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**CLES bulletin** is a topical summary of articles which have appeared in the professional press. Its aim is to provide a pithy précis of a subject area, drawing out the specific and common issues raised in the individual articles.

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## **Regional Inequalities**

The idea that there are regional economic differences between the north and south regions of England has long been a debate amongst regeneration practitioners and is often discussed in the professional press. The subject has enjoyed renewed interest recently and this Bulletin looks at the current debate on regional inequalities as portrayed in the media.

**New Start**<sup>1</sup> magazine featured an article from Anne Power, Professor of Social Policy and Deputy Director of the Centre for Analysis of Social Exclusion at the London School of Economics. In this article she discusses her study, *Boom or Abandonment*, which underlines the vast economic gap between the prosperous south which is overcrowded in terms of housing and those parts of the north where there are too many homes, too little economic activity and lower population densities.

She sets out the extent of the economic divide in Britain. She argues that if the government wants to straddle the great north-south divide, it must see the unaffordability of London homes and the collapse of northern housing markets as linked problems with potentially linked solutions.

She concludes that by building on the physical and social infrastructure of cities, we can help vast areas of the north recover and prevent the south from sinking under the weight of its own successful re-growth.

**Inside Housing**<sup>2</sup> magazine also looks at Anne Power's study of regional inequalities, *Boom or Abandonment* but focuses on the housing issues raised by looking at the study's discussion of abandonment in both the north and south. It suggests that the problem is primarily an urban phenomenon and that there are many drivers of this wider collapse in confidence in cities and in inner neighbourhoods, but two historic factors underlie abandonment: outward sprawl and deindustrialisation.

It identifies investment in the existing stock and the environments of inner neighbourhoods as prerequisites of change. It argues that if the Government enforces the priorities it has set out for urban land use, then inner city neighbourhoods will acquire new value.

**Town and Country Planning**<sup>3</sup> magazine says that the broad pattern of regional disparities within the UK has remained remarkably consistent since the period between the First and Second World Wars, and evidence clearly suggests that regional inequalities widened during the 1980s and 1990s.

*Town and Country Planning* goes on to look at the potential role of public policy in meeting the Government's long-term objective of reducing the persistent gap in growth rates between the regions. It focuses on the ODPM's Public Service Agreement (PSA) Target 2, which is to '*make sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions, defining measures to improve performance and reporting progress against these measures by 2006*'.

It suggests that the new PSA target is significant because it focuses its attention on inter-regional disparities, and gives a new and more logical focus for regional policy.

It concludes that public policy and public institutions have a vital role to play in fostering the consensus about priorities and the long-term, sustainable growth, productivity and employment that lie at the heart of regional policy for the 21<sup>st</sup> century.

**Regional Studies**<sup>4</sup> notes that over the last 25 years regional inequality has increased. It argues that up to

<sup>2</sup> Power Anne *Boom or bust?* 21 Feb 2003 pp.20-21

<sup>3</sup> Tomaney, John, Pike, Andy and Benneworth, Paul *Reducing regional disparities through public policy* Town & Country Planning May 2003 pp.126-129

<sup>4</sup> Mackay, Ross *Twenty-five years of regional development* Regional Studies 37 (3) May 2003 pp.303-317

<sup>1</sup> Power, Anne *Bridging the great divide* New Start 21 Feb 2003 p.11

the mid-1970s there was a trend towards greater regional equality in the distribution of income and wealth in the UK. However over the last 25 years, regional inequality has increased, as have other forms of inequality.

*Regional Studies* provides a critical review of the nature and causes of the increases in regional inequality. It suggests that growing inequality has been associated with a more difficult labour market. The growing gap between a prosperous Inner Region Core and the rest of the UK is disguised in the unemployment statistics because of a powerful discouraged worker effect in the less prosperous regions.

*Regional Studies* explores why regional convergence has been replaced by divergence. It argues that if spatial imbalances continue, then they are likely to add inflationary pressures in the UK that may be detrimental to the growth of national output.

**Regeneration and Renewal**<sup>5</sup> magazine discusses a new study, *The State of the Nation*, which looks at the impact of the knowledge economy on the north-south divide. It argues that as long as the divide exists, the knowledge economy will not be competitive or inclusive and suggests that it, in fact threatens to deepen the north-south divide.

It identifies the main issue in the north as the low capacity of prospective knowledge capitals to act as growth poles for rural and lagging urban areas. In the south, it suggests the problem is the impact of too much metropolitan sprawl – i.e. house price inflation and traffic congestion.

It concludes that parts of Whitehall should be transferred to the regions in order to produce a modern, more balanced geography to compliment the modern economy.

In all of this debate, it is evident that the case for a national spatial strategy is strong. This strategy could systematically look at regional inequalities and the links between the problems of the north and south.

In all of this, CLES will continue to take an interest, and indeed the case for a national spatial strategy may be a hot topic for future debate.

*For more information on this topic, please contact:*

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***The Centre for Local Economic Strategies***

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<sup>5</sup> Hepworth, Mark *Needed: A northern white paper*  
Regeneration and Renewal 25 July 2003 pp.20-21

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