

Co-Operative Manchester-Complex London: Implications for the cities' economies

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Overview

Overview

- Recession
 - London > Manchester > NW?
 - Little role for LAs
- Long term
 - Evidence on governance and growth
 - Does relative disadvantage increase the importance of cooperation?
 - Outcomes versus process

Impact of the recession

CREDIT CRUNCH WILL SQUEEZE LONDON

The dark underbelly of London's boom

'Tough year' for London tourism

This time round we are all in it together

It's grim down south

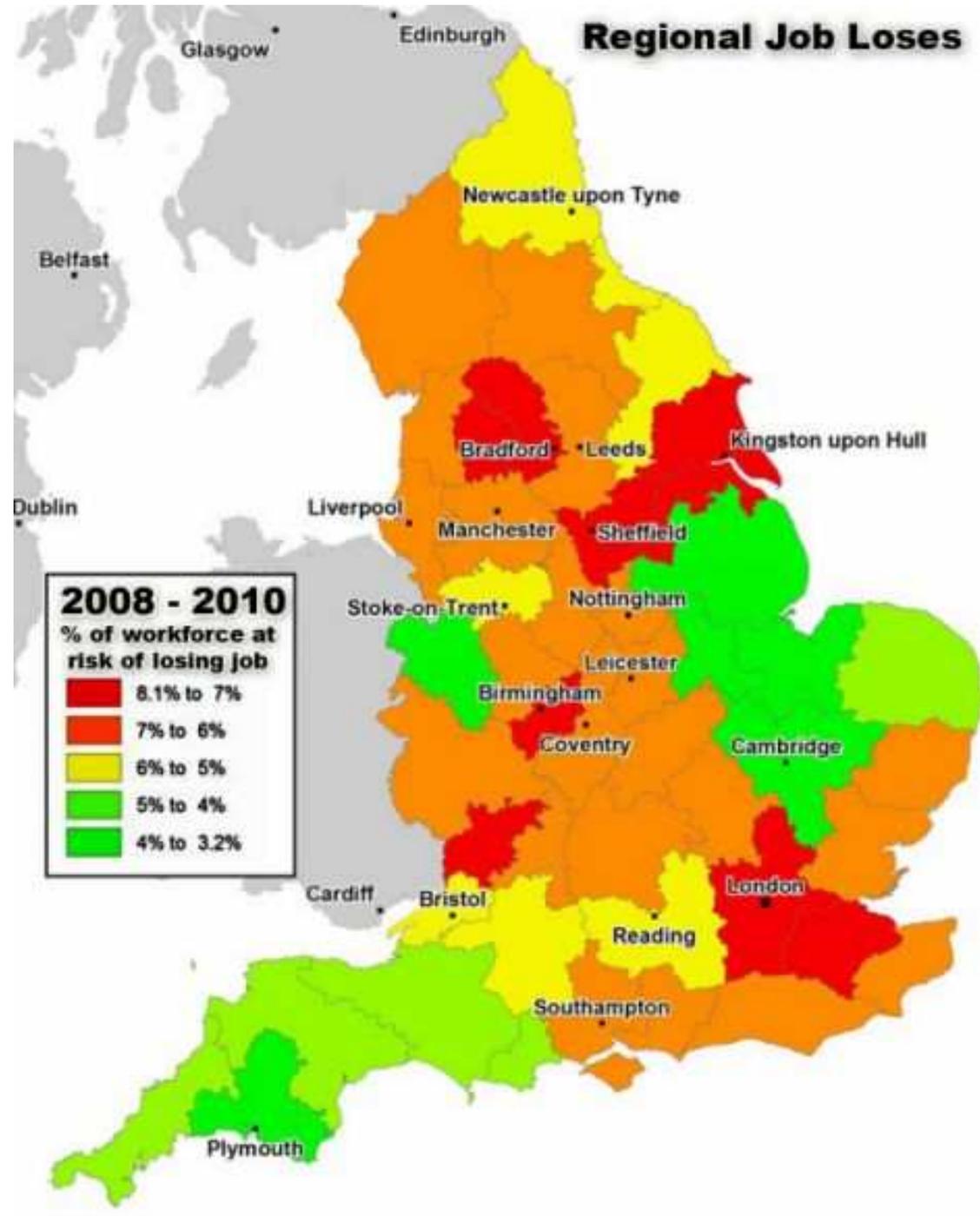
Recession Britain: Grim down south

London 'worst hit in a recession'

