

A SENSE OF PLACE: THE GEOGRAPHY OF THE DIGITAL MANIFESTO

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Introduction

Geography will feature largely in the forthcoming election. The recent resounding defeat of the government's plans for limited regional government may have suppressed calls for political devolution for some time, but the issues behind it, particularly uneven economic development within the UK, are not going away.

The argument of this short paper is that we need to re-introduce a sense of geography into digital policymaking and the thinking about digital issues. In part this is to enable us to connect digital policies with real policies – with jobs and growth, community and economic development – and to remove the sense of 'placelessness' that often pervades this discussion.

But it is also because otherwise we will miss the opportunity to weave digital technologies into plans for more balanced regional development. Regional economic disparities are growing in the UK, and the rhetoric around 'new localism' rings hollow when it suggests that political power can be de-centralised while jobs and prosperity continue to flow to the South East.

It is here the tensions between the Government's social policies –with their emphasis on social cohesion and empowered citizenry - and its market-led economic policies are laid bare. In the case of digital policy - we have one set of policies for the 'market' and another for social and community development. These agendas have become uncoupled (or were never properly coupled) and are weakened as a result.

Yet most regional geographers suggest that – particularly in areas where the market is weak – for which read much of the UK, the role of public institutions and public policy is vital in successful economic development. We thus need to bring the issues of e-governance, both in the sense of a modernised public sector and a more active citizenry into economic thinking for the regions. The public sector as a trainer, employer and partner, has a vital role to play.

In addition, while there is renewed interest in the ability of digital technologies to support social capital – we must not allow this to become divorced from economic capital if we want to bring greater prosperity to some of our poorer communities. Simply increasing the connections between people in a poorer neighbourhood will not make those people any better off – unless those connections bring them closer to power, wealth or expertise.

We thus need policies that can harness the power of digital technologies to bridge the local and the global. There are no easy answers to the problem of regional disparities and technology alone can do little. We need a new approach that brings together skills, community development, a modernised and strengthened public sector and new opportunities for work and prosperity. This paper is an attempt to begin to sketch such an approach.

The death and life of distance

The placelessness of much digital policy discussion is a hangover from the heady days of the 1990s, with its talk about the 'death of distance,' of 'weightlessness' and 'friction-free capitalism'. ICTs were seen, in part, to be responsible for the eradication of place-based competition in the economy. Gone were the days when countries and regions competed on locational advantages – access to coal, steel or major shipping routes. In their place, new growth theory argued that human capital – people and their skills and knowledge – was the major competitive advantage. Given the right equipment, these highly skilled 'symbolic analysts' could work from anywhere, telecommuting would enable migration and our towns and cities would soon be deserted as knowledge-workers rushed to the Highlands of Scotland or rural Wales.

This sort of talk was only ever fashionable in certain quarters and my characterisation of it may be a little extreme; but despite the growth of ICTs and their absorption into our everyday lives, the importance of geography in our economy has shown to be remarkably resistant. Even in a knowledge-based economy, historic advantage and historic patterns of employment remain. Indeed it appears to be that *especially* in a talent based-economy, "spatially sticky tacit knowledge", (Wolfe and Gertler, 2004), the kind of knowledge that is informal, *ad hoc* or experiential, and best exchanged face to face, becomes crucial for competitive advantage.

What Saskia Sassen (2001) has called, the 'new geography of centrality,' has concentrated both access to the networks themselves and the economic activities which require the networks. As she points out, there are no fully 'digitalised industries,' and even the most advanced industrial users of ICTs exist mostly in real space. And that space is increasingly urban:

"The growing digitalization of economic activities has not eliminated the need for major international business and financial centres and all the material resources they concentrate, from state of the arts telematics infrastructure to brain talent."

Even where the knowledge base that companies draw on is more formalised, as in the sciences and technology, proximity, for example to research centres or universities, appears to convey benefits.

Face to face exchange and access to research are therefore crucial, but the other ingredient is the sort of social relationships which can make this knowledge exchange effective. As Breschi and Malerba (2001) argue,

“A key feature of successful high technology clusters is related to the high level of embeddedness of local firms in a very thick network of knowledge-sharing, which is supported by close social interactions and by institutions building trust and encouraging informal relations among actors.”

