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

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Overview
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• 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

2008 growth
2009 growth
% Change House Prices Q1 08 to Q3 10

DCLG Regulated Mortgage Survey
Occupational differences

UK (% change employment 2007-2010)
Occupational shares

Share of occupation by region 2007

Professional  Admin/Trade  Service  Basic

North  Mid  South

LFS
Change in public sector employment

Change in employment 2007-2010 (000s)

ONS regional statistics
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
Expenditure as % GVA (2008)
£20bn less mortgage payments

GLA economics
Regional shares GVA