Levelling Up?

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Abstract

'Levelling up' is the new UK government mantra to describe its ambitions for addressing longstanding local and regional inequalities and, especially, for tackling the problems of 'left-behind' places. This article examines the thinking behind this slogan and the associated policy agenda. We identify a danger of misdiagnosis leading to policies that do little to ameliorate conditions in the places that most need help. The government's agenda appears, so far, to be driven by electoral calculation rather than a real engagement with tackling deep inequalities.

Keywords: levelling up, left-behind places, regional policy, foundational economy, devolution

Left behind

THERE IS now wide agreement that the problems of so-called 'left-behind' places have been accumulating for decades, if not generations. Cycles of local, urban and regional regeneration policy can be traced back almost a century through the May and coalition governments, New Labour, Thatcher and beyond, but geographical inequalities in socioeconomic conditions remain wide and stubbornly entrenched. What has changed is the new political attention that they are receiving. Brexit was the game changer, but the political realignment that occurred during the 2019 general election, sealed the new dispensation. Since 2016, numerous articles and reports have sought to quantify and map the scale and pattern of disadvantage and to correlate it to shifts in political proclivities.[1] Much of the current debate concerns how the new Conservative government might consolidate its electoral gains in Wales, the Midlands and the north of England. In policy terms, the government has declared the objective of 'levelling up', although nobody knows what this means.[2]

Considering 'levelling up', Stian Westlake identifies among policy makers, 'a terrible confusion both about the economic problem they're trying to solve, and about what policies will work to fix it'.[3] For instance, in a recent book outlining a 'Tory' approach to 'forgotten towns', David Skelton calls for their 'reindustrialisation', building on their 'enduring skillsets'.[4] The obstacles to achieving this are formidable, not least because such places, still scarred by deindustrialisation, generally lack the skills to support new forms of manufacturing. Wisely, Westlake identifies the political dangers for the new government in making (impossibly) ambitious claims that it will help towns through reindustrialisation that will elicit only buyers' remorse on the part of voters at the next general election. He worries whether such places can be saved at all but, to avoid a counsel of despair, proposes a package of measures, including public spending on intracity transport, research and development, and skills, with a focus on connecting lagging towns with growing cities. Policy, he asserts, should aim at making towns 'nice places to live' for commuters, with good local services, more trees and well-tended parks. Camilla Cavendish summarises this agenda (unironically) as, 'helping people commute by improving road junctions'.[5] Westlake also proposes deregulation of the planning system, although even the casual visitor to a left-behind town will struggle to identify how they have been held back by onerous land-use regulations.

Left-behind places are defined by their weaknesses. Of course, average conditions hide considerable variegation between and

within them, so that while politically resonant, the label often obscures a more differentiated picture. Typically, though, such places are marked by comparatively low economic output and employment growth; a lack of white collar and graduate level jobs; lower than average pay; high rates of out-migration, especially of younger and more skilled people; high numbers of working age adults in unemployment or on incapacity benefit; and high rates of poverty.[6] As in other places, but more so, they have witnessed a growing problem of economic insecurity and working poverty, and a shift to work as sole traders or in microbusinesses. Less often, they are understood as places denoted by problems of increasing ill-health, high levels of opioid dependence, rapid ageing of the population and concentrated loneliness.[7] Notably, 'deaths of despair' are rising in left-behind places.[8] These problems have been exacerbated by ten years of austerity, which disproportionally affected disadvantaged places and appear to have played a part in shaping the geography of political attitudes.[9]

Beyond desiccated economic statistics, there is a sense that former mill towns, mining villages and coastal resorts are places that, in the past, were characterised by community and civic bonds that provided a strong sense of belonging. Such places are typified by low levels of residential mobility, partly because of the importance of enduring local attachments that continue to generate strong pull factors—even in the face of economic decline. The loss of traditional industries with their well-paid, skilled jobs and communal infrastructure, and the failure adequately to replace them, has undermined the identity of such places. Research by Onward has shown that every region apart from London felt 'Britain has moved away from it culturally or economically over the last decade'. People in North East England were most alienated by the direction of the country.[10] Rebuilding the moral economy of left-behind places—their 'autonomy and dignity', according to Westlake—becomes a part of the solution. While this is unfamiliar territory for spatial policy and is less susceptible to conventional quantification, there is anecdotal evidence of its importance. In many places, against the odds, social and civic

enterprise creates jobs and meets social needs after the state and private capital have evacuated. Jennifer Williams provides interesting examples from Oldham where 'a strong identity fights to flourish under layer upon layer of economic bad fortune'.[11] Conservative thinkers have recognised the importance of identity in cultivating a local sense of belonging to stimulate economic development and civic betterment, but translating this insight into policy is daunting challenge.[12]

