine structure’ of prescribed plans and strategies, statutory partnerships, zones and initiatives. Arguably, the local policy space is colonized by central government and the scope for autonomous political action may be further squeezed as a result.

NDC, a ten-year area based regeneration programme established in 1999, is a case in point. Established in 39 neighbourhoods, each getting some £50 million over a 10-year period, the Government intended NDC to be community led (DETR, 1999). While residents are far more engaged with NDC than previous regeneration programmes, often
forming a majority on partnership boards, the rules for financial management and project appraisal have necessitated the development of complex and sometimes alienating partnership structures. The evidence suggests that partnerships are characterized in many cases not by productive networks built on strong-weak ties, but by conflict, bureaucracy, inertia and hierarchy. In the case of Wolverhampton and several other NDCs, including Shoreditch in London (Perrons and Skyer, 2003), Newcastle (Dargan, 2002), Leicester, Nottingham and Birmingham, there have been widely publicized tensions and divisions between residents and regeneration professionals caused by divergent understandings about the purpose of the programme and the role of each party in it. Resident activists frequently perceive that statutory agencies are hijacking the programme, while regeneration professionals feel that residents find strategic thinking difficult. Disagreements of this kind have prevented many partnerships from functioning effectively, thus far. Such difficulties have also triggered interventions and warnings from Ministers in particular cases that without progress, funding may be withdrawn. The regeneration press also carries frequent stories about difficulties in NDC Partnerships. New Start (Palmer, 2.11.2002) reports that Ministers feel threatened by the community forces they have unleashed through NDC, noting instances of politicians trying to impose solutions on partnerships.

NDC is not alone among partnership initiatives in facing these problems. A report by the Quest Trust (2003) on community and voluntary sector engagement in Local Strategic Partnerships reveals that residents feel squeezed out due to ‘dictation and dominance’ by government officials. The report depicts residents complaining of a confusing number of initiatives and a ‘phenomenal’ amount of paper work and jargon. Johnson and Osborne support this analysis, arguing that the LSP agenda is effectively set by central government, undermining variety and local dynamism (2003: 150).
Yet, this pattern of conflict and control is not universal. Bradford Trident NDC, for example, is considered by the national evaluation team to be ‘an extremely effective community led partnership’ (CRESR, 2003: 22). Nevertheless, many NDC partnerships constitute games about rules in an environment characterized by hierarchical prescriptions for regeneration. Whether this pattern is set will only become evident as the programme evolves toward its conclusion in 2010/11.

Explaining the trajectory of regeneration partnerships

This account casts light on three important issues. Firstly, it explains how partnerships emerged in the local political landscape. Secondly, however, it demonstrates that partnerships have not institutionalized in the ways, or to the extent suggested by scholars like Rhodes (1997), who herald an era of new governance characterized by networks. Thirdly, it demonstrates tendencies toward and against the institutionalization of such partnerships. Both endogenous and exogenous explanations are required to interpret these conclusions.

The development of a political ideology favouring partnership among local authorities can be depicted as a dialectical process of punctuated evolution. Protracted economic problems afflicting Britain generated sharp political conflicts, exemplified by the 1984-5 coal strike. Economic decline is evidence of failure, not crisis (Hay, 1999). However, it led local actors to question state-centred renewal strategies. The combination of defeats for the Labour Party, the Soviet bloc, the trade-unions and the urban left in the 1980s (Seyd, 1990; Lawless, 1994; Di Gaetano, 1997) provided fertile ground for an ideology of market-led growth to become dominant in the Labour Party over time. These events provided the conditions in which partnership strategies emerged as the ‘logic’ of a
predisposition toward market-led growth. Urban policy, important as it has been in structuring partnerships, depends on local implementation. The importance of this ideological predisposition should not, therefore, be underestimated in explaining the development of partnerships. From the early 1990s, most Labour local authorities were receptive to policies promoting partnerships, not only because of the money (Malpass, 1994), but because they thought it the right way forward.

It is argued, therefore, that ideological dislocation and reformulation in response to social and economic crisis and urban policy developments created an environment in which local authorities favoured partnership as a path shaping strategy. Yet path shaping strategies have not resulted in a path dependent course. Firstly, pressures on local government to build partnerships are not matched by the same pressures on other sectors. The obvious factors undermining the potential for business involvement in partnerships are the lack of an interdependent relationship with the local authority based, for example, on a local tax regime and the weak culture of civic engagement in corporate Britain (Offe, 1985). Where communities participate in partnerships through initiatives like NDC, rules are contested and institutional instability often occurs. Competing values within partnerships not only undermine the potential for path dependent action, they can generate heavy transaction costs rendering collaboration unsustainable in some cases.

