

closing the gap – the case for two english super- cities

Alan Chape and Ian Wray argue that England's economy could be rebalanced through a 'bi-polar' strategy involving two symbiotic 'super-cities', one in the South and one in the North

In his two-part documentary for BBC TV, *Mind the Gap*, Evan Davis put his finger (sometimes rather uncritically) on the causes of London's phenomenal recent growth and identified a possible solution to the economic disparities between the capital and its hinterland and the rest of the UK: we should aim to bring together the collective weight of northern cities in order to build an economic counterweight. Our aim here is to tease out some of these arguments, to consider whether London's growth is indeed well founded, and to think through how such a counterweight might be created. Is London, as Mayor Boris Johnson claimed, 'a gigantic undersea *coelenterate* that takes in and expels... the flywheel that drives the UK economy'¹; or is it a rather less benign species?

Is London unstoppable?

Why has London become so dominant? It was not always so, and conceivably may not be so in the future. London was in decline from the beginning of the Second World War. Bombing, loss of manufacturing industry, the closure of the docks and government policies designed to reduce its dominance were responsible.

In the 1970s London lost 407,000 jobs in manufacturing and distribution and created only 56,500 jobs in the information-handling office sector.² But towards the end of the 1970s central government stopped trying to push growth



Photos: Alan Chape

Above

Agglomeration diseconomies on London Underground

elsewhere, and in the 1980s the 'Big Bang' liberalised the financial services industry and attracted workers and money to the City from around the globe. A convenient time zone and a language which was spoken worldwide made it easy for foreigners to operate in the City. A trustworthy legal system and a clean polity made it a good place in which to do business. Excellent universities and private schools attracted young people and parents.

In effect, globalisation, distilled and concentrated in London, turned the place into the world's most international city. Today, London looks out to the world and is a great national asset, attracting smart professionals and the very rich – an elite

increasingly made up of foreigners, or the children of foreigners.

All this has a downside. Property is now more expensive (per square metre) in London than anywhere in the world, except Monaco. The city is in danger of forcing out a great swathe of its working and middle class who do the servicing of the rich and the administration of the city. It is congested and difficult to move around in. The Underground is a rush-hour nightmare. Although significant infrastructure investments are addressing the transport problem (notably Crossrail), it is quite unclear how much time they will buy.

The city is sucking in talent from around the world, but also from the rest of the UK. The latter flow of talent may be impeding the expansion of potential growth in the provincial cities. However, as Boris Johnson has said, London also promotes growth elsewhere: it sucks and blows. A lot of London's new infrastructure is manufactured in the provinces. Would Edinburgh have a vibrant financial services sector without the glow of London?

An OECD study published in 2010³ concluded that cities can reach a point where diseconomies of scale outweigh centripetal forces and they consequently become less competitive. At least one-third of OECD metropolitan regions now rank systematically lower than the national average on almost all economic indicators. If a single-shot 'invest in London' policy is pursued there are risks: the city could move from positive agglomeration economies to diseconomies of scale, especially if it proves politically impossible to deliver the additional housing needed; and changes in external circumstances, such as a threat to London's international financial role, might sharply reduce its growth prospects.

The latter risk is not a remote possibility. Post 2008, London's financial sector (although it remains crucial to the UK economy) is no longer the undisputed economic driver it once seemed. It is underpinned directly by subsidies and guarantees to financial institutions worth 74% of UK GDP, and indirectly by US Federal Government rescue packages for American financial institutions worth 80% of US GDP (\$12trillion).⁴

So there are two key questions. First, can you shift to a rebalanced model without choking off the very dynamism and creativity which fuels London? Second, does an alternative model have to depend in part on diverting some of London's growth, or can it be an independent growth path complementary to London's?

What makes London work?

Cities are powerful networks. Geoffrey West,⁵ a physicist at the Santa Fe Institute, has analysed the mathematics of cities and maintains that there is an urban constant that holds good the world over:

every doubling in size of a city brings a 15-20% increase in wages, patent output, employment of 'super-creative' people, and increase in the efficiency of transport systems, and in many other good things associated with cities. There is a similar increase in crime and pollution, but the benefits of higher wages and greater opportunities outweigh these disadvantages.

