

# **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**

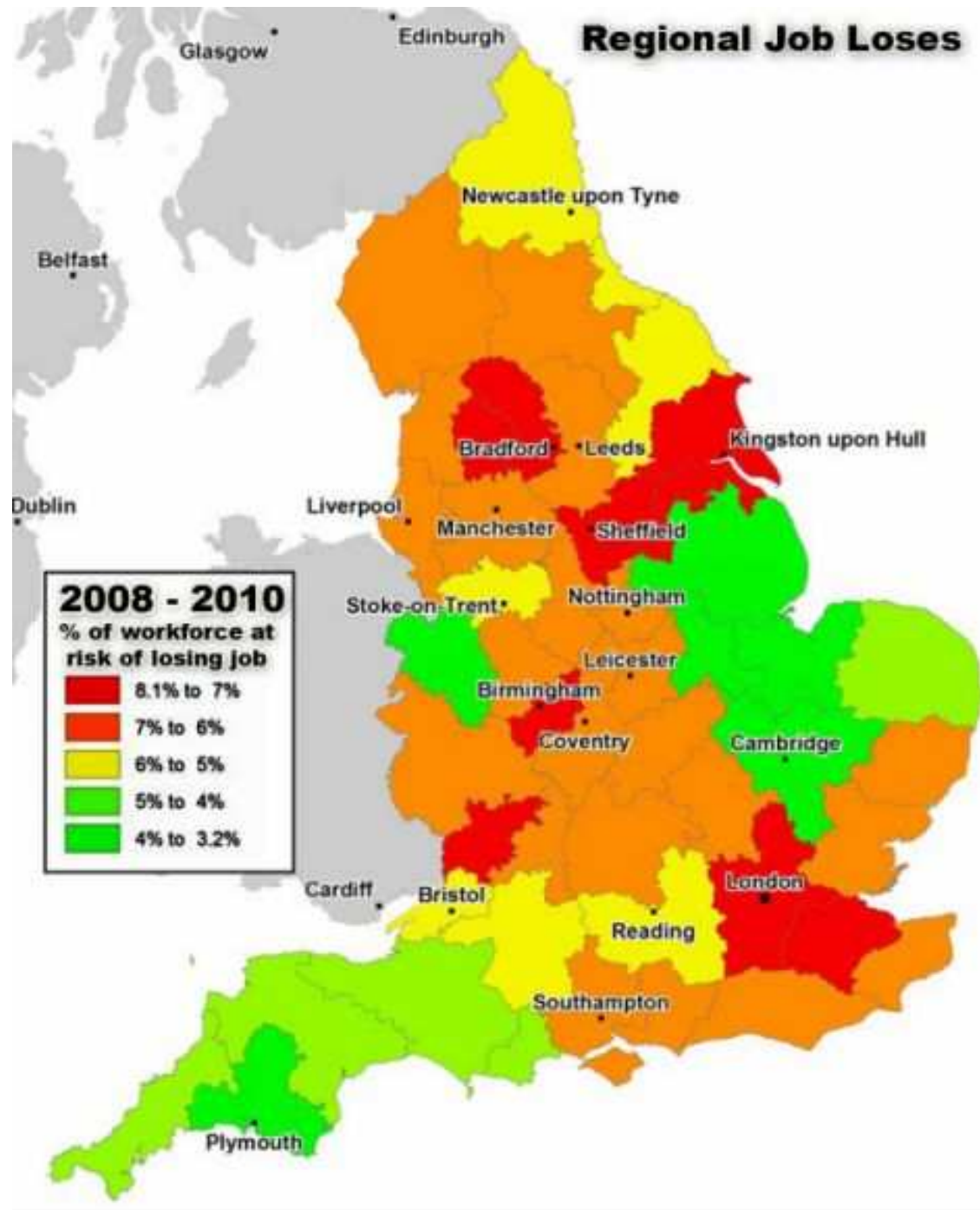
**Recession Britain: Grim down