Although there are disputes about how we should measure urban and regional inequalities, there is broad agreement that disparities in the UK are wide when compared internationally.[13] A powerful orthodoxy attributes this to the underperformance of second-tier cities.[14] It suggests that cities offer productivity and growth premiums because they generate agglomeration economies through their scale, density and diversity. Thus, London acts as the dynamo that powers the UK economy, through its financial, digital and knowledge-intensive business services. Elsewhere, the recent growth of Manchester, based on the expansion of services and property development, has been presented as the standard for other city-regions. The push to create 'metro-mayors' is based upon matching decision making with 'functional economic areas'.[15] To achieve levelling up, connecting left-behind places to urban growth in big cities through better infrastructure, therefore, has become the policy objective.[16] The focus here is less on places and more on people and enabling their mobility. But this city-centric approach is being questioned.[17] In the case of Manchester, local government sponsored the transformation of the city centre by private property developers who have built, effectively, a new town of office blocks and adjacent flats, in which a young in-migrant workforce lives. But much employment growth has been in low-paid, low skill sectors. This formats the city for a model of growth with large inequalities which cannot be changed by upskilling workers or adding often unaffordable public transport links to the deprived districts of east Manchester or towns like Oldham and Rochdale. Indeed, Greater Manchester itself is deeply divided socially and geographically between north and south.[18]

A new agenda?

It is in this context that we should consider the emerging levelling up agenda. In early 2020 this agenda, while strong on rhetoric, looked like a modest twist on existing policies rather than anything notably new. The decision to press ahead with HS2, designed to connect London with Birmingham and, later (and more slowly) Manchester and Leeds, is intended to contribute to levelling up, but it is not clear whether this is the most appropriate or cost-effective way to achieve this objective, nor, specifically, how it will help left-behind places.[19] Nationalisation of failing private rail services is a stop-gap and awaits the introduction of the concession-based model used in London or Merseyside. Accompanying announcements about investment in buses were difficult to evaluate because of the absence of meaningful detail, but seemed to involve the purchase of new electric vehicles rather than the re-regulation and subsidy of networks that would make the most difference in places which have seen severe reductions in services. The government's focus on levelling up investment in public research and development as a means to stimulate tech-based entrepreneurship, has merit in tackling the concentration of growth-enabling public investment in London and the South East, but this may have the perverse effect of widening the gap between big cities and their hinterlands in the Midlands and north.[20] Despite limited international evidence, astonishing claims have been made about the likely impacts of introducing free ports across the UK. The Northern Powerhouse minister, Jake Berry asserted that the north 'can look forward to a new era of jobs and prosperity unlocked by this new generation of free ports'.[21] The unsuccessful Conservative candidate for South Shields, Oni Oviri, went further, 'Free ports will transform areas like South Shields, bring in billions of pounds of investment and turn them into the Dubai of the West, with thousands of new jobs'.[22] These claims are very unlikely to be borne out. Recent policy statements point to what Robert Shrimsley has identified as two misaligned visions: 'start-up nation or cohesion country'.[23] The former invokes a buccaneering Global Britain spin-off from an over-regulated European economic dinosaur, while the latter concerns the more prosaic imperative of fixing the social problems of left-behind places. How these visions will be reconciled, or which will prevail, is an open question. It is noteworthy, though, that several key ministers in the new government were authors of *Britannia Unchained*, which among other things attributed the UK's economic problems to the fact that its workers were 'the worst idlers in the world'.[24]

