



Spatial Economics Research Centre

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Would Elected Mayors Help Drive Growth?

Centre for Cities and the Institute for Government launch a report today [calling for more powers to be devolved to elected mayors](#) to overcome some of the barriers to growth that cities face. They are also suggesting that cities should be allowed to bid for metro mayors with additional powers.

Decentralising fiscal and political powers from central to local government is a key element of the 'localism' agenda and I think these proposals for mayors make sense within that context. That said, I am much less confident than these two organisations that this will actually make much difference in terms of economic growth.

Why? Because there is *no* clear evidence of a direct link between decentralisation to local government and improved economic outcomes, nor between decentralisation and rebalancing in the sense of a narrowing of spatial disparities ([SERC policy paper 5](#)) Theoretically, decentralisation may benefit local wellbeing or economic growth – for example, by encouraging policy innovation, economies of scope or the tailoring of policy to needs. But more evidence is needed on which, if any, of these channels will have an impact on growth. So my support for greater powers for mayors is essentially philosophical – the absence of strong evidence either way, why not try more devolved powers?

In contrast, there is a broad consensus on the second proposition in the report – [if economic policy is devolved this should be to functional economic areas](#), that is to metro-mayors.

Two final notes of caution. First, I think the link from devolved powers to economic performance, if there is such a link, is likely to be weaker for cities that are already poorly performing (something which is true for a number of cities applying for powers). Many declining US cities (Detroit, New Orleans) have strong city mayors who have proved incapable of reversing the declines suffered by their cities.

Second, passing powers to city leaders limits central government's ability to affect urban economic performance. The coalition's approach to this is to combine decentralisation with incentives for growth. Fundamentally, if we want successful cities to grow the balance between decentralisation and pro-growth incentives has to be right. This raises crucial questions for central government about the overall institutional framework within which powers are devolved. Planning, Housing, Local Government Finance, Education, Innovation Policy and Transport are at least six areas where I am not sure that policy yet has the right balance. You can read why that may be the case in the latest [SERC policy note](#).

Posted by [Prof Henry G. Overman](#) on [Tuesday, June 14, 2011](#)

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