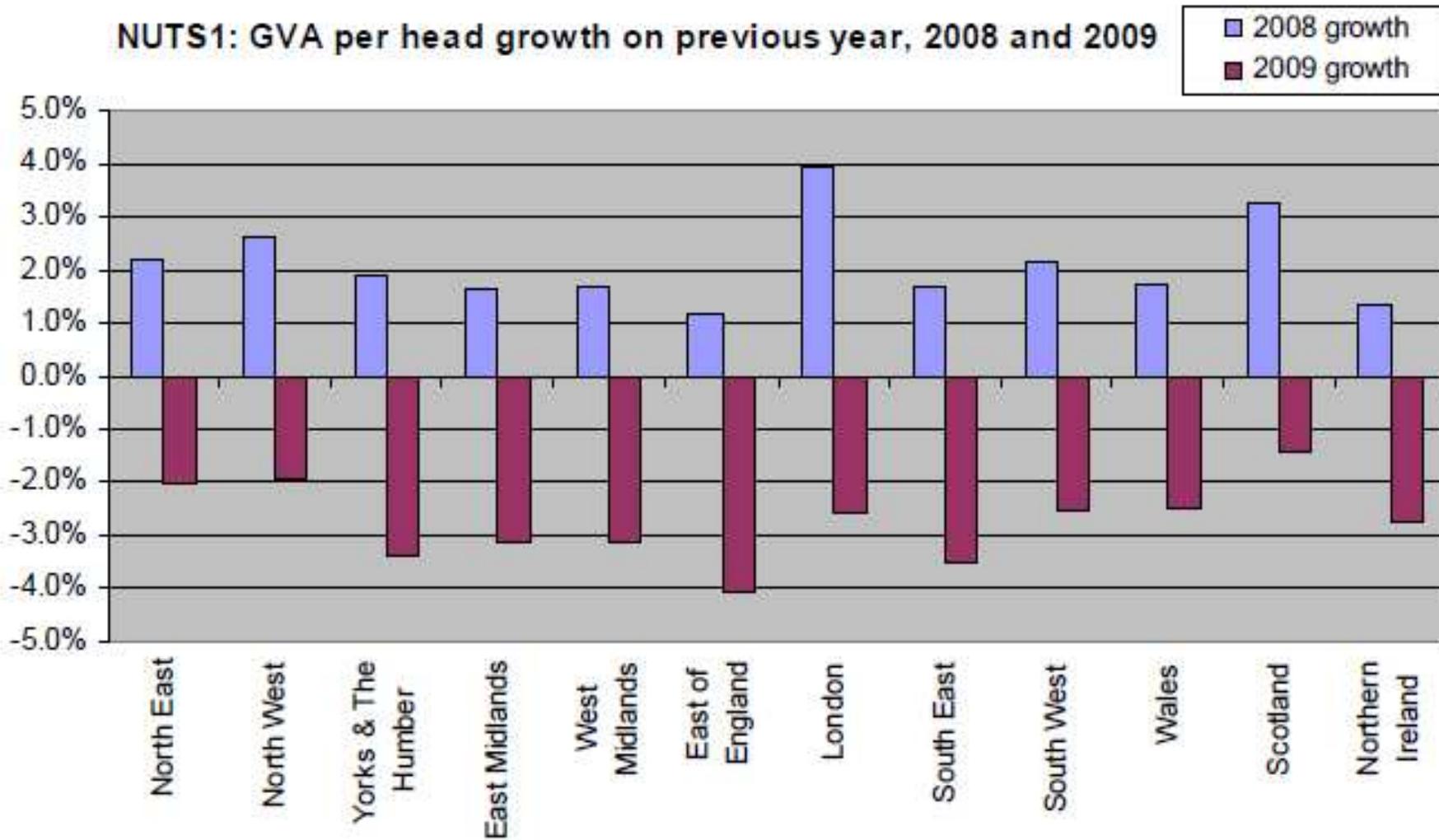
Corby best placed to ride out recession

City groups set to advise Darling

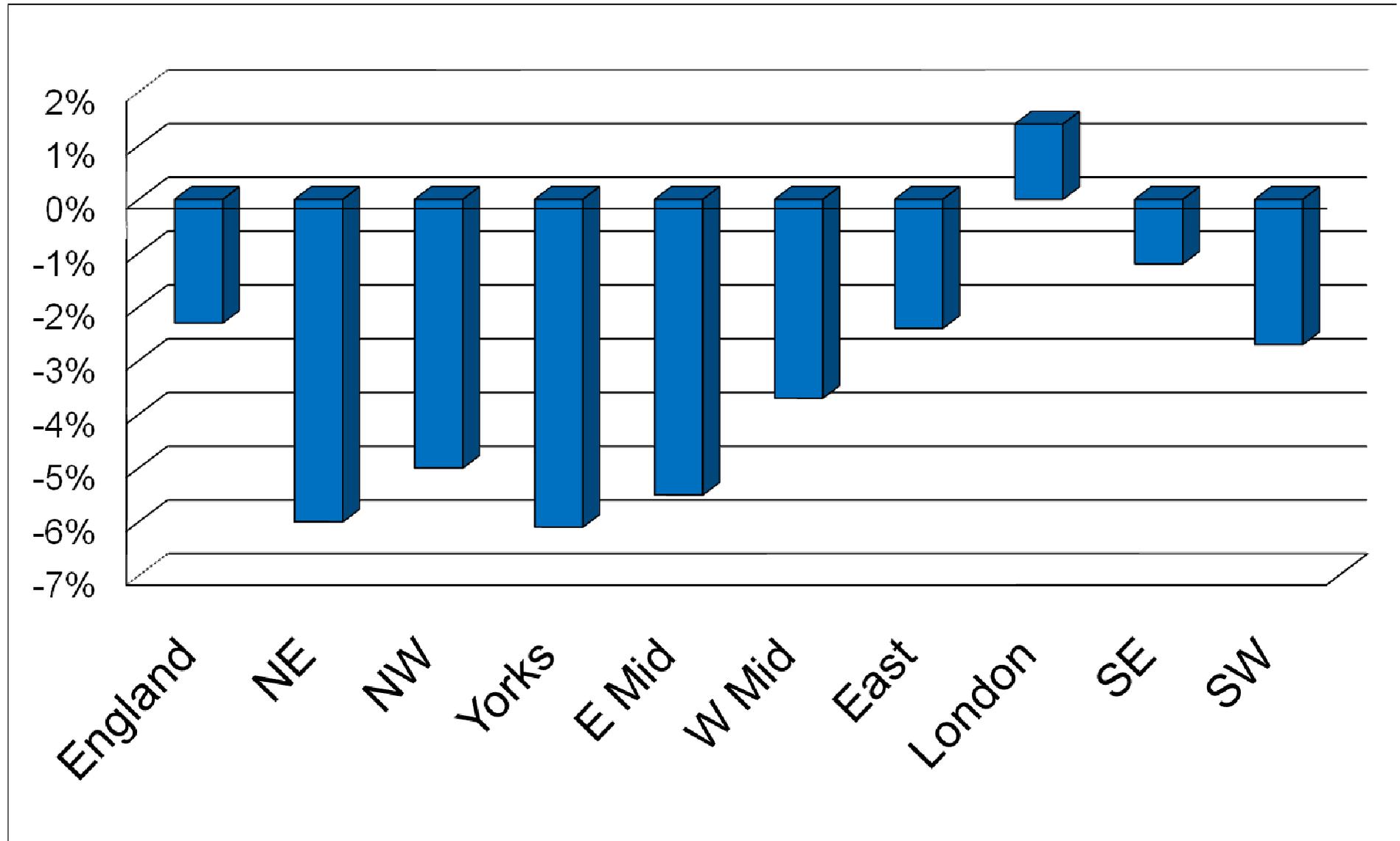
**Daily Mail:
The recession
map of England:
London and
South-East to
lose one in 12
jobs over next 18
months**