In other words, the quality of human capital or the knowledge base in any particular instance, needs to be matched by the quality of social capital – the common norms, conventions, value and routines, that exist within a particular regional or local setting. Proximity alone is not enough – other institutions and intermediaries - particularly public institutions, need to be around to make the proximity ‘work.’

Uneven development and the knowledge economy

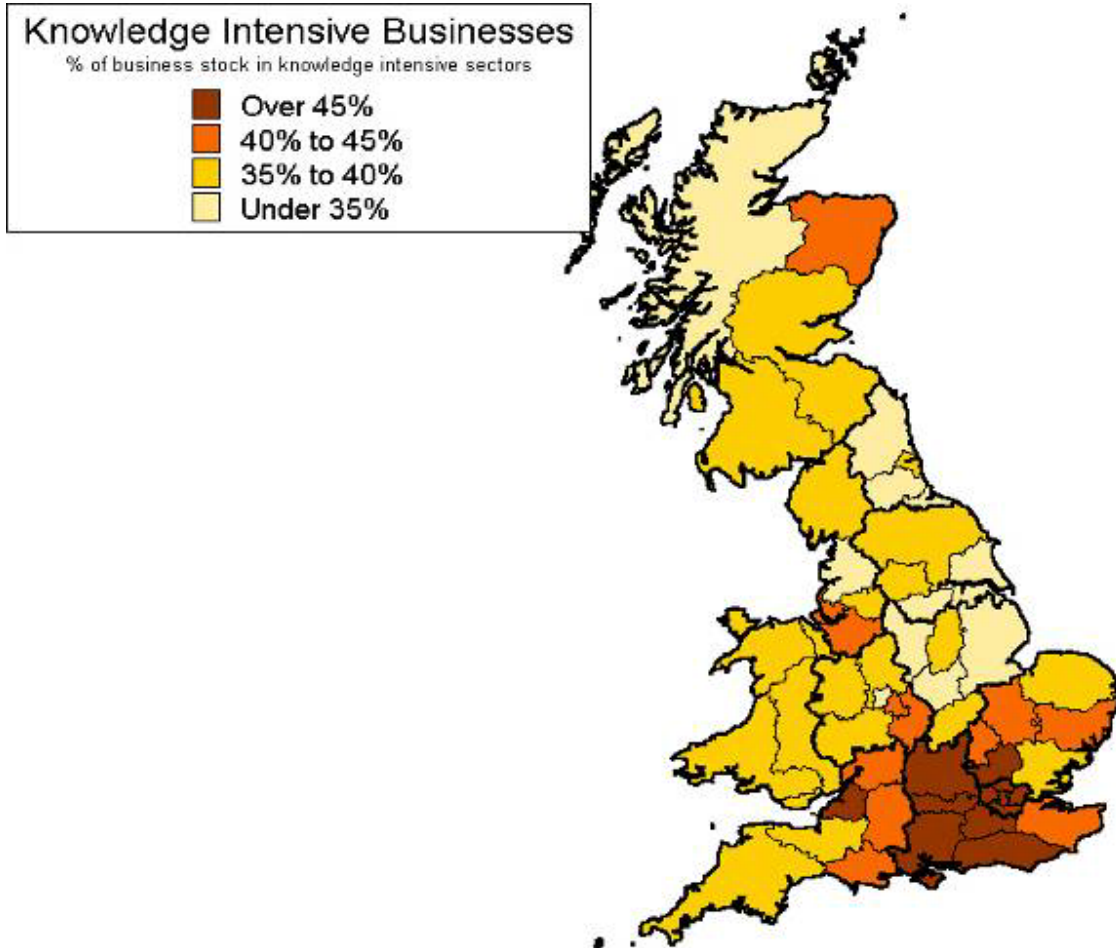
A new kind of competition, competition for people, has in part replaced the competition of locational advantage; but in this new competition, the old places still seem to be winning. In the UK, it is commonly referred to as the North-South divide – though in reality it is one between London and the South East of England on one hand and the rest of the UK on the other. While knowledge workers, thanks to the growth of ICTs, *could* be based anywhere; in fact around a third of knowledge-intensive employment in the private sector is in London, the majority of jobs in fields like the creative industries remain in the South East and the continuing brain drain of graduates from the regions shows little sign of being reversed (See Figure 1).¹

And this is much more than a narrow economic divide, or a plea for more Starbucks in northern industrial towns! Some of the starkest examples of inequality are exhibited spatially. Simply put, a man born in the South West of England can expect to live up to 10 years longer than a man born in Manchester.