south**

**London 'worst hit in a recession'**

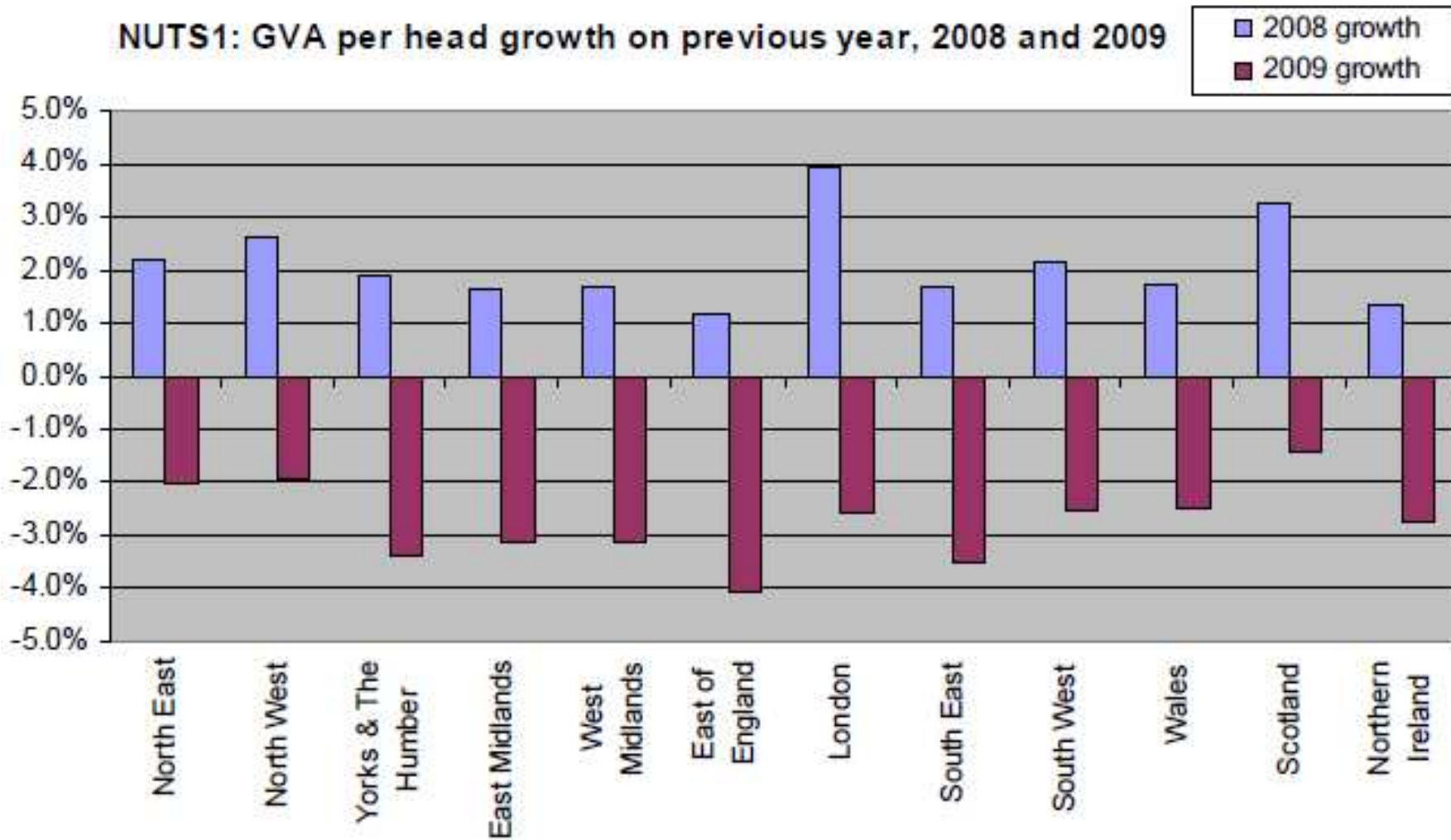
**Corby best placed to ride out recession**