London reflects this urban mathematics. Its contribution to the country's economy has grown faster than its population. In 1997 London's gross value added per person was one-and-a-half times that of the country as a whole: by 2010 the ratio had risen to nearly one-and-three-quarters. Londoners are better paid and better qualified. Despite the crisis in financial services, London as a whole has got off relatively lightly.

In many ways the maxim is: *as you get bigger, you get better*. But how big do you need to get before you generate diseconomies of scale, both within the metropolitan area and for the rest of the country? Is the wellbeing of the nation being inhibited by the yawning gap between London and its region and the second- and third-tier cities in the rest of the country?

Because of London's global status, the UK has the biggest disparity in Europe between its lead city and the next tier of cities.⁶ The 2011 Census figures for Britain's broadly defined built-up areas, ranked by population, show that Greater London comes first with 9.8 million. That makes it as big as the next six urban areas put together. If Britain were a typical country, it might be expected to have a second city of about 5 million, which is twice the size of Greater Manchester or the area around Birmingham.

The case for decentralising

At its summit in London in November 2013 the Core Cities Group launched a new prospectus for change in England, *Competitive Cities, Prosperous People*.⁷ The prospectus argues that the largest cities, outside London, are not reaching their potential, and contends that if given localised power and resources they have the potential to deliver £222 billion in growth and 1.16 million jobs to the UK by 2030:

'The eight Core Cities urban areas deliver 27% of England's wealth. Although London is important, Core Cities in fact deliver more. A total of 16 million people live in Core City urban areas – one third of England's entire population, set to grow by at least 1 million by 2030. Across the world, big cities usually outperform their national economies, but in England only London consistently does so. If all the Core Cities urban areas could perform at the national economic average, £1.3 billion would be put into the economy every year.'

The question raised by this argument is whether more localised power and resources will be enough if they are not allied to the conditions needed for growth that exist in London, namely:

- a very large and diversified population and economic base;
- the ability to retain local talent and attract talent from elsewhere;
- a critical mass of smart professionals and 'super-creatives';
- a good technical skills base;
- excellent universities and schools;
- excellent regional, national and international transport connections; and
- a vibrant arts and cultural offer.

How can we replicate these conditions outside London?

The Core Cities Group argues that, simply on the basis of their aggregate size, the core cities (Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham, and Sheffield) could achieve more. At the heart of the Group's argument is simply fairness: we all live in the same country and deserve the same opportunities, and places cannot simply be abandoned. It is a reasonable case, yet we believe that there may be another, and possibly more profound, reason for decentralising.

'Arguably, a transfer of powers and resources to the big cities offers an opportunity to reverse this debilitating drift and re-energise the whole UK economy. While the evidence base for this contention is not strong, the current degree of centralisation is part of the reason why Britain is unbalanced and becoming increasingly so'

Research in progress by Wray⁸ into UK achievement and innovation in a wide range of infrastructure and IT planning demonstrates the key importance of individualism, improvisation and initiative outside the central government machine – within local government, in the private sector or within some other autonomous institutional platform. This appears to reflect the reality of UK government (including the Civil Service and government departments) as a regulatory rather

than developmental set of institutions, and the key importance of initiative outside the formal machinery of the state.

The so called 'Cambridge Phenomenon' was essentially an organic process led by connections to and educational investment within Cambridge University. It was not government planned. The invention of the electronic computer during the Second World War and its use at Bletchley Park was not commissioned by Bletchley, nor was it a government plan, but was an initiative taken by one brilliant individual in the Post Office Research Branch. Bletchley Park itself was not purchased by government, but funded by private means as a personal initiative. The Civil Service opposed the construction of national motorways for nearly 50 years; progress was only made at the initiative of local government (which explains why the UK's first motorway was the Preston bypass in Lancashire, rather than the M1).

