



Written evidence submitted by Professor John Tomaney, UCL Bartlett School of Planning and UCL colleagues on 25 February 2022

To the Public Accounts Committee inquiry: Supporting local economic growth

Executive summary

Geographical inequalities are not new, and neither are local growth strategies aimed at tackling them. As well as suffering economic disadvantage, people in 'left-behind' places are more likely to feel disenfranchised, ignored, sceptical about politics and there is evidence that previously strong communal bonds are fraying. As such, local economic growth must prioritise community-led approaches that focus on both people *and* place.

This paper reflects on the characteristics of 'left-behind' places, traditional policy approaches to stimulating economic growth, and suggests alternative approaches, led in part by communities. In it we suggest:

- Conventional forms of local growth policy that address 'hard' infrastructure provision, innovation, and business support have limited purchase in 'left-behind' places.
- Such places often lack the ingredients (innovation capacity, high skills etc) for a traditional growth-orientated strategy, typically measured by increase in GDP or GVA, nor are they likely to develop them except over the very long-term.
- Looking 'beyond GDP', requires a shift of emphasis from a "production-oriented" measurement system to one focused of the well-being of current and future generations.
- 'Left-behind' places characteristically display a strong sense of belonging, existing alongside severe socio-economic disadvantages, suggesting a refocusing on social infrastructures could have profound economic impact.
- More focus should be placed on the value of social infrastructure in supporting local growth potential, and this should be a priority for investment.

Learning from the past

Geographical inequalities are not new, but in most western countries widening urban and regional inequalities occurred after a long period of convergence in local and regional living standards after the Second World War. As well as suffering economic disadvantage, people in left behind places are more likely to feel disenfranchised, ignored, sceptical about politics and there is evidence that previously strong communal bonds are fraying. Left-behind places have attracted recent attention because they have become the sites of political discontent. The political debate has tended to be framed in terms of binaries – cities versus towns in the UK or urban versus rural in the US – even if the patterns of inequalities are more complex than this.

The making of 'left-behind' places reflects the pattern of post-industrial growth in the UK. In particular, the concentration of knowledge-intensive jobs in London is an important factor in producing these outcomes, although even here it is possible to identify disadvantaged

neighbourhoods because, while highly paid jobs are unevenly spread, low paid jobs, and poverty, are more evenly distributed. Diverging patterns of urban and regional growth paths mean that 'economic growth' can all too often bypass some communities and suggests market forces alone will be insufficient to overcome structural inequities. Instead, major public policy interventions are likely to be required, as is the background to the UK Government's recent Levelling Up White Paper.

The assumption that growth is the solution to the problems of 'left behind' places, typically measured by increases in GDP or GVA, is problematic because such places lack the ingredients (innovative capacity, high skills) for a growth-oriented strategy, nor are they likely to develop them except over the very long-run.

Looking 'beyond GDP', requires 'a shift of emphasis from a "production-oriented" measurement system to one focused on the wellbeing of current and future generations'.ⁱ Local and regional development policies remain fixated on tradeable sectors of the local economy, resulting in policies that favour 'leading edge' or 'knowledge-intensive' firms while ignoring residentiary sectors, despite such sectors' significance in supporting local economic activities and household incomes, especially in 'left-behind' places.

Prevailing policies for 'local growth' largely ignore the long tail of lower-value added, labour-intensive sectors such as social care, hospitality, public services and retail which employ most workers, which are less conducive to productivity enhancing measures. The current orthodoxy privileges cities as the engines of economic growth leading to a form of 'city centrism', which assumes growth will trickle down and out across regionsⁱⁱ.

Effective approaches to local economic growth – the Foundational Economy

Conventional forms of local growth policy that address 'hard' infrastructure provision, innovation, and business support have limited purchase in 'left-behind' places. Of greater importance for such places are policies that recognise the importance of the 'foundational economy'ⁱⁱⁱ.

In adopting such an approach, the economy is conceived as a 'zonal scheme' consisting of the tradeable economy, the overlooked economy of 'mundane activities', the foundational economy of 'material and providential essentials', and the core economy of family and community (see Figure 1). Local growth policy to date has been fixated on the tradeable economy and has neglected the importance of other zones for household incomes and broader wellbeing.

Notably, the Foundational Economy is that part of the economy that creates and distributes goods and services consumed by all (regardless of income and status) because they support everyday life^{iv}. To build effective local growth policy and strategy must focus on building more grounded local and regional economies, with activities of the foundational economy managed for the benefit of all citizens, prioritising material well-being, security, and social and cultural participation.

A focus on the foundational economy is not an alternative to a productive and wealth-producing market economy; but rather a vital component of it. When it is neglected, it creates insecurity and undermines the resilience of the economy. When it is thriving, the national economy does well.

Figure 1: A Zonal Schema of the Economy



Source: Foundational Economy Collective (2018) *The Foundational Economy*. Manchester University Press.

This approach moves away from the orthodox focus on productivity as the key measure for long-term prosperity to instead emphasise the importance of incomes and livelihoods. This approach identifies residual household income as the key measure of liveability, defined as disposable income after tax and expenditure on three essentials (housing, utilities and transport). **Local development policy, therefore, should be informed by a better understanding of the livelihoods and employment practices of residents** in ‘left

behind’ places and the barriers and possibilities they encounter and consider ways to lower these and expand opportunities.