Even though talk about the knowledge economy sometimes becomes over-heated and large parts of our economy are still in traditional industries, a knowledge-economy divide threatens to exacerbate inequality dramatically. If the fastest growing sectors are spatially concentrated then the gap between them and the rest of the country will grow even wider. And as with all discussions about inequality, the point needs to be made that it is not the absolute condition of the rest of the country’s economy – but the gulf between it and the wealthiest parts, that matters. Otherwise, we cease to inhabit the same reality and any notions of a democratic public realm are threatened.

¹ In this slide I have used the EC “Higher Education” definition of the knowledge base of economic activity to classify industrial sectors as being more or less knowledge-intensive. The benchmark proxy indicator for this is the proportion of graduates in the workforce. To be considered a knowledge-intensive sector, more than 25% of employees will have a degree or equivalent. The dark brown areas are where 45% or above of the business stock is in knowledge-intensive sectors. In orange areas its is between 40 and 45% per cent of and so on.

Figure 1. The geography of knowledge-intensive businesses in the UK



Rather than countering this, Government policy sometimes appears to support it, particularly when it comes to investment in research and development (R&D). On most measures, particularly in sciences and engineering, there is a strong centralisation of research in the UK and research-related activity (staff, funding, PhD awards, publications) is highly concentrated in the three regions of London and the South East. In science, London and the South East receive 49 per cent of direct Government funding and 47 per cent of money routed through universities; compared to equivalent figures of 3 per cent and 10 per cent in the North West. (SURF, 2003).

The uneven development of the UK's knowledge economy is reflected in the take-up of broadband. Figures from BT suggest that while London has around 30 per cent penetration of broadband in the business market; the figure in Northern Ireland is as low as five percent of businesses.² Even household penetration is higher in Northern Ireland, at seven per cent and indeed household figures show less variation across the country, suggesting that the type of business stock and the sectoral activities in a region help determine the willingness of businesses to invest in and use broadband. A recent article in the *New Statesman*, painted a similar picture in the North East, where despite broadband coverage of 96 per cent, take up is low, just over 10 per cent.³ Over-selling of ICTs during the dot com boom was in part blamed for this – but as one commentator pointed out, the quality and life cycle of businesses is the real issue. The more knowledge-based businesses there are in a region, the more likely they are to take up and use advanced digital technology.

The use of ICTs, particularly in the workplace, *follows* economic growth and development, it does not cause it. At best, ensuring that rural areas or inner cities, have access to the same kind of digital technology as more prosperous regions, may help ensure they are not handicapped further; on its own it is unlikely to see them catch up or 'leap frog' as some predicted.

In the face of disparities in development, simply pushing business take-up of broadband across the regions is unlikely to succeed in closing the gap in usage between regions – as the business driver alone is not strong enough. If we think there is a need for digital technology to be more widely used: so that citizens are not excluded from electronic services, or so that people develop skills that may help make them more employable; we will need other mechanisms – those from social and community development - to drive it.

The public realm – and missed opportunities

So far there have been two other primary mechanisms by which government policy has sought to encourage the spread of digital technologies. The first has been e-government, with its aim not only of changing the way public services are accessed by citizens, but also of changing the way they were created and delivered by government. This means that e-government has become part of the larger enterprise known as modernising public services and has, in that way, been separated from core economic agendas.

² Figures supplied to the author by BT

³ "One region, one vision," *New Statesman*, 1 January, 2005

Yet, as work by the Local Futures Group has argued, (Hepworth, 2004), in many regions of the UK, particularly those where the private sector knowledge economy is weak, the public sector is the main generator of knowledge-intensive and better paid jobs, especially those for graduates. This gives the public sector as an employer unusual leverage, as the paper argues,

“Successful modernisation in public services, the future of procurement and e-government and other major public sector reforms will have bigger economic implications in many areas of Britain than will the Government’s attempts to create a new entrepreneurial culture.”