Decentralised governance and initiative seems central to the British model. Yet as Simon Jenkins⁹ has argued, the governments of Margaret Thatcher, John Major and Tony Blair all pursued a similar centralising path. They imposed a highly centralised regime on a state machine which is essentially regulatory, rather than developmental or entrepreneurial, in character. Arguably, a transfer of powers and resources to the big cities offers an opportunity to reverse this debilitating drift and re-energise the whole UK economy. While the evidence base for this contention is not strong, the current degree of centralisation is part of the reason why Britain is unbalanced and becoming increasingly so.

What about planning?

Planning is a vitally important component of attempts to pave the way for regeneration and growth. Apart from London (which has a metropolitan mayor with strategic transport and planning powers), the English planning system in the core cities and elsewhere now relies almost entirely on district councils. These authorities are on the receiving end of substantial spending reductions, sapping their skills, resources and professionalism. There is no higher-tier authority responsible for strategic planning, and thus no clear way of bringing together strategic planning, transport planning (practiced at the city-region level by the Passenger Transport Executives and Integrated Transport Authorities), and economic strategy (for which the Local Enterprise Partnerships operating at city-regional level are responsible but resource deficient).

The reintroduction of strategic planning at city-region level, either through a combined authority mechanism or through directly elected city-region mayors, seems to be of critical importance. A model for this is alive and well in Greater Manchester,



Above

Gothic power houses on either side of the Pennines: Manchester and Leeds town halls

which has shown entrepreneurial flair and the ability to weld together the ten Greater Manchester local authorities. It has also spawned an institutional framework of conurbation-wide bodies that give a reality to this spatial scale of working: Manchester Marketing, MIDAS Inward Investment Agency, the Greater Manchester Growth Company, and the New Economy policy, research and strategy arm.

Towards a bi-polar strategy

We question the suggestion that other English cities could complement London's growth, and develop a viable multi-polar growth trajectory. Individually, no English city has sufficient scale, critical mass and thus agglomeration economies. London's continued growth should be supported, but we advocate a 'bi-polar' strategy involving two 'super-cities', one in the South and one in the North. The aim should be to create a symbiotic, rather than complementary relationship, between the two.

London and its super-city would be focused on culture, finance and creativity, and the northern super-city would be focused on material production, including life sciences – especially, for example, in the field of biotechnology. The latter is a sector in which London does not appear to have an overwhelming competitive advantage.¹⁰ The

northern super-city should become a focus for national investment in basic science, including life sciences. Two symbiotic national super-cities would be a hedge against the risk that London's economy might falter in the longer term (as the 2008 financial crisis intimated).

Thus we propose growth in the South through a super-city on the transport corridor which will lead to a new London airport – wherever that might be – with high-speed commuting and economic connections. The new growth within this super-city should be several times the size of Milton Keynes (first designated in 1967). The powers in the New Towns Act can be used to designate the sites, produce the masterplans and purchase the land at or close to existing (agricultural) use value. But we would give the formula a 21st century twist: once acquired, the land should be made over on suitable terms to sovereign wealth and pension funds, on the basis that they fund the infrastructure, in return for long-term interests in the land.

In the North, the cities of Leeds, Manchester and Liverpool are less than 65 miles apart. In the United States they would be a single economic entity. Together they could form the basis for a northern super-city, with political critical mass and agglomeration economies that can compete in a global economic race – a cross-Pennines super-city.



