

Deglobalisation and New Productivism – creating the Self-Made Place

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There is one thing I agree with Liz Truss about and it's not growth. It's about the need to start thinking outside conventional economics. We need to look at the world and our local cities and places in a more holistic way.

Since 2012 I've been writing about creating the 'Self-Made Place' with an emphasis on principles of home-made production with local places drawing to greatest extent possible on circularity in local ecosystems to build local businesses, jobs and resilience.

The idea's been to 'trickle up' rather than the 'trickle down' anticipated by neo liberalism with its focus on deregulation, financialization and hyper-globalization.

PWC research shows regional productivity gaps are large, with average output per job around 40% above the UK average in London.

Far from Levelling Up, the gap between the best- and worst-performing local enterprise partnerships (LEPs) in England has widened over time, with productivity in the highest-ranking LEP being 2.1 times more than in the least productive LEP in 2017, compared to 1.8 in 2002.

For years business has called for more investment in so-called horizontal issues – infrastructure, skills and innovation with analysis suggesting these have greater impact on productivity than industrial composition.

To boost regional productivity, local ecosystems need to be invigorated. More investment is needed in West Midlands transport infrastructure to ease the movement of goods and people. At peak times Birmingham's slow public transport means agglomeration benefits are significantly reduced leading to lower productivity levels, says Open Data Institute.

Links between education, training, apprenticeships and business are needed to produce local skills required by local business. Young people who chose to work locally where they grew up should be able to do so whilst being able to access affordable local housing too. Funding and support for startups and growth businesses needs to be available supporting local clusters and strengths. More energy

should be produced locally so we do not move from relying on Russian gas to the Chinese imports essential in supporting renewable applications.

It's not about a box ticking culture where outcomes are allocated by distant figures higher up with little sensitivity to local place-based needs.

Since coming up with this term, the Self-Made Place, one that I at least knew and understood, I've since become aware of the writing of Dani Rodrik who's coined the phrase New Productivism.

He explains by stating:

"[New Productivism] emphasizes the dissemination of productive economic opportunities throughout all regions and all segments of the labour force. Unlike neoliberalism, productivism gives governments and civil society a significant role in achieving that goal. It puts less faith in markets, is suspicious of large corporations, and emphasizes production and investment over finance, and revitalizing local communities over globalization."

I'm not 100% in agreement with this statement. However, I do like the direction of travel it implies. Brexit was surely brought about as a result of the strains of sovereignty, concerns about global corporates and business values amongst these large companies (90% of FTSE 100 CEOs are paid 145 times as much as the lowest paid in these businesses), and the impacts of immigration.

Cheap labour overseas robbed many local communities of quality manufacturing jobs and pride in local production.

Surges to local populations from immigration brought vital new labour to employers whilst putting pressure on some community services – health, education and housing along with perceived downwards pressure on wages through low skilled immigration. From 1997, immigration levels to the UK quadrupled accompanied by growing nationalism and populism from around this time, manifested most clearly in the birth of UKIP in 1993.

Business has been clear for years that external issues affect their ability to improve competitiveness and productivity. I remember that lobbying in the CBI in the early 90s when the plea for an integrated transport system was the number one ask from business. Skills shortages have since risen up the agenda to the number one position and housing shortages have become prominent too.

But whereas through the 80s and 90s global supply chains were seen as the answer, by the 2010s onwards this was beginning to look much more questionable. In 2010 the volcano, E15, or Eyjafjallajökull, erupted resulting in what at the time was the largest air-traffic shut-down since World War II. In 2011, the Tōhoku earthquake triggered a tsunami with 13–14-meter-high waves leading to a level seven nuclear accident, the most severe since the Chernobyl disaster in 1986. Since then we have had the impacts of Climate Change through extreme droughts and fires, Brexit, the Covid Pandemic, war in Europe with Russia's invasion of Ukraine – causing more than a decade plus of global supply chain disruption.

Resilience has become a watchword.

In light of these disruptions, governance is required to ensure sensible financial distributions and the fiscal powers required to raise funds for local projects. Rana Farooqar writing in the FT Weekend (22/23 October 2022) outlines some guidelines for delivery. She notes globalisation isn't dead, it's just different. More money and resources should go to localities but information, capital, services and people would still move around the world.