The second mechanism which government has used resulted from concern about unequal access to ICTs. What might be called a ‘community agenda’ has been very much a part of digital policy since 1997, with much money and effort being spent in deprived neighbourhoods or on community-based projects, provide low cost or free Internet access, combined with training in how to use the technology. Despite much valuable work, however, these projects often remain marginal and attempts to link them into work-based training, placement opportunities or intermediate labour markets have been fragmentary at best (Loader and Keeble, 2004). Notably, the Government’s most significant statement on this topic to date, *Enabling a Digitally United Kingdom*, was released with the bare minimum of publicity last September.⁴ With the conversion of the e-Envoy’s Office to the e-Government Unit, there is no longer any area of government directly responsible for digital inclusion.

The social and political agendas both for regionalism and for supporting the uptake of digital, have become de-coupled from economic ones, in ways that can only weaken the whole enterprise. As much work on regional economic development points out (Wolfe and Gertler, 2004), there is growing recognition that successful cluster of firms are embedded in a broader institutional matrix – of universities and research institutes, cultural organisations and education – many of which are directly dependent on public support and funding. The decision therefore to support the building of the next generation synchrotron (particle accelerator) in Oxfordshire, rather than in its current home in the North West, effectively rewards a favoured region at the expense of a less favoured one and weakened the kind of institutional base that is needed for private sector growth.

Digital policies for regional development

If we are serious about regional economic development, what we need is a different model from the one we have been pursuing. Criticisms of current regional policy (Pilch, 2004) have tended to focus on its top-down nature, lack of co-ordination at the regional level and the unsuitability of departmentally-led national strategies for local economies. Many critics also point out that the Government has confused regional development policy (growth within regions) with regional policy (balance between regions) and that its current ‘equal treatment of unequals,’ is likely to led to growing disparity between the regions (Morgan, 2004).

⁴ Cabinet Office (2004), *Enabling a Digitally United Kingdom: A Framework for Action*.

My concern is that the nations and regions of the UK are following remarkably similar strategies for economic development, particularly with regard to clusters of companies. In regional development strategies, there is often a focus on bio-pharma, communications and IT, creative industries and tourism. These are common to many national strategies on competitiveness in other parts of the world and it is generally agreed that these are areas of great potential, but it seems unrealistic to suppose that each part of the UK could develop critical mass in all sectors, particularly given the patterns of public R&D discussed above.

Digital policy, in so far that it has had a regional element at all, has largely been about meeting the needs of this sort of knowledge-intensive economy – indeed it appears to have been the hope of Government that as biotech, ICT, creative businesses and so on grow in the regions, so would the take up of advanced digital technologies.

Given the unequal nature of the knowledge economy and the increasing danger of polarization *within regions*, this may not be enough. It is clear that business drivers alone will not succeed in promoting the uptake of newer technologies in a balanced way across the country. A package that *brings together* ‘modernisation’ of the public services, community development and skills policy is the only way to ensure that where business drivers are weak, as in many regional economies, other actors will be able to drive the adoption of new technologies and skill development.

In the following sections, we shall look at some examples of this type of initiative in the creative industries and see what this says about the role that ICTs could play in regional economic development.

A creativity strategy for the regions

The economic development plans of many regional development agencies will feature creative industries in some form or other and many of them stress the potential for digital media to ensure growth in areas such as videogames, film, and TV. While creative industries, are also heavily concentrated in London and the South East, it is true that some sectors which depend on technology – video games is a good example in the UK – are distributed across the country in a far less uniform pattern than others.

In the case of videogames, public policy has played a very small role in their development, though recent moves to extend R&D tax credits to a portion of their activities, has shown policymakers at least taking some note of new media. While the spatial distribution of video gaming in the UK is more a result of the companies’ being located where the founder/owner lives – the availability of fast broadband connections across the country undoubtedly contributes to making this pattern sustainable.

