

Levelling Up? Let's Try Stopping Decline

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In the last decade or so, many have looked to the political and commercial willingness that Manchester has developed enabling it to assert itself as 'second city'; a tag Birmingham believed belonged to it. The success of the 'Northern Powerhouse', undoubtedly assisted by explicit support from former local MP for Tatton and Chancellor of the Exchequer, George Osborne, provided the inspiration for others.

As explained in chapter in my chapter, 'Ending 'Stand and Deliver' and Enhanced Localism Based on Citizens' Juries' published in [*English Regions After Brexit: Examining Potential Change through Devolved Power*](#) recognition of the importance of the power of devolution that had been actively supported under the previous Labour administration was given added impetus under David Cameron's coalition government. Elections of Mayors to metropolitan areas was intended to sustain and nurture Manchester and London's achievements.

Following the financial crisis of 2008, when unemployment increased, there was a continued sense of the widening gulf between a south, in which prosperity had revived and continued after the setback of the early 80s, and a north, in which jobs in traditional manufacturing disappeared, still experienced long-term issues of joblessness, poverty and poor prospects for many.

A reason cited for northern parts of the country voting to leave the EU is the perception that, having been 'left behind' in comparison to the south, would, free from the EU, enjoy improved prosperity through increased investment either directly from the government in Westminster or indirectly through regional administrations led by, for instance, 'Metro Mayors'.

The upheaval of the EU vote and the replacement of David Cameron by Theresa May who, on becoming leader of the Conservative Party

proclaimed her intention to do more to assist 'Jams', "just about managing". Her problem was an inability to deliver Brexit.

Having become leader following May's departure in the summer of 2019, Johnson instinctively knew, probably helped by former advisor, Dominic Cummings, the power of a snappy slogan. Accordingly, completing the task that'd bested May, leaving the EU became "Getting Brexit Done" and the issue of regional inequality spawned "levelling up".

So, in December 2019, having won a general election, Johnson set about delivering Brexit and levelling up.

The first, with his 80 seat majority, was easily achieved and the UK left the EU on 31st January last year. The second was always going to be far trickier.

Regional inequality is nothing new. Nor is government intention to address regional disparity.

Government intervention through regional policy was first implemented in this country in the 1930s to provide support to areas of northern England with concentrations of 'heavy industry' that had experienced ruin during the depression. These became "Assisted Areas" which, though they waxed and waned, depending on prevailing circumstances, grew in magnitude and size after the war against Hitler.

Thatcher, a passionate advocate of free enterprise, was instinctively against intervention. Famously, in the aftermath of the 1981 riots in Liverpool, she had to be convinced by leading members of her cabinet, notably, Michael, now Lord, Heseltine, that something urgently needed to be done to assist those, the young, whose prospects were destroyed by her policies.