**City groups set to advise Darling**

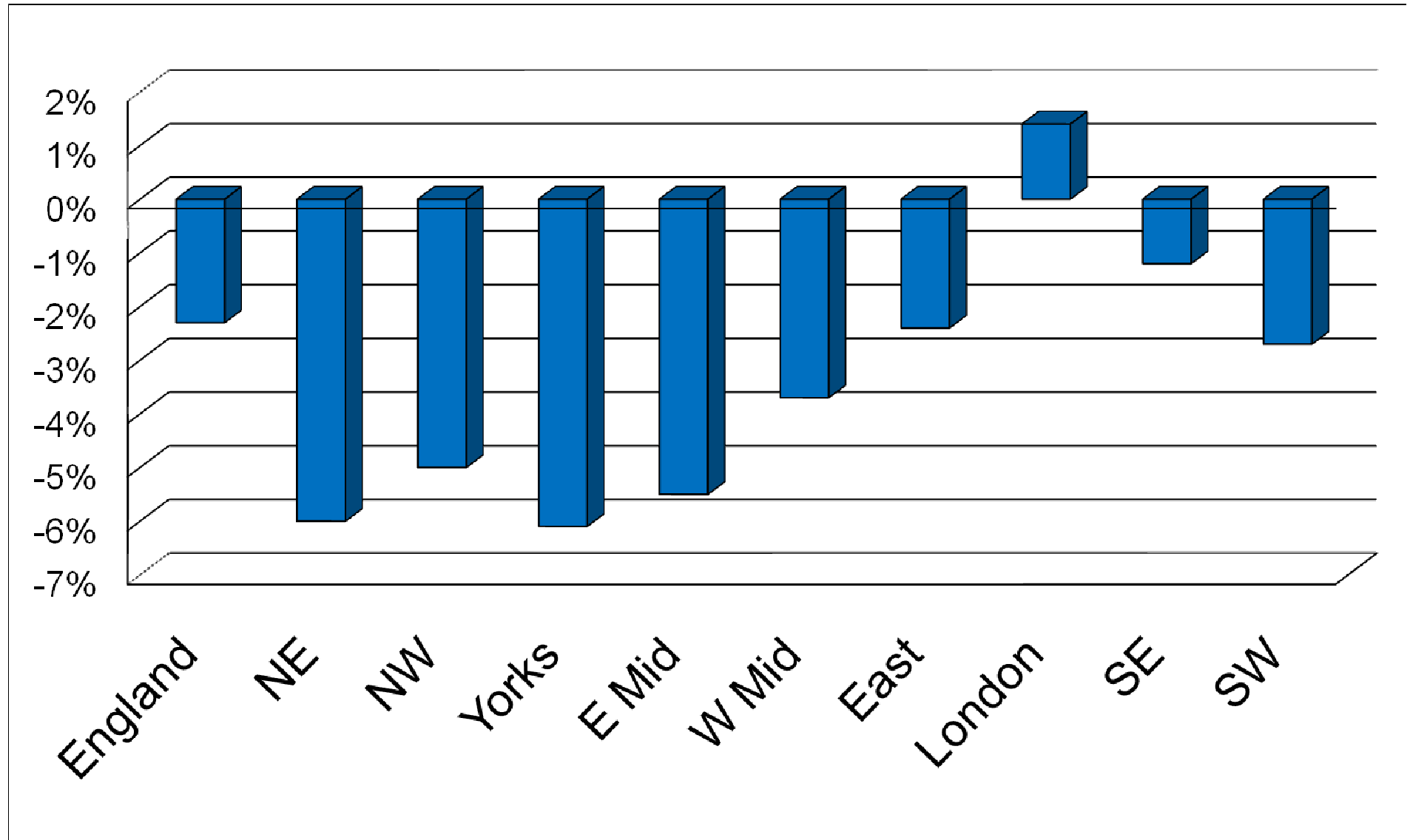
**Daily Mail:  
The recession  
map of England:  
London and  
South-East to  
lose one in 12  
jobs over next 18  
months**