Secondly, the role of central government is contradictory. The bureaucracy generated by urban policy inhibits the development of partnerships based on strong-weak ties between actors. At the same time grants provide the incentives necessary for businesses and residents, among others, to get involved. As City Challenge and the SRB evolved and were replaced, so partnerships evolved too. The unifying feature underpinning these trends has been the level of control exercised by successive governments. If the
industrial and political defeats of the left locked Labour authorities into a partnership strategy, the dominant partnership structures and regeneration goals are legacies of urban policy. To this extent, partnerships are not path dependent. Furthermore, changing emphases in urban policy over the past decade and the continuing intensity of interventions in local politics by central government suggest that the space for shared values to evolve and bed down is limited, beyond the value attached to the highly ambiguous idea of partnership itself. Competing polity ideas among local authorities, resident groupings and business leaders jostle within the broadly agreeable concept of ‘partnership’, preventing the normalization of a path dependent trajectory constructed on strong-weak ties.

Granovetter (1973: 1364) notes that weak ties do not automatically provide bridges. Stone’s (2004: 3) insight that ‘political differences enlarge as one moves from general proposition to the handling of a concrete course of action’ also seems pertinent. Partnerships forged around vague goals, like making Rotherham ‘a place where people feel proud to live and work’, may founder on the fact that this will almost certainly mean different things to different people. Thus, if partnerships encourage weak ties, the evidence suggests that these ties do not provide effective bridges to collaboration around common goals. In this sense, they are weak-weak ties.

Arguably, then, partnerships represent an unstable fusion of old and new governing mechanisms. Where the sincere desire to build partnerships might lead local authorities to look horizontally for new governing capacity based on collaboration with other actors, local authority dominance and central government demands have led to the development of public sector style organizations structured hierarchically.
The evidence suggests that partnerships are not developing in a strategically selective context that favours networking (Lowndes, 2001: 1962). The partnership context is institutional dislocation from the ‘statist’ model of local politics and a path shaping environment in which values and governing styles compete. The dominant patterns in partnership relations are agonistic, not coordinating, hierarchical, not path dependent and weak-weak, not strong-weak ties. It may be better in this context to characterize partnerships as an arena where path shaping strategies compete rather than one in which institutional norms and practices are entrenched.

However, there are caveats to this prognosis. Where government influence is weaker, the potential for collaborative synergy may be greater. Relatively small-scale locally resourced partnerships like CityImage could become embedded, selecting policy options that depend on partnership for implementation and these might become rooted in strengthening weak ties. However, this seems more likely to occur in partnerships between local authorities and business leaders who share the logic of market led growth than in institutions incorporating a wider, sometimes contrary, range of beliefs and interests. Thus rooted, a path dependent trajectory favouring collaboration could emerge, but it is hard to see this happening in partnerships, like LSPs, that attempt to mobilise a wide spectrum of local interests around a common political strategy.

**Conclusion**

This study suggests that partnerships do not represent a path dependent settlement. Instead, they are path shaping arenas in which different values and governing mechanisms compete. In local government, there is a dominant set of values favouring partnership, shared by elements of local business and local communities. However, these values have not translated into rule-bound institutional practices generating the
increasing returns that stabilize and constrain a notional path of development. The concept of punctuated evolution casts light on how long-standing Labour traditions dislocated in favour of market centred policies, but this is still a period of institutional transition in which weak ties exist, but are often ineffective.

The question of whether partnerships will become path dependent institutions based on strong-weak ties remains open. The engagement of local residents in NDC partnerships often appears to intensify battles about rules, whereas economic development initiatives based on bilateral links between local authorities and local businesses could be fertile ground for the institutionalization of networks. To put it another way, the survivability of partnerships in a hypothetical context where they were not supported by central government is uncertain. Some would survive, many would not.

How generalizable are these conclusions? Skepticism about the institutionalization of new patterns of governance is shared widely. Mayer (1995), for example, discussing entrepreneurial governance, questions whether ‘social and political conflict will permit the actual establishment of these new institutional arrangements’ (cited in Valler and Betteley, 2001: 2398). Pierre and Stoker (2002: 44) note that UK governing institutions are in a state of flux, with several outcomes possible. Lowndes and Wilson (2003: 275) argue that the values informing the institutional redesign of local government have become less clear and more contested. These scholars’ views complement the analysis presented here. Local governance is in flux and an institutional settlement eludes path shapers.

What, finally, do these conclusions portend for institutionalist studies? Recent studies have recognized rule-contestation within path dependency, but have not fully explored
how institutions are created. If the main thesis here is correct, that partnerships represent a period of institutional disjunction, then now is an excellent opportunity to study path shaping in real time. By exploring the development of partnerships over the coming years, scholars may learn much about how path shaping strategies succeed, and fail, in securing path dependent action.

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