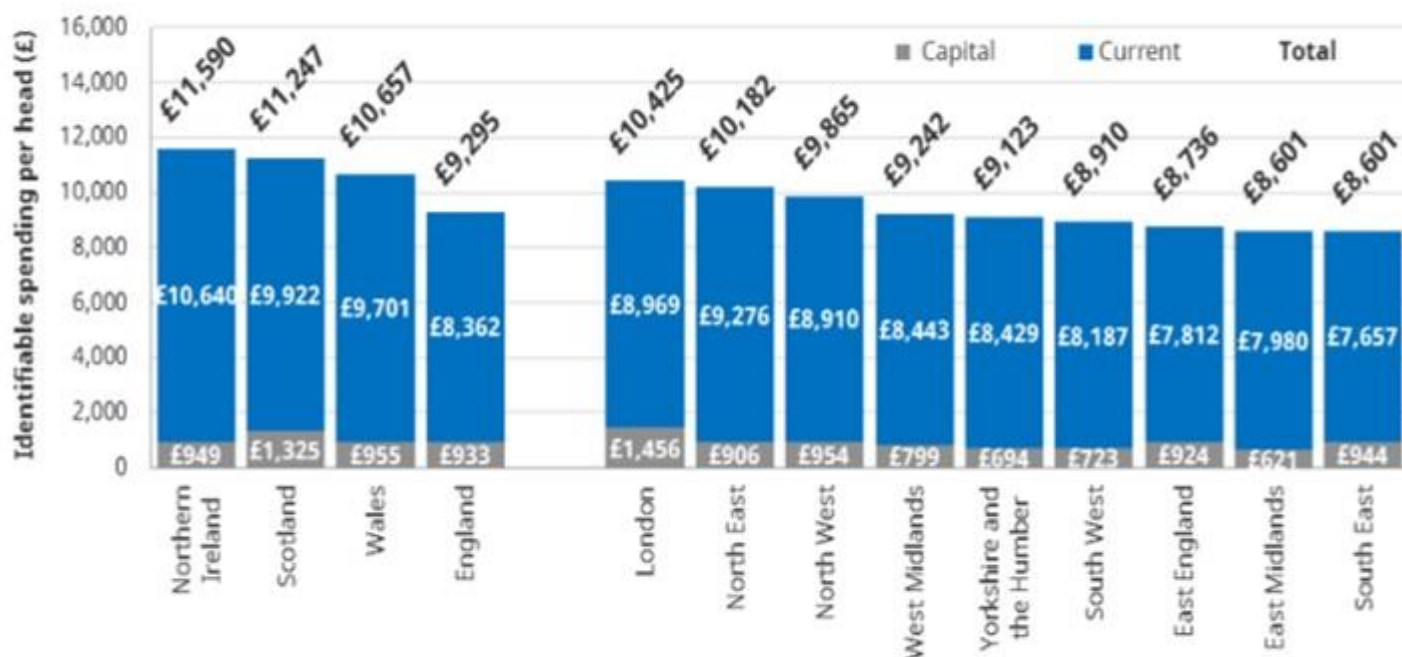
Johnson, prior to becoming leader, and much to Heseltine's irritation, stated his intention to become a 'Brexit Hezza'. As critics of leave stressed, leaving the EU would likely undermine future prospects of the those seduced to believe it to be beneficial.

Mike Buckley in the [Byline Times](#) last February argued that regeneration of poorer regions of the UK, “which are nine of the 10 of the poorest regions in northern Europe”, was not going to be assisted by Brexit negotiations. Fishing communities would now be likely to heartily concur.

The amount of money needed to successfully achieve ‘levelling up is phenomenal.

As [Institute of Fiscal Studies](#)’ (IFS) Ben Zaranko argued last March, in ‘Levelling up: what might it mean for public spending?’, the way government spending is dedicated is complex and there’s is good reason why per capita expenditure is higher in London than other parts of the country. Besides, as Zaranko explains, the sort of investment suggested as necessary by advocates of levelling up would represent a massive increase on normal expenditure that’s largely dedicated to “employing public sector workers, the day-to-day running costs of government departments and public services and paying social security benefits.” Moreover, as Zaranko shows by presenting a diagram of regional spending, more is spent per head in the other three nations of the UK than England:

Total spending per head is 25% higher in Northern Ireland than in England, at £11,590 versus £9,295



Total identifiable spending per head 2018-19 (source: IFS)

Though London appears to do well, this is due to the higher (capital) expenditure on vital transport vital links to ensure the easy flow of the millions who commute across the city every day. Altering priorities takes time and would inevitably result in disjuncture of current objectives.

If levelling up looked daunting this time last year, some twelve months on, and experiencing health and economic consequences due to Covid-19, it's safe to say the task is now considerably tougher. According to the Office for National Statistics (ONS), there have been over 100,000 deaths due to the pandemic combined with the NHS having cope with unprecedented numbers of patients being treated in hospital intensive care units.

The cost of dealing with the crisis and need to slow down infection by lockdowns is immense.

The public budget deficit, the difference between spending and tax income plus other receipts, has risen by almost £271 billion since April. This is £212 billion more than the same period last year. The Office for Budget Responsibility (OBR) believes that by the end of the financial year borrowing could exceed £394 billion.