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



# % Change House Prices Q1 08 to Q3 10



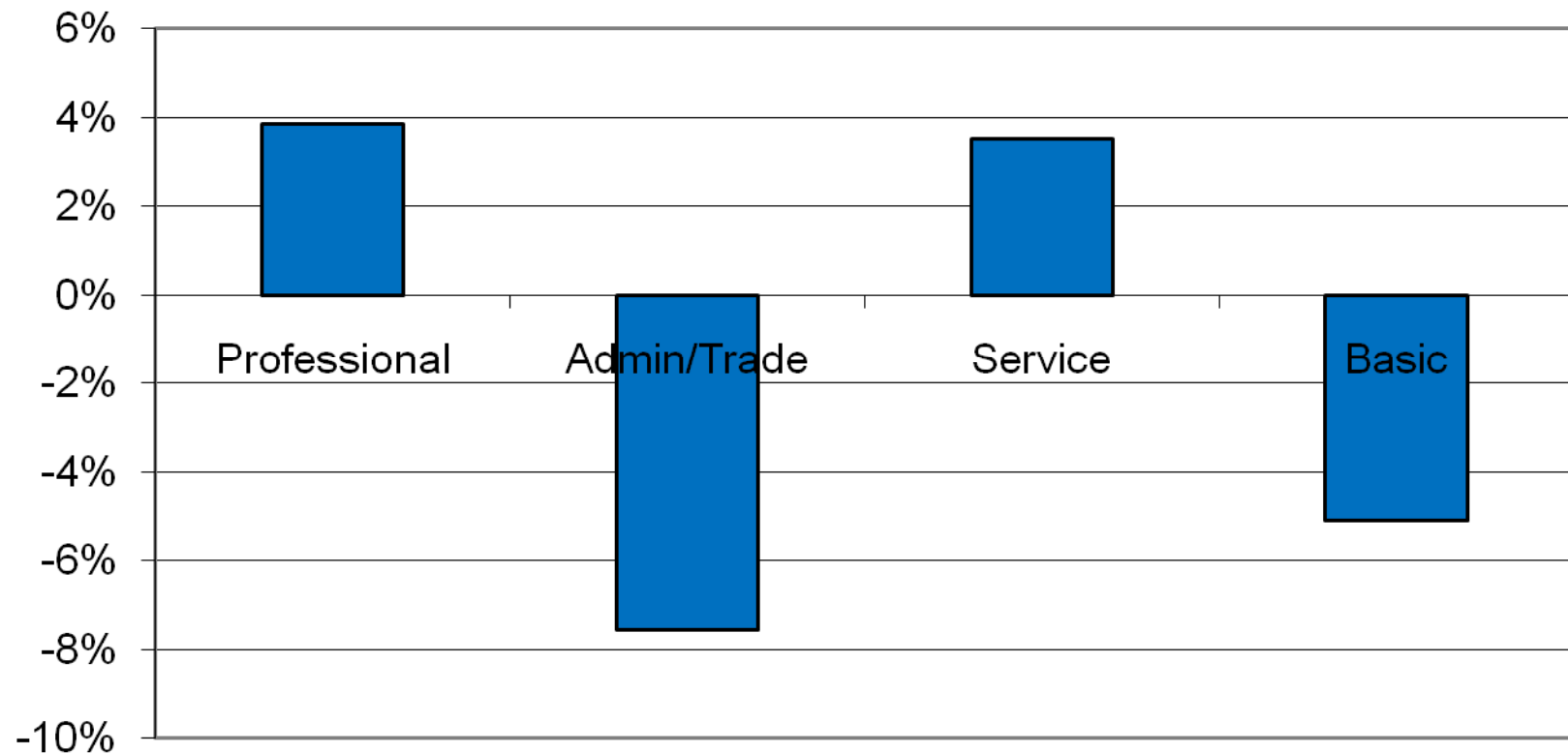