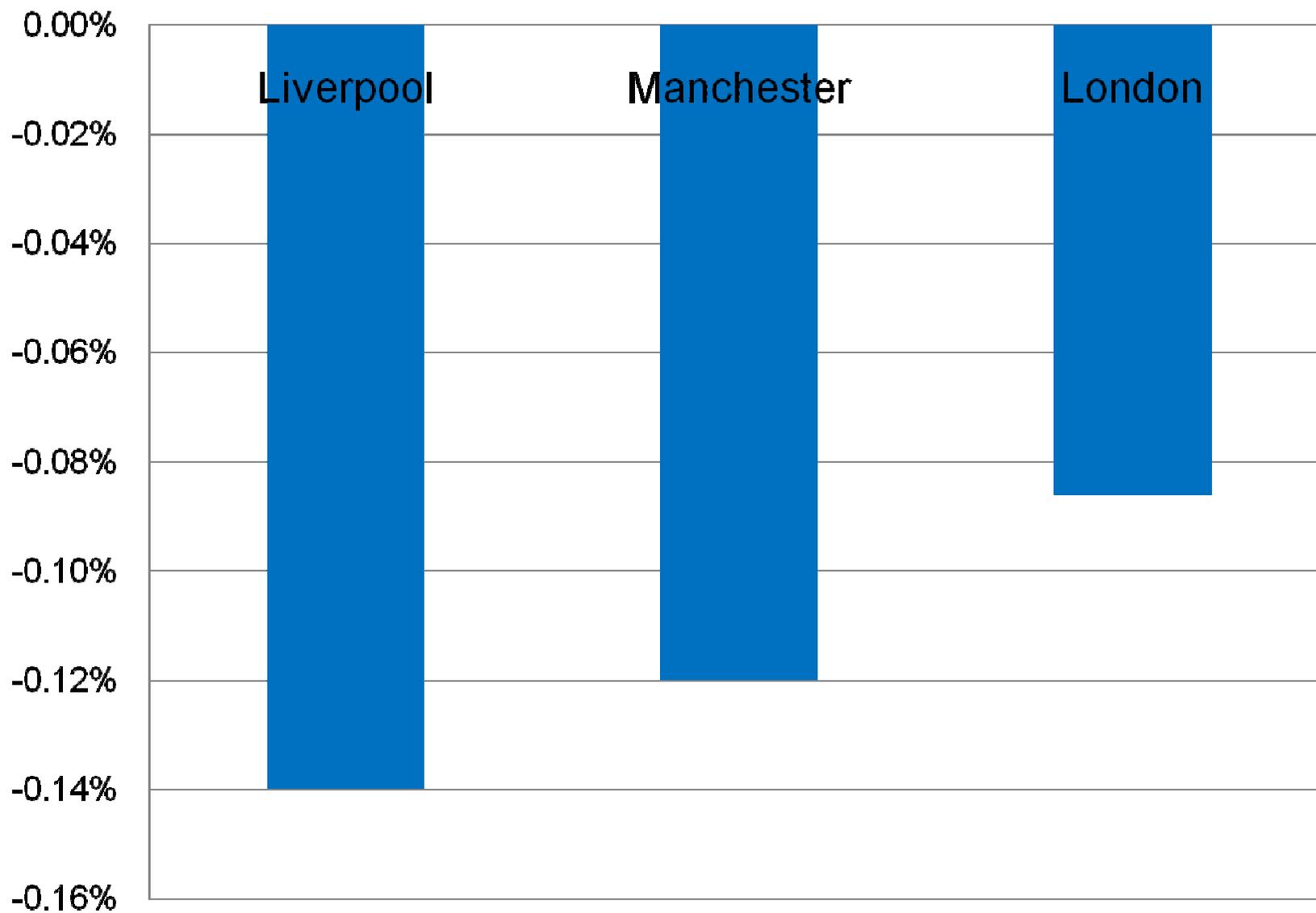
NUTS1: GVA per head growth on previous year, 2008 and 2009