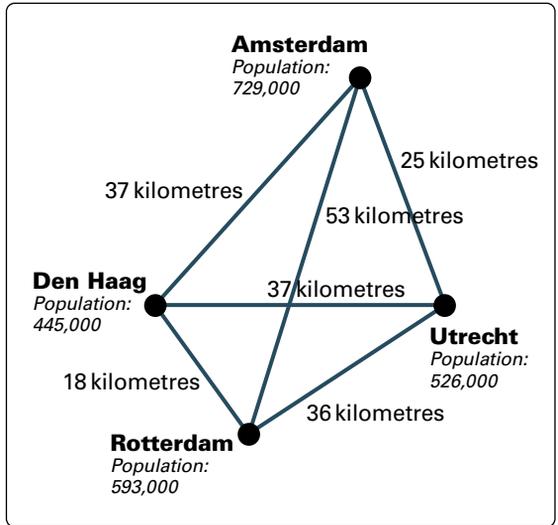
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Fig. 1 Distances and current journey times for cross-Pennine travel

It would need the level of connectivity equivalent to the Randstad metropolis in the Netherlands (see Figs 1 and 2).

This potential cross-Pennine super-city would have immense assets in the form of Manchester's international airport, the Port of Liverpool, research universities, diverse manufacturing, housing stock, and much else. The research universities must be at the centre of strategic investment, with a determined effort made to elevate their strongest specialisms and departments to international leadership positions, and commitment by government to locate and relocate government research institutions into these cities. The reverse is happening at present – all the scientific research institutions identified for government investment in George Osborne's initial statement as Chancellor are in London or the South of England.

To create the urban mass required, strategic transport investment is crucial. Government is already committed to electrification of the Leeds-Manchester-Liverpool line. That investment needs enhancement, replacing the quadruple tracks lifted three decades ago, upgrading stations and signalling, and introducing high-speed tilting trains, so that the high-level labour markets of all three cities are integrated within a single rail commuting envelope: call it 'HS1.5'. There may also be a case for a more dramatic investment in the shape of a brand new high-speed line connecting the three cities.¹¹ In parallel, local rail systems serving the forgotten towns of Northern England – places like Bradford, Burnley and Blackburn – need upgrading so that they can have new economic roles, as integral parts of the super-city economy.



Above

Fig. 2 Distances for travel across the Randstad, Netherlands

Options for political leadership

We argue that to create a 'bi-polar' system the three northern cities need political investment, creating powerful leadership arrangements for each city-region, and replicating the system London already enjoys. That would mean city-region governance, led either by directly elected city-region mayors or perhaps by city mayors operating in a geographically expanded core city authority. The cities need to rediscover the power and independence which underpinned their 19th century rise to globalism. The three mayors would be encouraged to work together in a super-city troika. As powers and resources are transferred to the three cities (and to London) on the devolved nations model, there would be a corresponding reduction in Whitehall's role.

The political mind-set of successive governments is at the heart of the problem. It was highlighted by Lord Heseltine in his plea to the Coalition Government to loosen a central government grip on the regions and cities of England¹² that in part seems to reflect a profound lack of confidence in any form of governance not controlled by the centre. We have a uni-polar system which sucks talent and political acumen down to Westminster. This is perfectly illustrated by the number of former city leaders who have seen the job only as a stepping stone to securing a parliamentary seat.

Devolving more funds to cities and localities with powerful mayors is one response. But this needs to be complemented by greater involvement of MPs in their localities. Why not create parliamentary select committees for the major city-regions, with city mayors having ex officio status in Westminster?

There is a precedent in France, where the mayors of the major cities are often members of the French National Assembly. The *cumul des mandats* is the French equivalent of the dual mandate in other countries; it is particularly common in France compared with other Western countries. The mandate allows two or more elective offices to be held at different levels of government – local, regional, national, and European – as mayors, MPs, senators, Members of the European Parliament, and President of the General Council in their home regions.

There might be other approaches. If we cannot devolve powers to the regions, then can we devolve parts of Parliament? How can we provide a mechanism for breaking down the departmental silos in Whitehall? How can we ensure that MPs spend as much time in their localities as in Westminster? How can we give city mayors a foothold in Westminster?

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Conclusion

We have sketched out an approach to closing the gap between London's runaway growth (and its runaway demands) and the rest of the UK. It should be in everyone's long-term interest. But implementation would be demanding, calling as it will for an expansion in state power and initiative in the South, to properly co-ordinate expansion driven by London, and a relaxation of state power in the North, ceding more power and resources to some of the big cities.