**Average Quarterly GDP growth (08/10)**

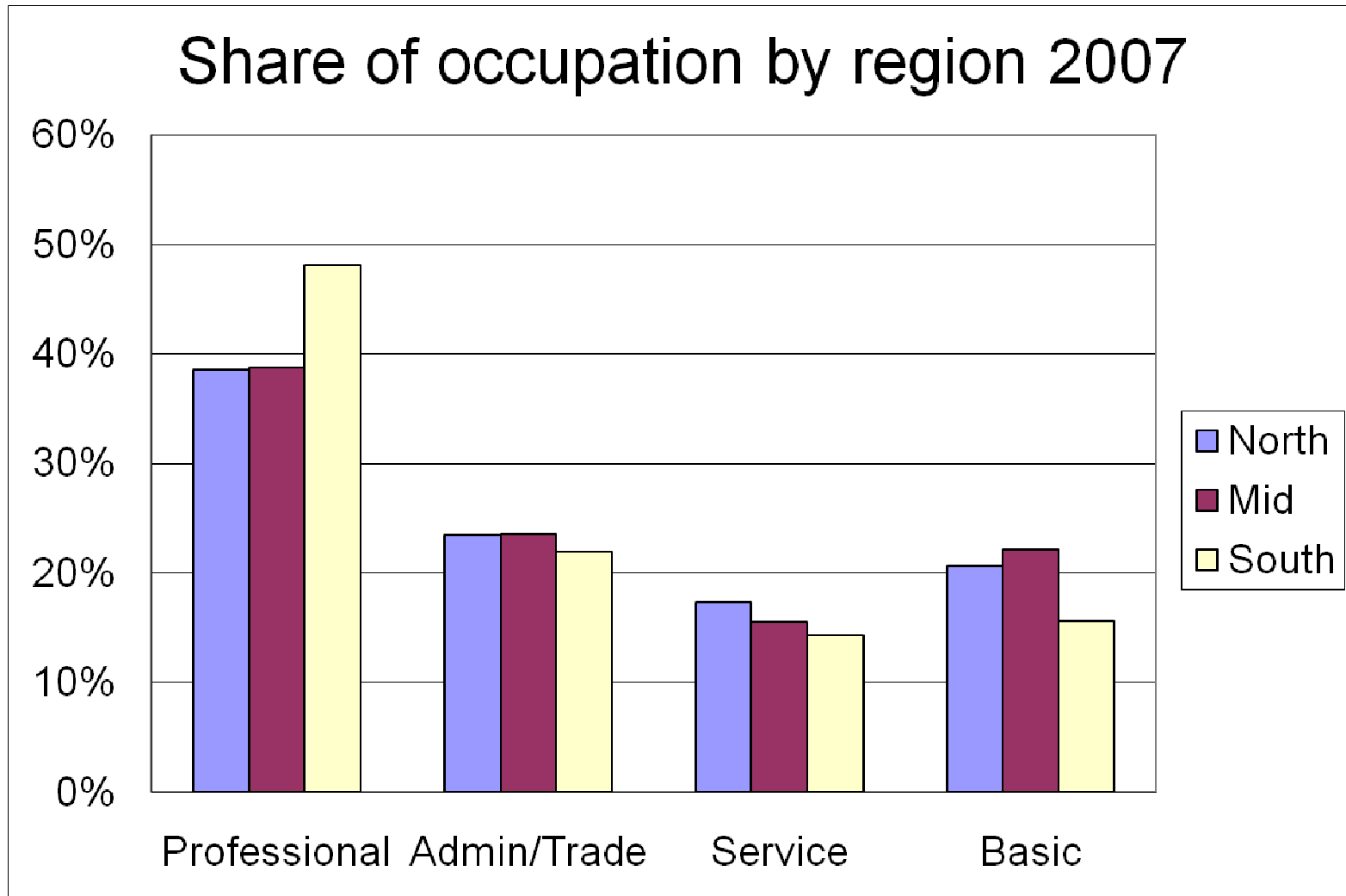


# Occupational differences

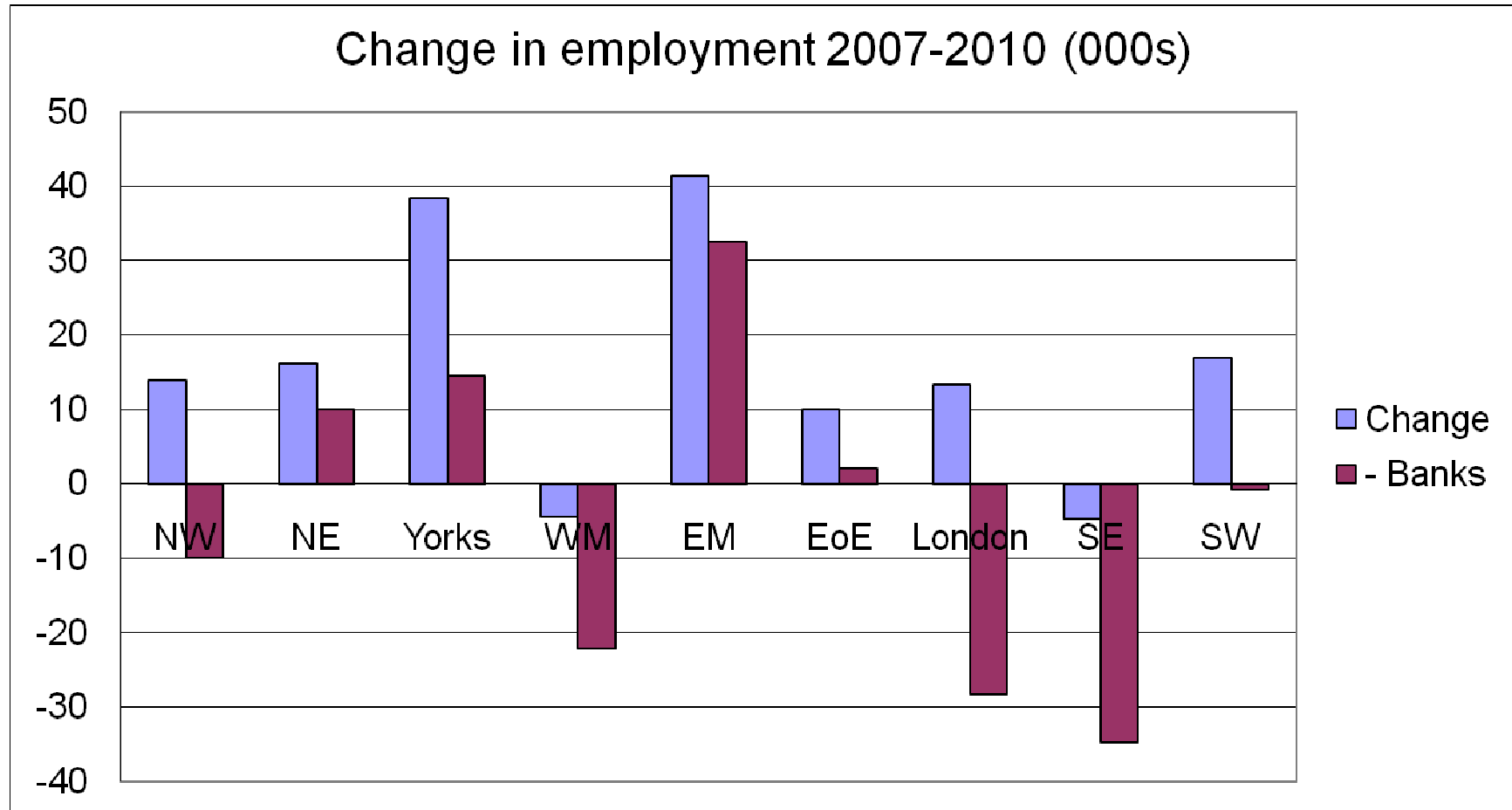
UK (% change employment 2007-2010)