% Change House Prices Q1 08 to Q3 10

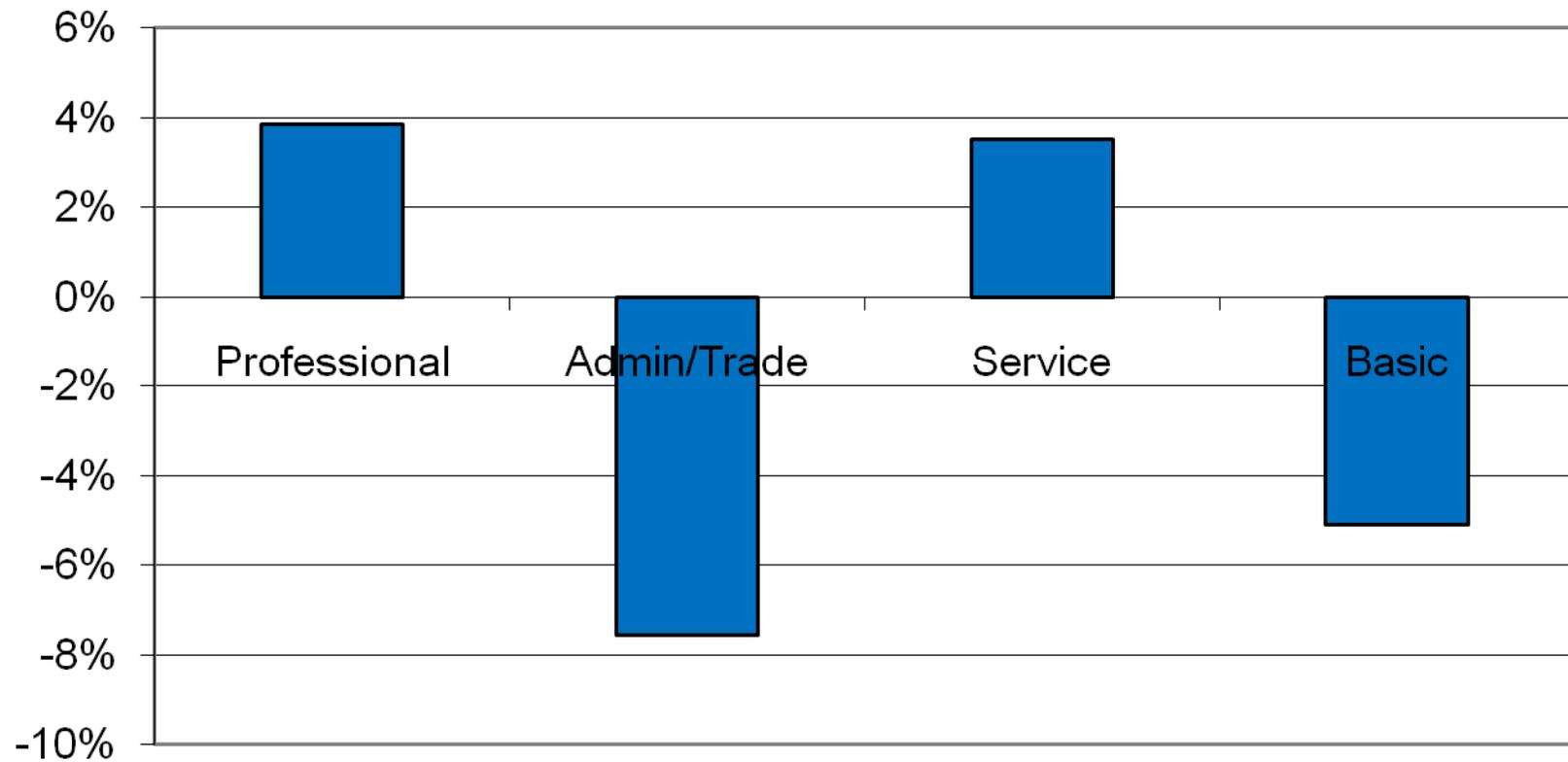


Average Quarterly GDP growth (08/10)

