

Behind the Red Wall: economic decoupling and the ‘places that don’t matter’

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So I guess now the real business can begin. Having spent the past 42 months in limbo (part one), we now take a bold and significant, if not wholly convincing, stride into limbo (part two). This on the back of failed and broken promises and a Brexiteer contingent who seem taken aback with the audacity of the EU that they might in future relationship discussions prioritise the interests of member states over those of the UK.

The past few months have given plenty for the commentary industry to posit. This includes myself, as in previous blogs I have fixated on the failings of the UK’s social liberal contingent. Much philosophising has occurred on the back of the fall of the so-called Red Wall in December. Now the politics is done for at least the foreseeable future, it seems pertinent to focus on more practical issues of the potential outcome for these places.

Enduring problems seen in the secondary centres of England’s Midlands and North have become the *cause celebre* of the past three years. Cast as the ‘places that don’t matter’ exacting a brutal revenge on the institutions successively failing them^[i], the plight of such places has even seen the emergence of a specialist thinktank – the Centre for Towns^[ii] – to counteract the monopoly of cities and their associated agglomeration benefits in policy discourse. The fact that these secondary centres were amongst those most at risk of decline in the event of leaving the EU is not without irony^[iii].

The risk posed to industry in such places – and thus to communities themselves – is not solely about input-output relations or global just-in-time supply chains. It is instead indicative of a more complex relationship emerging as local economies are reconfigured through forces of liberalised trade, *laissez faire* government, highly

constrained local intervention capacity, and broader industrial restructuring.

One way of thinking about local economies is as a set of assemblages. Assemblage thinking focuses on the interaction of actors and materialities. What we identify as 'local' is inevitably a more complex set of transactions involving strategic and operational decisions taken at varying levels but manifesting at a localised point. The location of a new factory in a locality illustrates such a dynamic, involving national and local level planning regulation, local level feasibility analysis, and remote investment decisions.

Whilst assemblages can be highly complex, one way of simplifying them is classifying actors as from one of a core set of participants. These are the state in the shape of governmental institutions, the market through competing business and private investment interests, and civil society representing communitarian and citizen concerns.

It is in this union that failings embedded in England's secondary centres can more effectively be exposed. Addressing a range of civic concerns within such places is hugely dependent on the actions of state and market. The legacy of successive governments focusing on city-based methods as a quick win economic intervention has however reconfigured the local dynamics between these actors.

Sub-national governance arrangements have here moved further toward city-based models, with the introduction of first Local Enterprise Partnerships, the city deals, and more recently Combined Authorities. The conduit for local level autonomy and greater investment pots has thus occurred through closer alignment with regional centres rather than responding to localised concerns. At the same time, the ability of such dynamics to accommodate the core needs of traditional industries in 'secular decline' (to use the government's own words) and with fragmenting transactional patterns has been limited.

The result has seen a continuing separation of local state and market. Local government organisations have been constrained by 100 years of centralisation and a decade of austerity from effective interaction and engagement with their business communities. And certainly the more traditional form of industry embedded within local imaginations.

Perhaps more insidious however is the processes through which both state and market essentially decouple themselves from their locality. In the case of state organisations, this is driven through reformed governance arrangements, bound into city-based objectives offering access to resource and investment as part of an aggregated geography. The *fait accompli* here for secondary places is alignment with an agenda maintaining the primacy of cities as the sole route to sponsorship in a time of resource scarcity.

For market actors, forsaken by the state, the option is an evolving model of practice which links the ongoing renewal of production networks with greater integration into the 'non-local'; that is, the escalation of relations beyond and slow reduction of dependence on the local. This has inevitable consequences, resituating firm-based investment at a time when state-based investment is similarly forthcoming.

What this means is the outlook for such places is fairly bleak. Exhibiting a relatively sluggish recovery post-2008^[iv], the input-output challenges of any sort of Brexit already work against their interests. The ongoing separation – and decoupling – of industry and governance from secondary centres suggests not only limited capability to address issues of continuing decline but also limited incentive, as organisation survival concerns are best represented through ongoing decoupling.

Such problems pre-date Brexit, and will not be eradicated by any outcome regardless bravado of the current administration. One resolution may be further reconfiguration of sub-national units to recreate the local, cognisant of recent restructuring. It is unlikely this will sit well with local imaginations along the former Red Wall.

[i] <https://voxeu.org/article/revenge-places-dont-matter>

[ii] <https://www.centrefortowns.org/>

[iii] <https://www.birmingham.ac.uk/schools/business/research/research-projects/city-redi/economic-impacts-of-brexite-on-the-uk.aspx>

[iv] <https://www.tandfonline.com/doi/full/10.1080/00343404.2019.1699651>