# 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

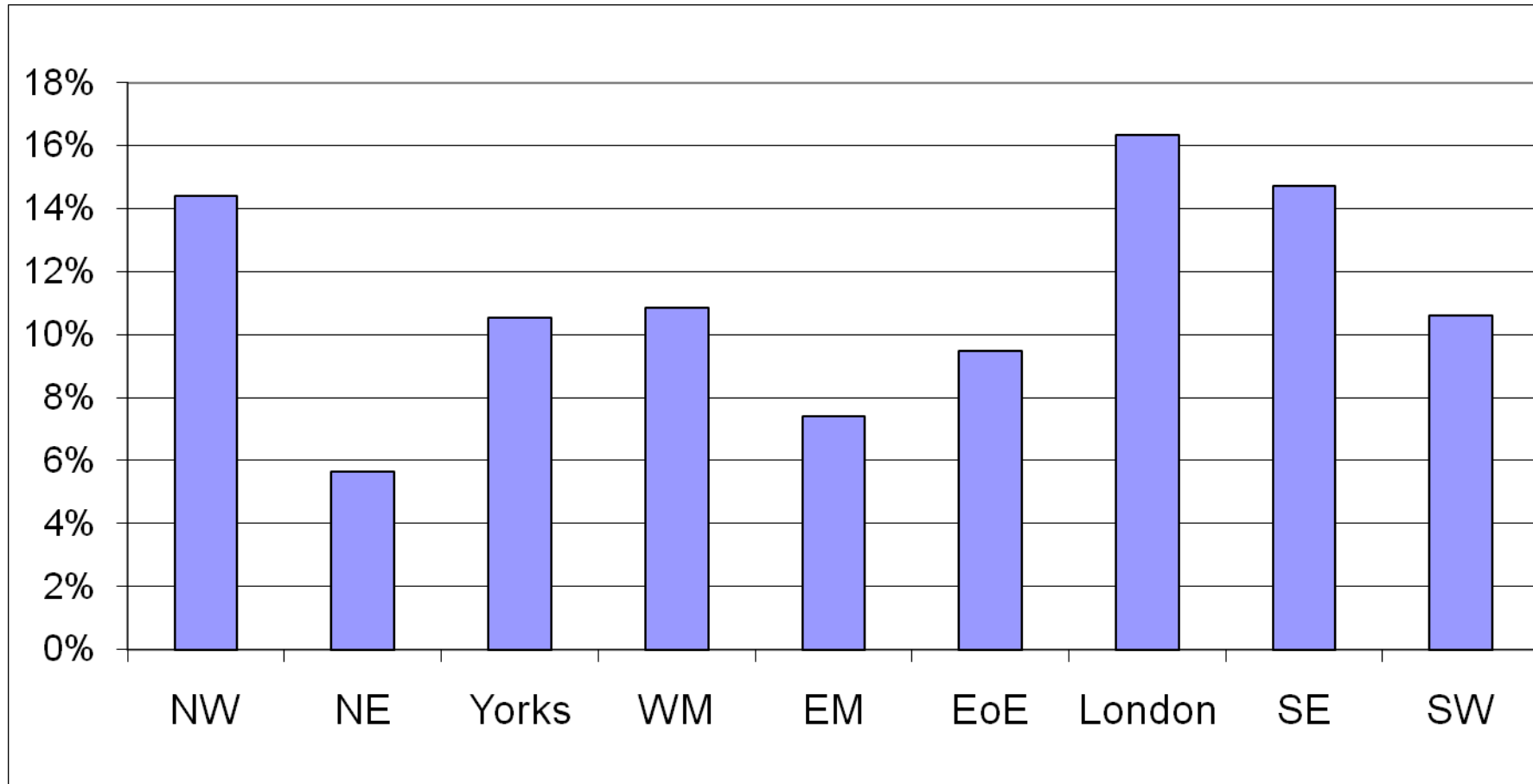


# Conclusions

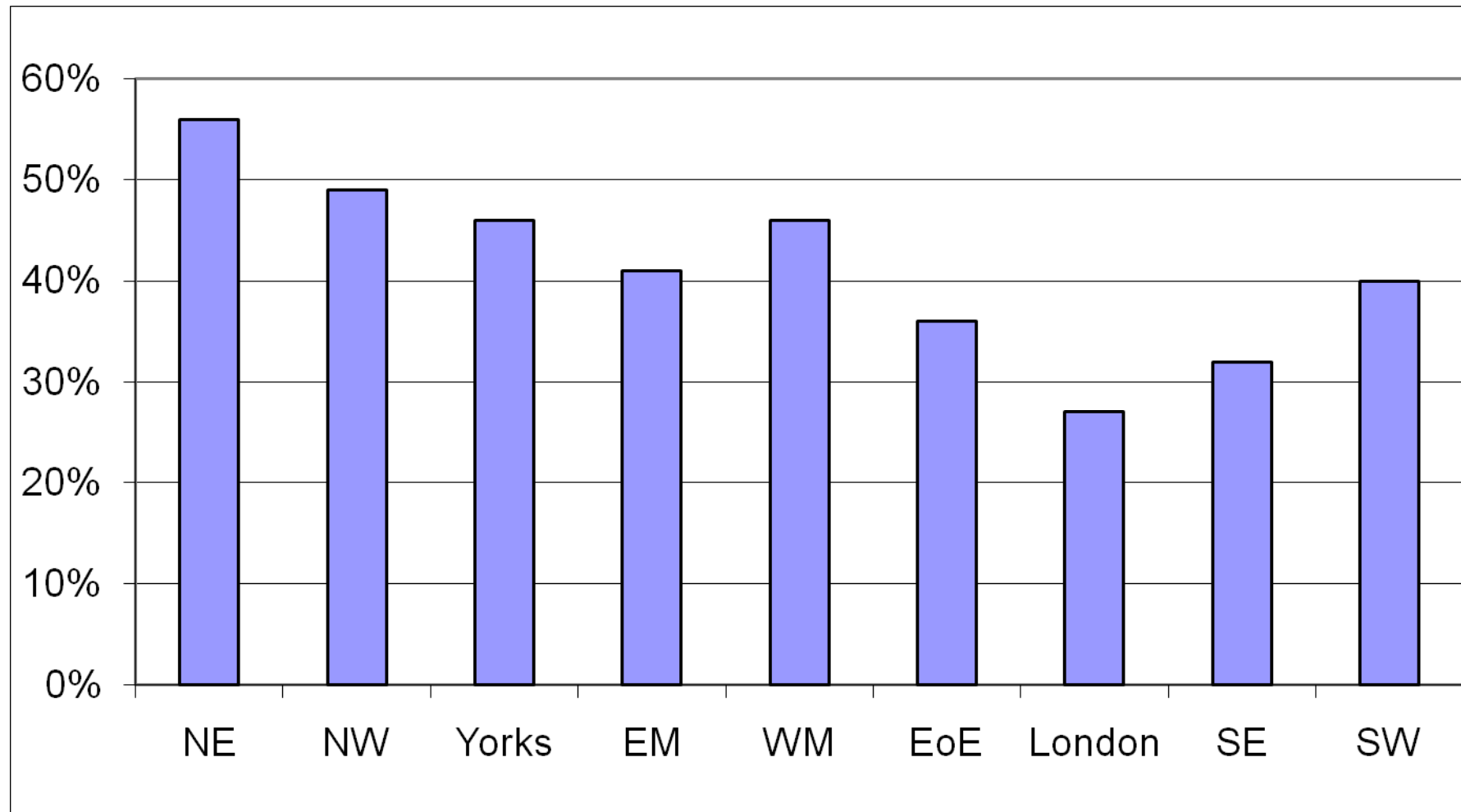
- LA actions matter little in recession
- No strong evidence that governance has strong impact on performance
- Does cooperation in Manchester achieve the right policy outcomes?
- London's complexity not a sufficient break on growth to allow Manchester's cooperation to have much effect on relative performance