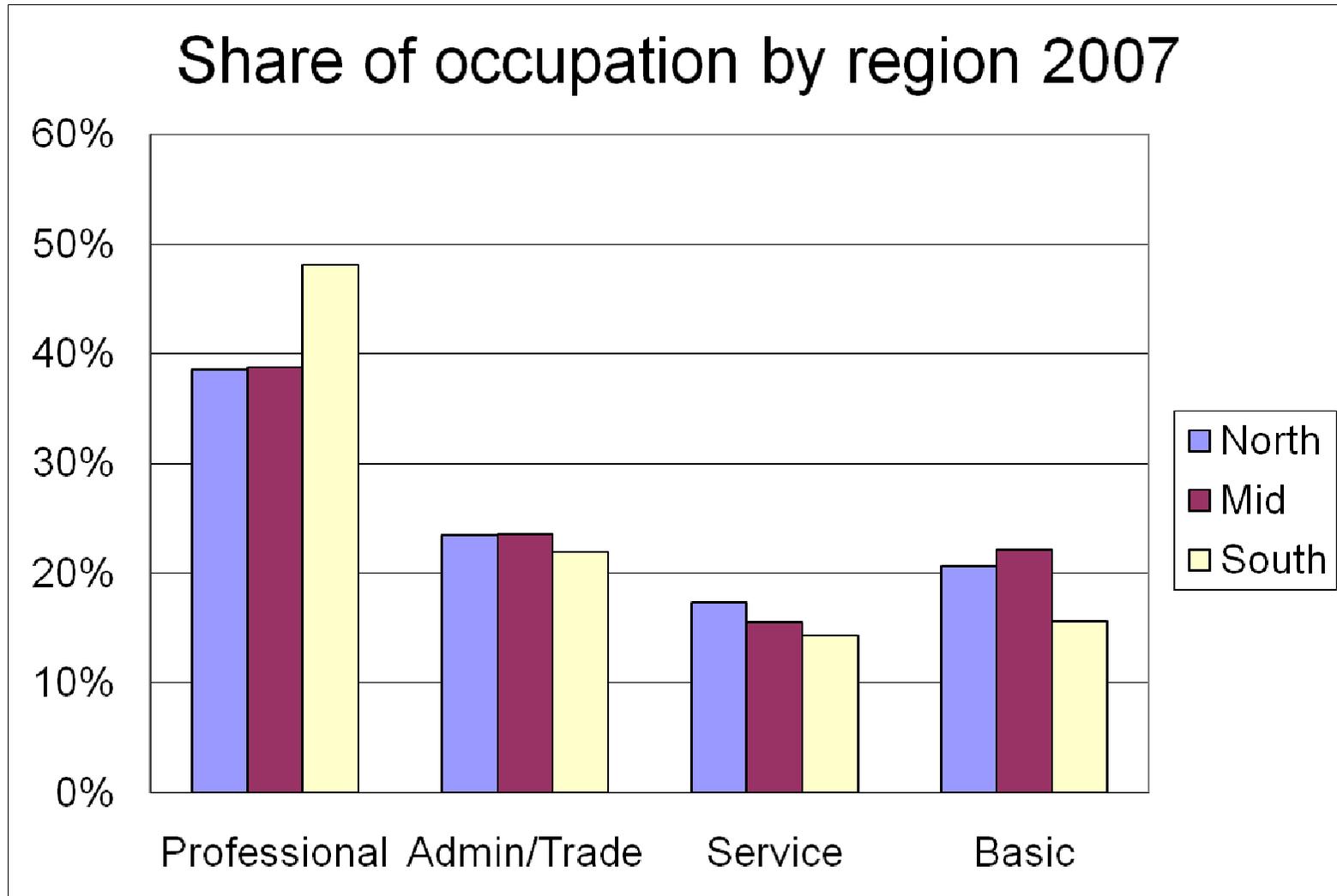


Occupational differences

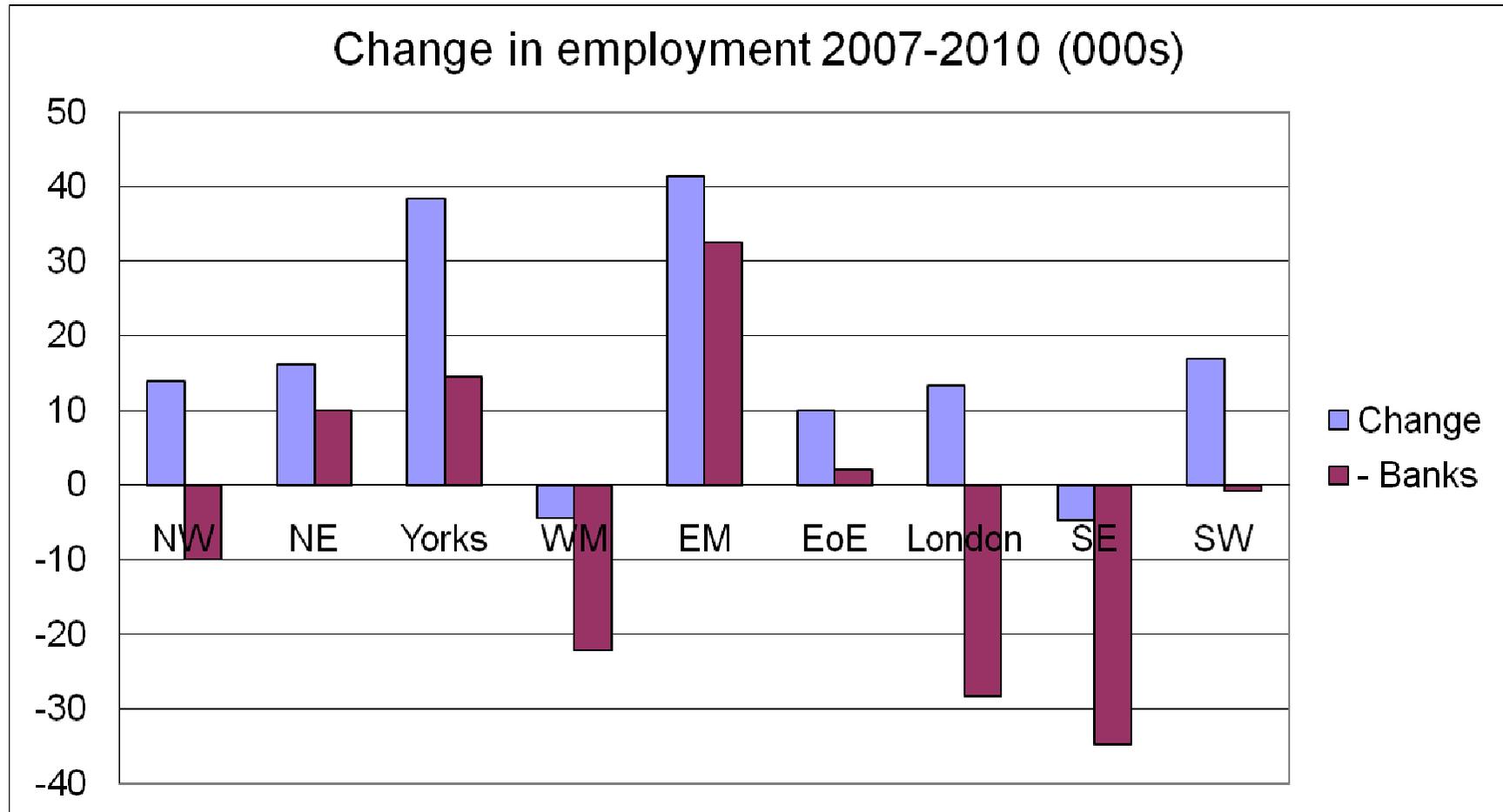
UK (% change employment 2007-2010)