Following the Covid pandemic and war in Europe, politics and values have changed: it does matter where you buy your products. Economics needs to reflect this by, she suggests, becoming more cross disciplinary and drawing on law, anthropology, biology and business, with a view to thinking less about consumers and more about our citizens and their needs, owning our networks and supply chains.

We're well aware of security requirements with the need to onshore supply chains so we can produce more here and not be dependent on unreliable overseas supply chains following the disasters listed. This idea of co-locating production and consumption is sometimes referred to as 'dual circulation'.

Then there's the impact of resilience in greening our supply chains. Security of energy and food along with our manufacturing supply chains through on-shoring can also lead to fewer emissions and support a circular economy approach.

There's a danger that by importing products – from smart phones to solar panels and EVs, we're effectively off-shoring our emissions, sometimes drawing on very questionable supply chains.

In editing 'Green Manufacturing what this involves and how to achieve success', it was clear that vertical integration is becoming a growing trend in business with an interesting case study in family-run clothing and textiles manufacturer, David Nieper Ltd based in Alfreton, Derbyshire. Fashion has been a major casualty of offshoring and is now one of the world's most polluting industries contributing an estimated 1.2bnTC02e pa, more than all international aviation and shipping

combined. Conscious of this in 2019 David Nieper commissioned University of Nottingham Energy Innovation and Collaboration team to review GHG emissions by the business. The report highlighted 47% fewer emissions would be created by manufacturing clothing in the UK, in particular due to the greater carbon efficiency of the UK's electricity network.

Following the report David Nieper invested £4.5m to build a solar powered fabric print factory in the UK bringing its textile manufacturing back to the UK. This digital print process saves between 50-60 litres of water per meter of fabric compared to traditional screen printing.

The company is also introducing an eco-kite mark for consumers to see at a glance how environmentally friendly their garment is by checking embedded carbon levels to provide transparency and choice as well as change behaviours amongst customers in turn incentivising changed purchasing habits amongst retail buyers.

There's a very real danger with regards to our energy that we'll move from dependence in Europe on Russia for oil and gas to dependence on China for inputs into renewables. As I highlighted in a blog about the WMCA Five Year Plan the Combined Authority is relying almost wholly on imported components for solar PVs and Electric Vehicles central to its strategy to drive a zero emissions forecast for 2041.

Sheffield Hallam University published a report concluding that almost the entire global solar panel industry is implicated in the forced labour of Uyghurs and other Turkic and Muslim-majority peoples. The report states:

"The solar industry and governments must act now to make sure the global transition to clean energy has human rights, decent work and sustainability at its core, and is not done off the back of crimes against humanity committed against Uyghurs."

Half of the world's cobalt comes from the DRC with 20% mined by hand and child slave labour and HR abuses. Amnesty International has developed a five step due diligence framework for manufacturers with BMW coming out top among the electric vehicle manufacturers surveyed having made some improvements to its supply chain policies and practices with respect to cobalt, but still not disclosing its smelters and refiners. However Sony, Samsung, GM, Volkswagen, Fiat Chrysler and Daimler have all taken minimal action. Microsoft, Lenovo, Renault, Vodafone and Huawei were some of the companies named as having taken no action to investigate cobalt supply chains.

Following de-industrialisation which stripped out so many quality jobs from regions and local communities in the Midlands, North West, Wales and Scotland, investing in energy and supply chains or onshoring represents a great opportunity for the return of higher value jobs into local places without becoming vastly uncompetitive in the process... Producing energy locally requires

land to be set aside for this purpose, yet local energy production is not part of the Local Development Plan where I live.

Greater resilience requires more local energy production, not simply a reliance on national planning led solutions.

In my part of the country there are challenges around gaining sufficient strategic coordination along with fund-raising capacity to start local projects. Whilst multinational fossil fuel corporates are investing in renewables, they're looking for large scaleable models such as wind, carbon sequestration to start selling blue hydrogen on global scale before moving, eventually, to greater green hydrogen requiring a lot of energy for production.