A question of place

There are many reasons to agree with Westlake about a confusion of analysis and policy prescription. Long political neglect means there have been few detailed analyses of what happens inside left-behind places. In an exceptional study, Calafati et al. delved deeply into Morriston, a town with a population of 30,000 near Swansea. This analysis goes beyond a focus on conventional economic indicators, which average out differences between and within places and obscure their complexity. The study shows that wellbeing rests not solely on levels of household income, but crucially, on the quality of local services (housing, utilities, health, schools, care), public and private transport systems and social infrastructure (parks, community centres, high streets). A former centre of tinplate and copper production and later, manufacturing, Morriston struggled in the aftermath of the severe early 1980s recession. Various regeneration efforts shifted the locus of remaining economic activity to carborne, out-of-town retail and service parks, providing typically low-paid, insecure jobs, and contributing to the decline of the high street. Not all households in Morriston are financially stressed; even in this relatively poor community, some households are doing well. For instance, car owning, mortgage-free, and defined-benefit pensioners can currently live well there. For others, while house prices are low, the nature of the new labour market means home ownership is out of reach for many households. Moreover, the quality of the housing stock is often poor. Survey research shows the decline of social infrastructure tops the list of local concerns with a palpable sense that the town is

deteriorating. The way local people see the problems is often at odds with the ways that national and local agencies identify and respond to change. Calafati *et al* conclude that:

> Policy here needs to target: regulation of job quality which goes beyond minimum wage standards; a tax funded programme for creation of good, new jobs in the foundational sectors providing essential services like care; recognition of the absolute limits of any policy of diffusing prosperity by getting people into work without some form of basic income and/ or reduction of housing costs; political leadership rather than evasion and buck-passing on the eco-foundational issues which are crucial to the wellbeing of future generations.[25]

Questions of place are crucial to a sense of wellbeing, requiring an approach to analysis which moves beyond a focus on individual circumstances. Alison McGovern has suggested, 'We should consider how much worries about our town centres, high streets and the built environment have dominated people's concerns. Perhaps the answer is to see that the state of the place in which they live is as important to individuals as their own situation.'[26]

Power and politics

Stian Westlake has argued that tackling the problems of left-behind places, 'requires the energy and passion of the people who live there, and that is going to work much better if the project is led by the town and its people, rather than by central government'.[27] The logical implication here is that a critical dimension of any serious response would require a radical devolution of power and resources alongside the rebuilding of local government which has been eviscerated since 2010. Early signs are that the government will follow the approach to devolution set out by George Osborne, which involved 'technocratic and top-down' local authority amalgamations, and in a few places the creation of metro-mayors.[28] These arrangements were not the product of wide public debate in the areas to be affected by them, but instead were the outcomes of 'secret deals' ('city deals', 'devolution deals', 'town deals',

and so on) between political and business elites at the national and local levels, exemplified in the case of Manchester. In essence, these deals were assembled locally from a menu of policies approved by HM Treasury. It is a model of devolution designed to advance a narrowly defined set of business interests with very little democratic scrutiny. It is an approach that fostered inter-urban competition and economic concentration, tolerated—and indeed, even celebrated—high levels of socioeconomic inequality, was comfortable with some groups and places being losers and locked into austerity. Local councils that saw swingeing cuts were offered a fraction of what had been retrenched in return for accepting metro-mayors, and the result was deemed 'devolution'. Innovation and entrepreneurialism in economic development policy was tolerated only within a highly restricted range of parameters. It is a form of devolution in which 'business' exercised a direct and indirect veto over the preferences of citizens.[29] This model seems ill-equipped to manage the objective of levelling-up.

The government has identified an agenda of levelling up, but beyond the rhetoric, it is too soon to assess whether and in what ways it is different to previous efforts at the 'rebalancing' pursued by the coalition and May governments, or attempts at 'closing the regional productivity gap' pursued by New Labour, or whether it is likely to solve the problems of left-behind places. Even its ardent supporters acknowledge that the government's objectives are confused. It is likely that the smarter denizens of 10 Downing Street are aware of the contradictions. They will be comforted by the news that their new working class voters have low expectations of what a Conservative government will do for them.[30] It is difficult to avoid the gravamen that policy is being driven, rather nakedly, by political calculation rather than a real concern to address longstanding problems.

Notes

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