The issue is, how far can this notion be pushed? We know that videogames can work at the regional level, because the market for them is often Japan, Korea or the US and the route to those markets does not *have* to go via London. Similarly animation companies, such as Aardman in Bristol, deal directly with Hollywood, not via London. But is that also true of other sectors? Much depends on the role of major publishers and distributors - pop music has traditionally been stronger, if anything, outside the South East, but the commercial and to some degree, social infrastructure has lured economic activity (and musicians) south.

There is some sign that this could be challenged, if not reversed. The BBC's plans to move 1,800 jobs to Manchester, is one sign that where public policy does have leverage, it is now being used. Even more significant is the commitment by the BBC to invest in independent regional companies. To help this, NWDA have recently announced the first £1m of the Regional Investment and Attraction Fund - a multi layered funding package aimed at growing the independent sector to meet the demands of the new broadcasting environment.

In addition to the strictly economic case, however, there is also the argument for more localised and in some cases, more diverse output. The Digital Screen Network (DSN) is supported by the UK Film Council's as a way of bypassing the multiplex and broadening the range of films available to audiences throughout the UK. The extension of community radio licences, (Community Radio Order, 2004) as the 'third tier of radio,' also boosts regional activity and in this case has strong links to community development. Many of the community organisations that have hitherto developed community radio have a strong commitment to providing training and education opportunities, linked to employment in the sector, at a local level.

What a creativity strategy needs to do however, is find some way of marrying up what geographer Michael Storper (2003) calls, 'local buzz, with the 'global pipelines' that ICTs can facilitate. Local buzz strategies are concerned with increasing the density of relationships between firms *within* a geographic area and providing specialised support and services, ranging from business support to consumption activities, for them *in situ*. There is little doubt that within an urban context this development of 'milieu' is important, as Bathelt et al (2002) put it,

"The buzz consists of specific information and continuous updates of this information, intended and unanticipated learning processes in organised and accidental meetings."

That this buzz is created in both the online and offline world is clear and it is also clear that the links between them are dense.

But what such strategies often miss is the need for 'global pipelines' as well. In other words, very few clusters can be completely self-sufficient in terms of their knowledge base - they need to draw on both local and global knowledge and ICTs have a vital role in helping them to do the latter. In creative sectors, situating the local in the global is often the key to success. In other words, an animation 'cluster' around Aardman is viable in Bristol because it draws on the very British humour and world view of Nick Park and links it to Hollywood. The idiosyncrasy and diversity of British videogames first made them stand out against US sports titles and Japanese martial arts games, but the games entrepreneurs themselves, learned a lot about technology and business practices from Japan and the USA.

What studies there have been of learning processes for firms across significant distance, suggest that trust functions differently at distance – and often has to be built up slowly through a series of interactions (online and offline), rather than 'assumed' as in more local interactions, where reputational effects and shared norms may have a stronger effect.

This opens up another arena in which Will Davies' comments (2004) about the role of public policy in developing online trust, becomes important. The tension that Castells captures so well between defending localism and distinctiveness on one hand and embracing global markets on the other, is at the heart of this local/global learning process. One would have to be an insane boosterist to suggest that localism is currently winning (a handful of firms control much of the global media), but it may be that the Bathelt *et al* argument that local buzz and global knowledge are mutually re-enforcing, and that the most dynamic firms are the ones that find away to combine these factors, suggests a way in which this tension might at least be addressed.

In other words, localism on its own is unsustainable and culturally is likely to become a parochial dead end or worse. But in the case of an unbalanced economy like the UK's, the global pipelines need to not just flow from the regions through London to the world, but from Manchester to Memphis or Hartlepool to Bangalore. For this to work in the online world, parallel offline structures – trade missions, exchange of students and scholars, conferences etc – also need to be supported and here we return to the role of the public realm.

E-democracy and the regions

The comprehensive defeat of the Government's plans for an elected Regional Assembly in the North East would seem to have scuppered the debate about regional government in England for some time to come. But the debates about democracy and regional governance are not going away – not least because as Peter Hall and others have pointed out (2004), huge swathes of decision-making about our economic and social life, are otherwise effectively without any kind of democratic legitimacy.