But, there's been far too little focus on local energy production. Cornwall County Council is one exception as 40% of their energy is from renewables. This has increased 600% in the past 8 years with smart grid wind turbines, an eye to geo-thermal through their United Downs site and at the Eden Project, with early investments in the County Council's own farms to produce biomethane in innovative ways whilst also investing in biomethane refuelling stations.

Cornwall is a unitary authority. In Worcestershire, where I serve, we're a two-tier authority. We know, thanks to the Environment Act 2021, that we have mandatory food waste collections coming up by 2025. The district authorities collect our refuse and the county council disposes of it.

We're embarking on the discussions which could provide the strategic oversight to see our food waste collections (accounting for c40% of non-recycled waste bins at present) processed through anaerobic digestion to produce biomethane which could then be used in district council fleet of freighters as a truly circular and local economy solution. To deliver this circular solution our district councils would need to collect organic wastes, deliver this to AD premises where county council would be responsible for the production of the biomethane produced which could then be used in local homes and by our local trucks and buses as is the case in Nottingham, Bristol, Peterborough and other authorities.

It sounds straightforward in theory. But for each different local authority the financial case needs to be made. The infrastructure has to be there – for food waste collections, the Anaerobic Digestion facilities able to link biomethane production to the grid and then having the fuelling stations so trucks, freighters, buses – even ambulances and fire engines too – refuelling from local stations. If the local authorities own the gas produced they're in charge of the pricing too rather than purchasing at fluctuating prices. However, a considerable investment would be required with perhaps slightly longer timelines for payback that would normally be commercially acceptable, with public and private partners working together to drive the plan across the county.

There's \$130Trn of funding available through the Glasgow Financial Alliance for Net Zero (GFANZ) funding available. Can our local authorities access this for local renewable investments in energy, onshoring, green integrated infrastructures and local production? UK government could issue green bonds for local authorities to invest in green infrastructures enabling accelerated modal shift.

Form Unitaries everywhere, was the solutions proposed by Michael Heseltine in 'No Stone Unturned'. Again, yes, in theory. But in our County without a change in voting to a system of PR this would likely have (up till now!) led to a Tory Unitary and no local variances – for example we have a Green-Independent controlled authority in Malvern Hills.

There's no shortage of expertise in biomethane production in the West Midlands. Companies like Severn Trent have a long track record in production from human waste. Cadent Gas welcomes biomethane as renewable natural gas, Air Liquide is headquartered in Birmingham. CNG Services is installing a nationwide network of refuelling stations. In the UK there are 140mT of organic waste going to waste each year says ADBA. The UK has just 650 AD plants, Germany 9000. In 2015, the biogas sector in Germany had a total turnover of 8.2 billion euros and employed 42,000 people locally with their AD plants built and maintained by local contractors. The waste product from AD process, digestate can replace fertilisers produced from fossil fuels.

It's just one example, ideal for development at local level, but facing many challenges in gaining traction, even in our energy challenged times.

Political devolution is going to be essential if we are to deliver resilience. Greater engagement of local talent and local business. With just 30% or so turnout in local elections the whole process needs to become more relevant.

But I've highlighted local political challenges with moving to unitary authorities. And we have talked about this for decades. Local government is starved of resources. Independent tax raising is miniscule.

Hutton and Adonis advocate a radical solution through moving to a Federal UK building on the Scottish and Welsh experience. This would involve the abolition of the House of Lords with a Federal Senate where local representatives and mayors would sit. They advocate a Statute of Self Government with every city having a mayor responsible for public transport, policing, skills training, regeneration and strategic planning. With more local district councils given the power to provide new and better social housing given the collapse of local authority affordable house building during the 1970s, along with improved services for children, elderly and families.

New Productivism or becoming a Self-Made Place requires radical rethinking of the way our tax funding is raised and redistributed. It requires a radical reinvention of local authorities. It requires

radical upgrading in UK governance. All of this is doable. The current system is broken and not delivering for young and old alike. The question is whether people and politicians are sufficiently engaged and active enough to deliver. And that remains to be seen.