



Local Economic Growth: Recession, Recovery and Resilience
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**Agency, Choice and Agenda:
Developing Perspectives on Economic
Resilience**

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Introduction

Research based upon ESPON study of regional economic resilience

Aim - To identify the territorial impact of the last economic crisis, to explore why some regions are more resilient to crisis than others and to identify appropriate territorial policy responses to promote economic resilience

Approach:

- Quantitative data analysis across 'ESPON space'
- Qualitative analysis of 8 regional case studies



Focus of paper

- Open up the ‘black box’ that surrounds key social processes, choices and decision-making in regional economic resilience (Hill et al, 2011; p. 61)
- An **agency** perspective on resilience
- Focus upon:
 - The qualitative differences in responses to this crisis
 - Understanding the key parameters shaping choices of agents



The concept of resilience

- Resilience understood from a complex adaptive systems perspective
 - Modular, agent-based systems where agents continually adapt their behaviour
- No return to ‘normal’
- An ability to adapt and transform

Beinhocker (2007; p. 6)
“the economy is a marvel of complexity” where
“trillions of intricately co-ordinated decisions [are] made every minute of every day”



Resilience and human agency

- Strong emphasis to date on systems and structures
 - Cycles of renewal, system memory
- The challenge of ‘agency’ in human systems
- Critical questions:
 - Preparation before crises?
 - Learning from previous crises?
 - Purposive restructuring or re-orientation?
 - Factors shaping these capacities and actions?

Swanstrom et al (2008; p. 16) in human systems
“resilience is shaped by laws, policies and very human institutions”



Preliminary findings

- Enhancing developing evidence of distinctiveness of this recession
 - Notably in UK
 - Disjuncture between GVA and employment performances
- Structural change?
- Or product of choices, decisions made?

Current recession peak to trough in UK:

*Output has fallen (5.6%)
twice as fast as
employment (2.2%)*



Wales: Labour market adaptation

- Significant change in labour market participation
 - “any job is better than no job”
- **Households** accepting lower wages
 - annual pay down 8.1% since 2007
- Labour hoarding in small **firms** & public sector
- **Policy** support e.g ProAct
- Adaptive labour market, but is it transformative?



Underemployment in Wales has increased by nearly 50% since the recession began (and now stands at 10% of the workforce - 134,000)



Key agents and their choices

- Highlights importance of understanding complex social relations in places
 - Collective behaviour or herding?
- Choices often constrained in particular contexts
- Importance of social learning
 - Shaped by pre-crisis experience
 - Informs 'world' views

Kay (2010; p. 139) *“our decisions depend on the response of others and on what we anticipate these responses will be”*



Key agents and their choices

- Importance of institutional / policy role emerging in many cases
- Developing evidence on value of certain key actions / functions:
 - Clear agenda
 - Collaboration
 - Acceptance of changed realities
 - Balance of inertia & innovation
 - Long-termism

Martin & Sunley (2010):
Institutional rules store and communicate information and embody socially shared beliefs and understandings.



Concluding thoughts

- Preliminary findings
 - Key challenge of relating how responses relate to and shape resilience outcomes
- Two key themes emerging:
 - Importance of understanding how key agents in regions learn from past and each other
 - Importance of collective narratives around crisis and responses

Friedman (1962; p.2)
“only a crisis – actual or perceived – produces real change. When that crisis occurs, the actions that are taken depend upon the ideas that are lying around.”