I do not wish to make a naïve connection between institutions of governance and those of economic development. As the Centre for Sustainable Urban and Regional Futures (SURF, 2003) has pointed out, the presence of stronger regional government in most European states has not *necessarily* had the effect of reducing regional differentials. In Italy – regional government seems to work better in stronger regional economies, (a link which Putnam points out runs via social capital), while in Spain, a more gradual and staggered role out of regional government, has not seen a narrowing of differentials. France, as so often, proves the counter-example, with regional capital cities seeing strong growth. The point about this, however, is the length of time it has taken – France has been boosting its regional capitals since the 1960s and the sustained investment in public services, particularly public transport, over a long period, is in sharp contrast to the UK.

Moreover, it might be that the failure of elected regional assemblies in England, is a failure of the process of what Stephen Coleman (2004) calls,

“telling disengaged citizens that they really ought to get involved in the alien structures, procedures and languages of political authority,”

rather than a failure of local democracy itself. In which case it may be no bad thing. A new kind of 'knowledge society' might be growing up in the shared civic knowledge, being in part created via online peer to peer communities. The exclusionary nature of the Internet (in terms of access, skills and physical ability) means that it is no substitute for a

real public realm, however, and I would argue that traditional public structures have a role in turning this diffuse social capital into what Robert Sampson calls 'collective efficacy.'

This is particularly true in the economic realm, where density of association, community advocacy and even improved access to skills and learning – does not always turn into economic betterment. The problem for policymakers, particularly in more deprived areas of the country, is that while research seems to suggest that high social capital and shared values are to be found in economically successful regions, there is less that tells them *how to translate these goods into economic success*. The answer clearly lies somewhere in our global/local discussion – bonding social capital provides 'local buzz,' but only linking social capital can turn that into 'global pipelines'.

It is important, as Coleman argues that Government and the traditional public institutions that it supports adapts itself to the new formations of both citizenship and social association that are growing up online. But it is in making those links between the online and offline world, between skills training at UK Online centres and sources of employment and between local sources of R&D and global centres of expertise – that a role remains for traditional public institutions– whether universities, colleges, cultural institutions, or employment agencies. While global knowledge flows are vital to the competitive success of local firms, it is often the local that generates the new, unique knowledge assets – realizing those assets requires institutions with a longer reach.

As the Chairman of ONE North East commented to the ODPM Select Committee on Reducing Regional Disparities, Government social and economic policies are, "often conceived in isolation and delivered in isolation," from one another: they need to be brought together, if we are to have any chance of reducing the serious disparities in wealth and opportunity, even in the length of life itself, between one part of the UK and another.

Conclusions

Digital technologies have helped alter our sense of space and as Castells (2001) suggested, helped create a 'new geography of networks,' that overlays the old geography. But the potential of this is undermined by the importance, particularly in the industries of the future – of face to face communications and close collaboration. Both trends have re-enforced each other, as he suggests, "the higher the value of people and places, the more they are connected into interactive networks."

In the early stage of digital policymaking – the heady days of the 'information super-highway,' it was assumed that digital connection itself was the thing – those that had been 'bypassed' by wealth or education could be given a second chance to re-connect to the mainstream. But it remains the social connections, the connection to wealth or assets, to power and to education that determine people's life chances – if they have these they can make use of digital interactions to further benefit themselves; without them all the bandwidth in the world makes no difference.

So it is with places, and the new 'network geography' of Britain looks remarkably like the old one - compare the bandwidth availability, density and usage in the City of London, to that of its neighbouring, poorer boroughs.

We know that digital technology on its own can do little to reduce regional disparities – but that does not mean that it has no role in a wider set of economic and social development policies. The ‘network state’ may see new forms of governance arising, at different spatial levels – their value for the people they represent lies in the connections that they make.

What digital technologies allow us to do - considerably more effectively than we could do before – its tap into sources of global knowledge, sources of association, ideas and learning. We need a responsive state and responsive public institutions that understand how to do this and how to harness these benefits for local advantage.

Doing this means bringing together the social policies that support a growing ‘knowledge-based society,’ with the economic policies designed to support knowledge-based industries. It means linking the agenda of ‘renewal’ at the neighbourhood level, with regeneration at the regional level and recognising the trade offs that must be made in each case. And it means using the public sector and public service modernisation as an agent of economic, as well as social change.

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