Occupational shares



Change in public sector employment



Recession Britain

- Relative performance
 - Structural composition of workforce
 - Indirect (rather than direct) effects of bailout
 - Construction?
- LA governance
 - Very little role for LAs
 - Fiscal stance (regeneration) but who underwrites debt?
 - Other areas (e.g. HB) likely to raise tensions

Governance and growth

The theoretical argument

- i) Cities key to economic performance
- ii) Governance arrangements (found elsewhere?) make cities perform better
- iii) Cooperation / alternative governance arrangements will improve performance

Caution – assumptions at work

Despite the assumption that things work better on the continent [...] few urban areas have devised [...] arrangements that capture the wider economic territory

Parkinson (2004)

The (lack of) evidence

- No evidence of clear link between powers and resources and performance
- *Quality* of leadership may matter (holding governance structures constant)
- *Spatial fit* influences performance (but no evidence on extent/nature powers)

(Not) the answer

*In a metropolitan situation... 'governance'
is not so much the answer as the question*

Gordon (2006)

Does cooperation “work”
in Manchester?

Relative performance

- GSE large productivity advantage → *If* policy wants to achieve more “balanced” spatial structure working against strong market forces.
- Manchester’s productivity disadvantage
 - Less than for some other northern city-regions
 - Less than wider region
 - Less work to counter market forces

Cooperative Manchester

- Planning process (transport, housing, economic - MIER)
- Public sector job reallocation
- Early years skills and worklessness
- Science and innovation policy (Daresbury)

Cooperating, but?

- Public good provision?
- Land use planning (commercial)
- Land use planning → living costs
 - Dwelling types & locations respond to demand
 - National planning (mixed comms; brownfield)
- Transport
 - Responsive & based on reasonable projections
 - Congestion charging
 - Transport objectives *first* (social deprivation?)

Who has the worst plan?

- Could argue that London plan has many of the same problems, but city already has a large economic advantage.
- MCR needs to be attractive location
 - Plans do not deliver housing people want in places they want to live and fail to allow for the journeys they want to make.