Britain has made dramatic changes like this before. It did so triumphantly in the late 1940s, using new instruments of state power and implementation created during the Second World War, a Civil Service machine reinvigorated by the pressures of war, and an influx of brilliant outsiders. Can we do it again; or are we stuck with the prospect of a semi-abandoned North, alongside a single global city which becomes the victim of its own success?

● **Alan Chape**, former Assistant Chief Executive and Head of the Central Policy Unit at Liverpool City Council, is Visiting Fellow in the Heseltine Institute for Public Policy and Practice, University of Liverpool. **Ian Wray**, former Chief Planner at

Northwest Development Agency, is Visiting Professor in Geography and Planning, and Visiting Fellow in the Heseltine Institute for Public Policy and Practice, University of Liverpool. This article is based on their submission to the RSA Cities Commission. The views expressed are personal.

Notes

- 1 Evan Davis interviewing Boris Johnson in the BBC TV programme *Mind the Gap*, broadcast in two parts on 6 and 13 Mar. 2014
- 2 See the discussion of jobs in the period 1971-81 in Peter Hall's *London 2001* (Unwin Hyman, 1989), where Hall concludes that in this period even Liverpool's economy had restructured more successfully than London in building information-handling jobs to replace jobs lost in handling goods
- 3 *Trends in Urbanisation and Urban Policies in OECD Countries: What Lessons for China?* OECD, 2010. www.oecd.org/urban/roundtable/45159707.pdf
- 4 These figures are sourced from, respectively, P. Alessandri and A. Haldane: *Banking on the State*. Discussion Paper. Bank of England, Nov. 2009. www.bankofengland.co.uk/archive/Documents/historicpubs/speeches/2009/speech409.pdf and J. Stiglitz: *Freefall: Free Markets and the Sinking of the Global Economy*. Penguin, 2010
- 5 G. West: *The Surprising Math of Cities and Corporations*. TED Talk. TEDGlobal, Jul. 2011. www.ted.com/talks/geoffrey_west_the_surprising_math_of_cities_and_corporations
- 6 *Second Tier Cities in Europe: In an Age of Austerity Why Invest Beyond the Capital?* European Institute for Urban Affairs, Liverpool John Moores University/Metropolitan Research Institute, Budapest/University of Tampere/University of Paris Est/University College London, 2012. www.ljmu.ac.uk/EIUA/EIUA_Docs/Second_Tier_Cities.pdf
- 7 *Competitive Cities, Prosperous People: A Core Cities Prospectus for Growth*. Core Cities Group, 2013. www.corecities.com/sites/default/files/images/publications/Competitive%20Cities,%20Prosperous%20People_%20Final%20Draft.pdf
- 8 I. Wray: *Great British Plans: Who Made Them and How Did They Work?* Routledge, 2016 (forthcoming)
- 9 S. Jenkins: *Thatcher & Sons – A Revolution in Three Acts*. Penguin, 2006
- 10 *London Futures. Globaltown: Winning the Crucial Battle for Talent*. Deloitte, 2013. www.deloitte.com/assets/Dcom-UnitedKingdom/Local%20Assets/Documents/Market%20insights/uk-insights-uk-futures-london-futures.pdf. Although this report focuses on London's strengths, the statistics on page 11 reveal that London has little representation in the life sciences sector and that it is in a 'following' rather than 'leadership' position in relation to other leading cities. Nonetheless, our major national investment in life sciences is committed here, at the Crick Institute, a £650 million project under construction next to St Pancras station
- 11 P. Hall, D. Thrower and I. Wray: 'High-Speed North – building a trans-Pennine mega-city'. *Town & Country Planning*, 2014, Vol. 83, Apr., 172-9
- 12 M. Heseltine: *No Stone Unturned In Pursuit of Growth*. Department for Business, Innovation and Skills, Oct. 2012. www.gov.uk/government/publications/no-stone-untuned-in-pursuit-of-growth