National debt is now over £2.1 trillion which represents 99.4% of gross domestic product (GDP), the highest it's been since 1962.

Though national unemployment at 5.0% is better than it might otherwise have been without the continuance of the furlough scheme, being received by five million people, it still means that from September to November last year, 1.72m people were unemployed according to the ONS.

418,000 more people unemployed than this time last year because of the pandemic. If the claimant count is used, including those working on low pay and claiming benefits, the number is considerably higher at 2.6 million.

Some suggest that unemployment could rise in the coming months once the furlough scheme ends. It's speculated that it could reach 7% meaning three and half million people out of work.

The spectre of rapidly rising unemployment is presumably what the Chancellor's contemplating in preparation for his budget on 3rd March. Predications made by him last year that the pandemic would be temporary in nature proved wildly optimistic.

As I argued in my chapter, 'Did 'Eat Out to Help Out' Result in the Country 'Getting Stuffed'?' in *Pandemic, Where are We Still Going Wrong?* (edited by J. Mair, published by Bite-Sized Books) <https://www.bite-sizedbooks.com/product/pandemic-where-are-we-still-going-wrong/>, pretty much everything we've done has been wrong and has resulted in the dreadful toll of death and the strong likelihood of a first double dip recession since 1975.

In trying to 'protect' the economy we've ended up in the worst of all worlds and, as the latest report by thinktank Centre for Cities, *Cities Outlook 2021*, makes clear, the intention by government to level up

the country is now four times more difficult due to the effects of Covid-19.

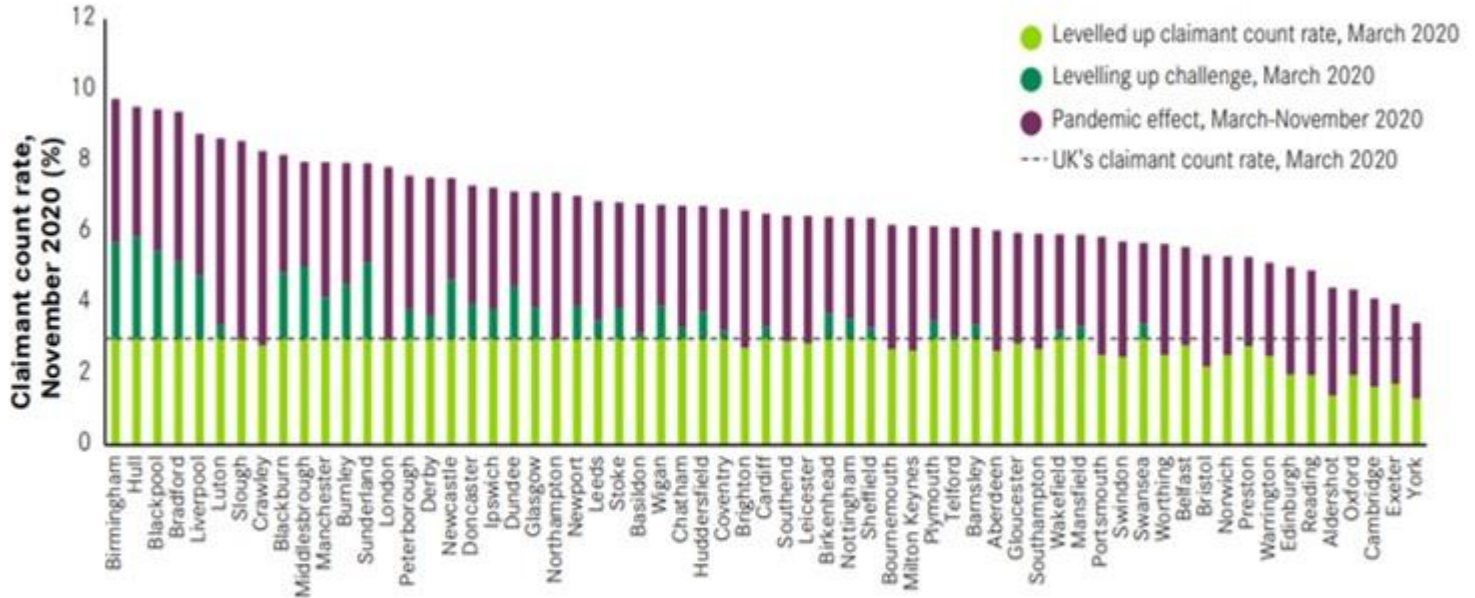
As Centre for Cities shows, 634,000 people outside London and the southeast must attempt to secure “secure, well-paid jobs” for regional inequity to cease. This figure is four times the 170,000 trying to improve their prospects in March before and we entered the first lockdown.