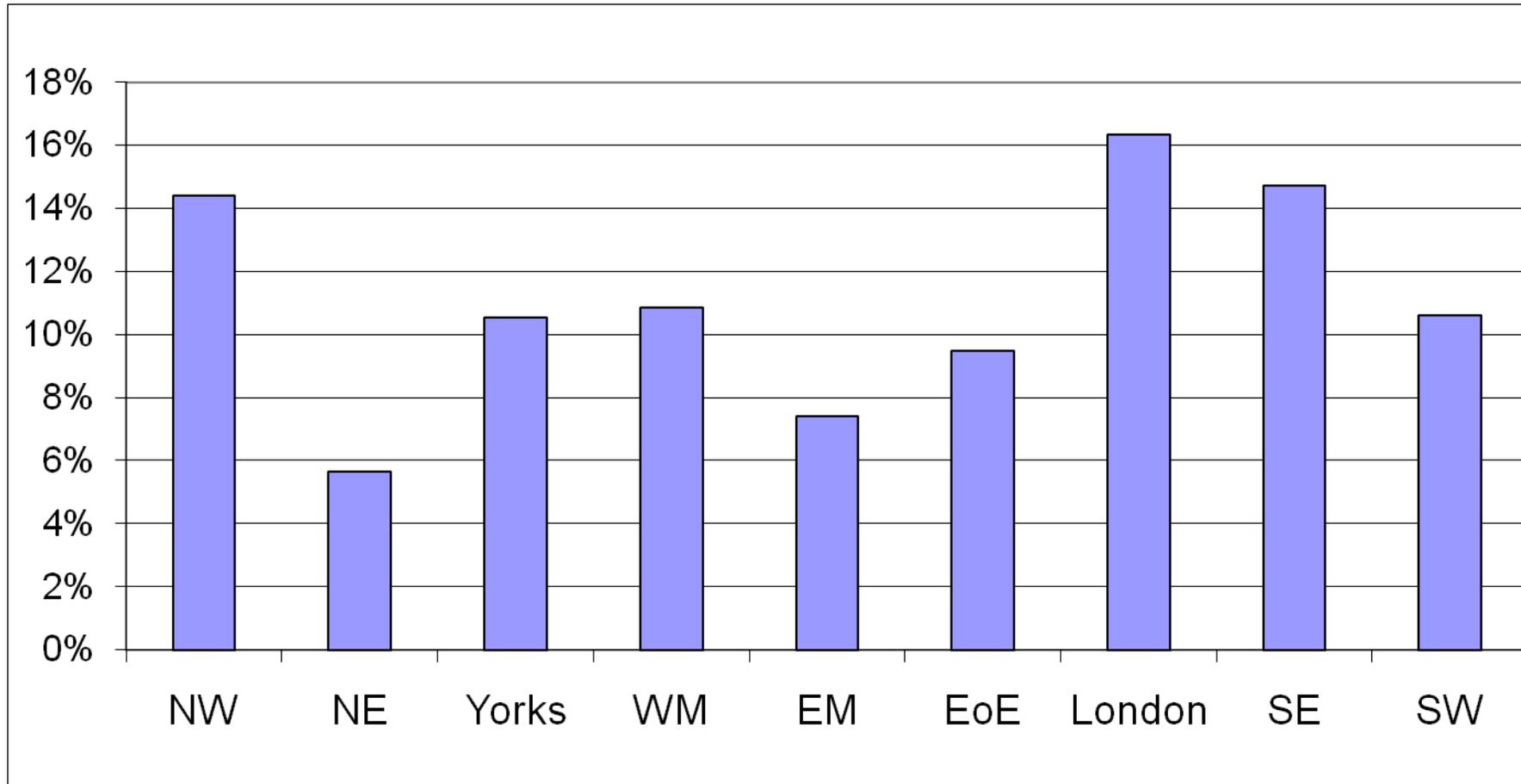
Conclusions

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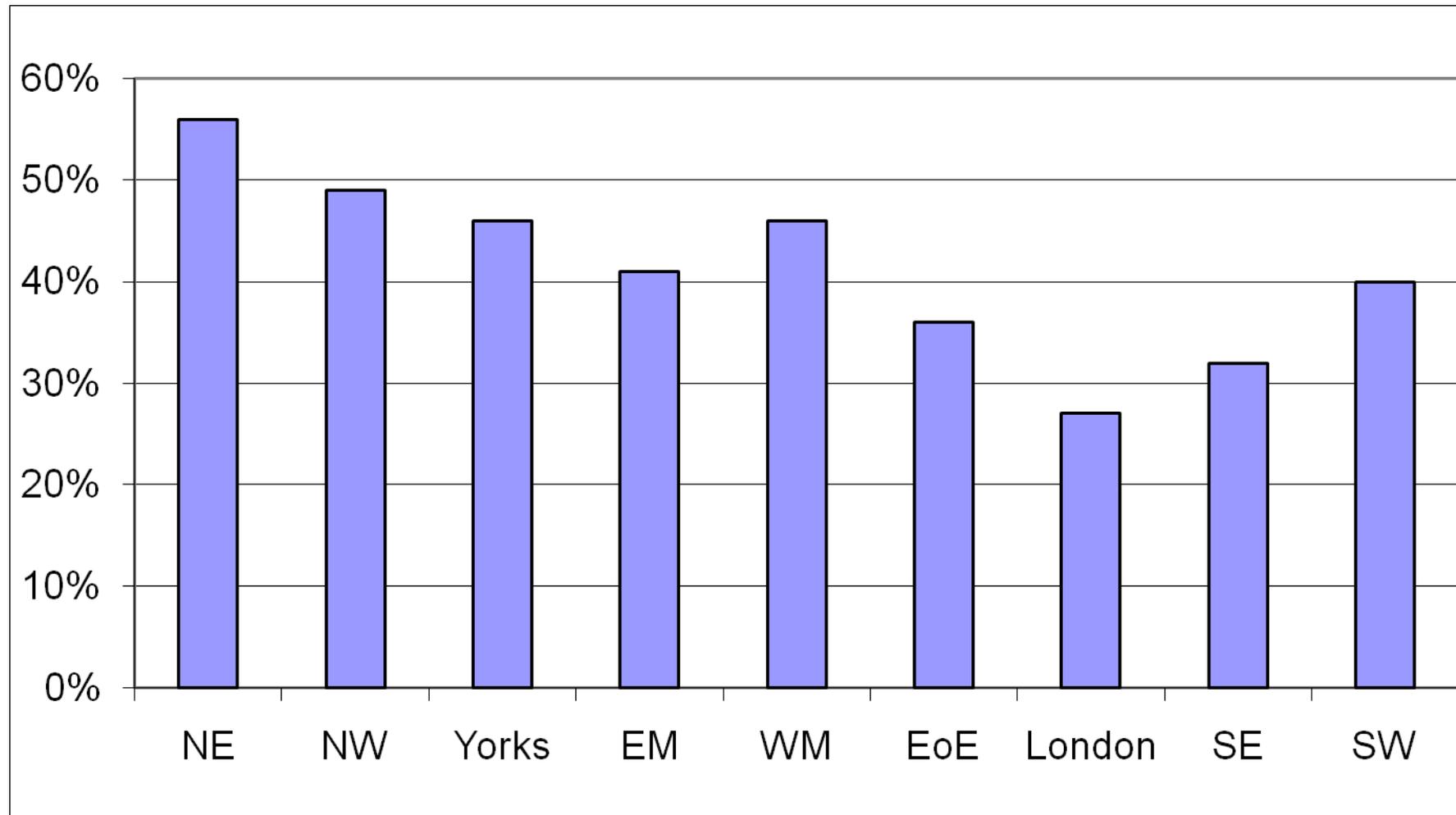
- LA actions matter little in recession
- No strong evidence that governance has strong impact on performance
- Does cooperation in Manchester achieve the right policy outcomes?
- London's complexity not a sufficient break on growth to allow Manchester's cooperation to have much effect on relative performance