Local growth must also focus on creation or adaptation of social infrastructures in the form of community facilities and meeting places to foster reconnection, reduce isolation and create spaces for conviviality, responding to evidenced social needs of ‘left behind’ places^v. Social infrastructure refers primarily to spaces within which differences are managed, local attachments are formed, and a sense of belonging are forged. Innovative social infrastructure meets unmet needs and addresses broader challenges such as ageing, achieving net zero, and educational and health inequalities. A key challenge to is to adapt social services and infrastructure in ‘left-behind’ places to foundational economy sectors.

New approaches to measure growth in ‘left-behind’ places

A fresh approach to promoting the development of local economic growth would emphasise building on the visions, values and potentials that arise from local communities. This approach calls for cooperation between actors in local communities, by national governments, and non-governmental organisations operating at the local or regional scale. Such an approach would need to **move beyond seeing problems of local development solely through the lens of economic growth** and consider the complex relationships between economic, cultural and political shifts.

This shift in thinking is especially urgent in the case of ‘left-behind’ places, where a strong sense of belonging exists alongside severe socio-economic disadvantage. Economic decline is associated with a loss of attachment and belonging, but the relationship may also operate in the other direction, with a loss of belonging contributing to further economic decline and impeding recovery through a lack of confidence, trust and skills^{vi}.

Deteriorating community facilities and services are an important feature of many ‘left behind’ places. Typically, **little attention has been given to the value of investments – often small scale – that can rebuild such social infrastructures**, especially those that underpin the forms of attachment and belonging that characterise healthy communities. Recent polling has shown that ‘places to meet and other community facilities which bring people together’ was the first ranked priority of respondents in ‘left behind’ places^{vii}. But **scarcely any work has been done to define and assess the**

social infrastructure requirements of economically lagging and declining places that accord with different understandings of ‘development’ and meet the needs of their communities, such as food poverty, absence of green spaces and endemic loneliness.

Work by UCL in County Durham has shown that former mining villages were endowed with social infrastructure that supported a rich home-made associational life and fostered a sense of belonging (see appendix). Historically, much of this infrastructure was organised and controlled locally by communities, civic groups and trades unions. Today, key assets that reproduce village identity, such as the secondary school, have been lost and the village has a more complex social structure than it did a generation ago. It continues to have a rich array of associational life and a strong sense of belonging, but the facilities that support this are stretched as the national and local state have rationalised or withdrawn services. Infrastructures that help nurture and develop the social capital that supports its vitality, engenders a sense of belonging and provides spaces where development needs can be identified, and common futures can be articulated and should be pursued.

Recommendations:

- Local development policy should be informed by a better understanding of the livelihoods and foundational economy practices in ‘left behind’ places and consider ways to lower these and expand opportunities.
- Policies should look beyond GDP as a sole measure of growth.
- Economic growth policies should take better account of lower-value added, labour-intensive sectors such as social care, hospitality, public services and retail which are significant employers in local communities.
- Greater attention should be paid to the role of ‘social infrastructure’ in supporting local growth potential, and this should be a priority for investment.

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We attach an appendix and would be pleased to speak further about our response. Please contact Katherine Welch k.welch@ucl.ac.uk.

ⁱ Joseph Stiglitz, Amartya Sen, Jean-Paul Fitoussi, *Report by the Commission on the Measurement of Economic Performance and Social Progress*. European Commission, 2018 (<https://ec.europa.eu/eurostat/documents/8131721/8131772/Stiglitz-Sen-Fitoussi-Commission-report.pdf>)

ⁱⁱ Danny MacKinnon, Louise Kempton, Peter O'Brien, Emma Ormerod, Andy Pike, John Tomaney, 'Reframing urban and regional 'development' for 'left behind' places', *Cambridge Journal of Regions, Economy and Society*, Volume 15, Issue 1, March 2022, Pages 39–56 (2021)

(<https://academic.oup.com/cjres/article/15/1/39/6427773>)

ⁱⁱⁱ Foundational Economy Collective, *The Foundational Economy*, Manchester University Press, 2008

^{iv} *ibid*

^v OCSI/Local Trust, *Left behind? Understanding communities on the edge*, 2019

(<https://localtrust.org.uk/insights/research/left-behind-understanding-communities-on-the-edge>); John Tomaney, Lucy Natarajan, and Florence Sutcliffe-Braithwaite, *Sacriston: towards a deeper understanding of place*. UCL, 2021

(https://www.ucl.ac.uk/bartlett/planning/sites/bartlett/files/sacriston_report_2021_final.pdf)

^{vi} Maria Abreu and Calvin Jones, 'The shadow of the Pithead: Understanding social and political attitudes in former coal mining communities in the UK', *Applied Geography*, 131(7):102-448 (2021); Eric Klinenberg, *Palaces for the People How Social Infrastructure Can Help Fight Inequality, Polarization, and the Decline of Civic Life*, Penguin Books, 2018; Deborah Mattinson, *Beyond the Red Wall*, Biteback Publishing, 2020

^{vii} OCSI/Local Trust, *op cit*