# Annex

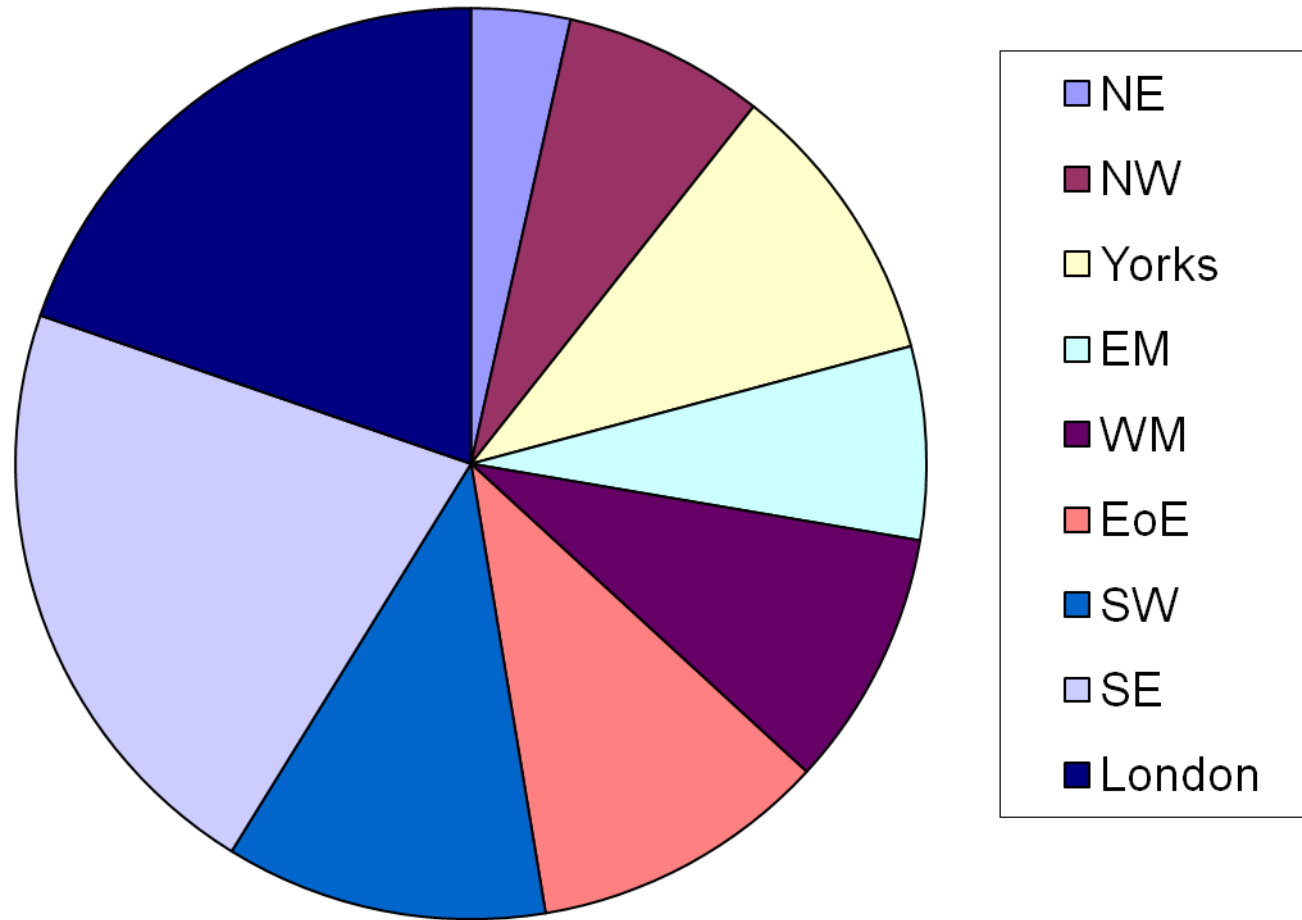
# Share of bail out jobs



# Expenditure as % GVA (2008)



# £20bn less mortgage payments



# Regional shares GVA