Annex

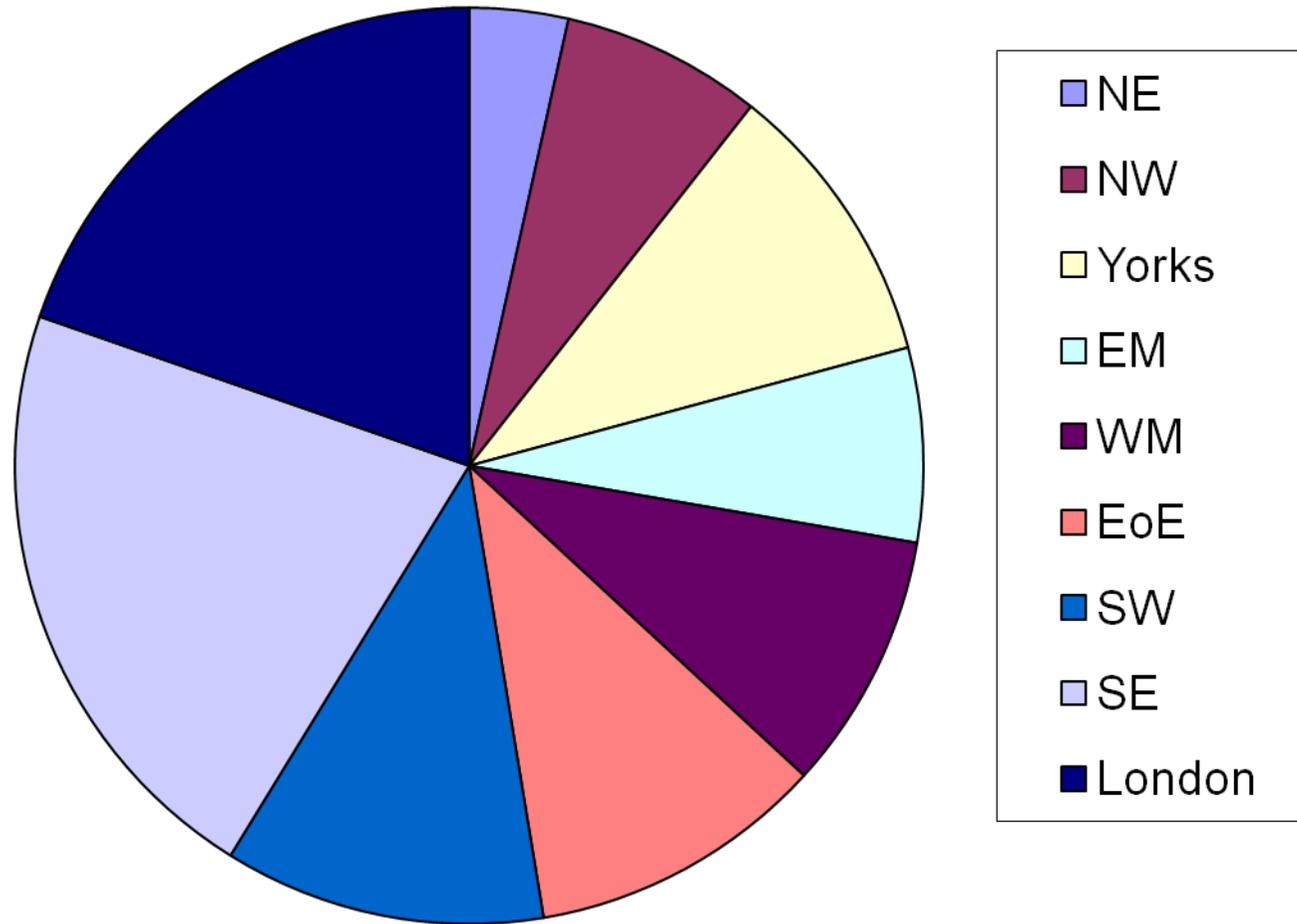
Share of bail out jobs



Expenditure as % GVA (2008)



£20bn less mortgage payments



Regional shares GVA