Though it is no surprise that northern cities are most affected, that Birmingham is regarded of particular concern is worrying. Though exactly 60 years ago, the West Midlands, particularly Birmingham, mainly due to demand in manufacturing, household income was 13% above the national average, higher even than London and the South East.

Much has changed and it is worth recalling this was achieved despite government policy as far as Birmingham was concerned to curtail expansion.

In some strong economies the scale of the challenge is now similar to that of places in need of levelling up

Claimant count rate, November 2020



Source: ONS, claimant count March 2020 and November 2020, population estimates 2019.

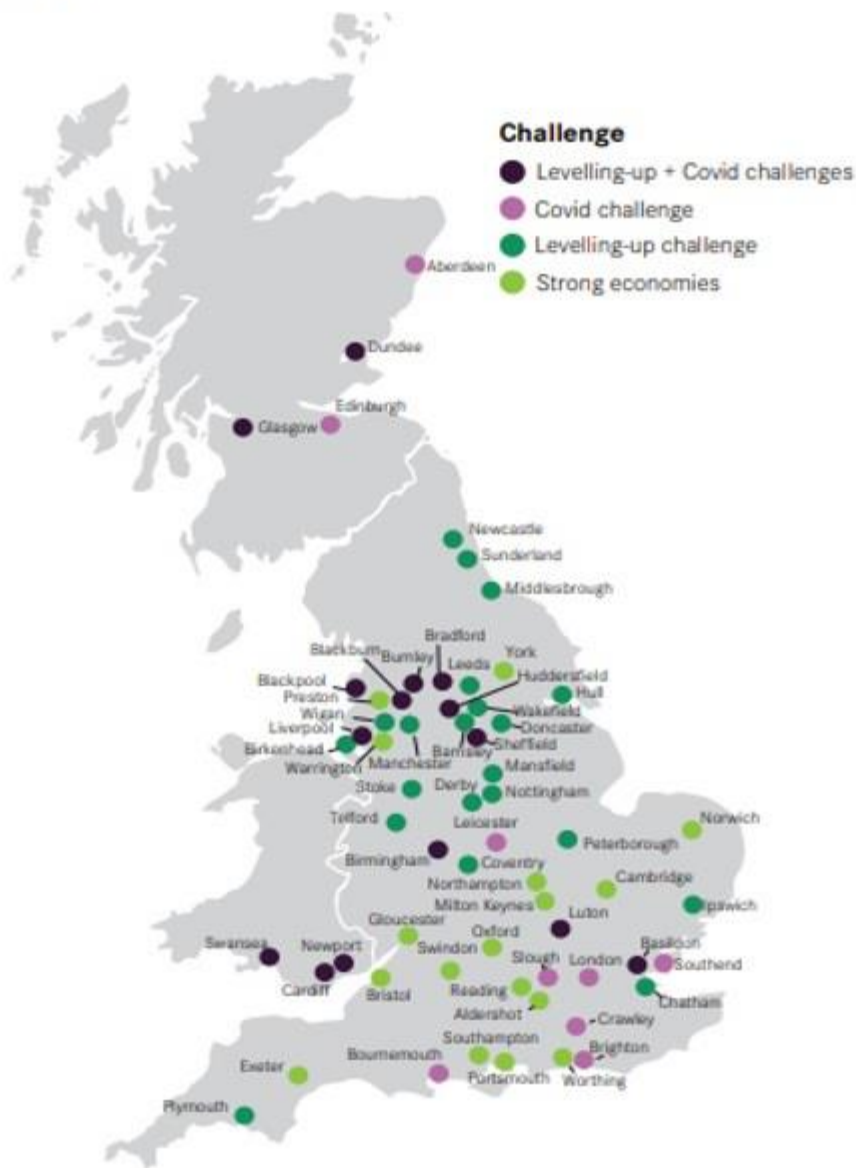
Note: data differ to NOMIS claimant count rate as the latest available population estimates are used to calculate these figures. Data is not seasonally adjusted.

Source: *Cities Outlook 2021*

Cities Outlook 2021 makes grim reading. Whilst acknowledging the “historically stark inequalities” existing between different parts of the country, it’s abundantly obvious from the data that Covid-19 has, “worsened opportunities in every corner of the UK.” In looking at the map below, it’s possible to see which cities, because of pre-existing inequality, Covid-19 or a combination of both, require the most urgent attention:

Different places need different policy responses

Summary map of the challenges affecting different groups of cities and large towns



Source: Centre for Cities analysis.

Note: Belfast not included in this list as estimates of the share of workers able to work from home are not available.

Source: *Cities Outlook 2021*

Like many other bodies which report on issues of unemployment *Cities Outlook 2021* presents recommendations to assist cities dealing with Covid-19 and/or inequality. To “bounce back from Covid”:-

1. Boosting Universal Credit.
2. Supporting workers until social restrictions are lifted.
3. Supporting people who have lost their job to retrain.
4. Consider a 'Spend out to help out' voucher.

To “deliver on levelling up”:-

1. Investing in skills
2. Creating jobs
3. Improving city centres
4. Investing in transport
5. Investing in innovation
6. Pressing ahead with devolution

These will come as no surprise and, of course, require vastly increased investment by government adding to debt already at record levels. However, failure to deal with the problems of inequality affecting cities and, no less importantly, rural and coastal communities will mean continued anguish and suffering.

Disparity and hopelessness with attendant knock-on negative impact in terms of health, education, social mobility and crime will simply linger and, more likely, increase.

Ironically, those who voted to leave the EU, the poor in left behind areas, may discover that the UK no longer being a member may not improve their prospects in the way promised during the referendum campaign. Sadly, it increasingly seems, quite the contrary.

Dr. Steven McCabe is co-editor of *Brexit and Northern Ireland, Bordering on Confusion* (published by Bite-Sized Books, ISBN-13:978-1694447807) and *English Regions After Brexit: Examining Potential Change through Devolved Power* (published by Bite-Sized Books, ISBN-13: 979-8666953099). He has contributed chapters to a number of texts in the last year (in 2020 unless otherwise stated): *Brexit Negotiations after Article 50: Assessing Process, Progress and Impact* (published in 2019 by Emerald Publishing, ISBN: 978-1787697683); *The Wolves in the Forest:*

Tackling Inequality in the 21st Century edited by Hindley and Hishman (published in 2019 by Social Liberal Forum); ***Boris, Brexit and the Media*** edited by Mair, Clark, Fowler, Snoddy and Tait (published by Abramis Academic Publishing, ISBN-13: 978-1845497644); ***The Virus and the Media: How British Journalists Covered the Pandemic***, edited by Mair (published by Bite-Sized Books, ISBN-13: 979-8643725824); ***The Pandemic, Where Did We Go Wrong?*** edited by Mair (published by Bite-Sized Books, ISBN-13: 979-8665858326); ***BBC, A Winter of Discontent?*** edited by Mair (published by Bite-Sized Books ISBN-13: 979-8694863117) and ***The Pandemic, Where are We Still Going Wrong?*** edited by Mair, (published by Bite-Sized Books ISBN-13: 979-8563726338). His latest chapter, 'Does Vaccination offer Johnson a Way out of the Pandemic?' will be published in ***Pandemic, A Year of Mistakes?*** Edited by Mair to be published by Bite-Sized Books in March.