

Future challenges for society and the financial industry: spatial disparities

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Challenge 1: Uneven development and a dominant city

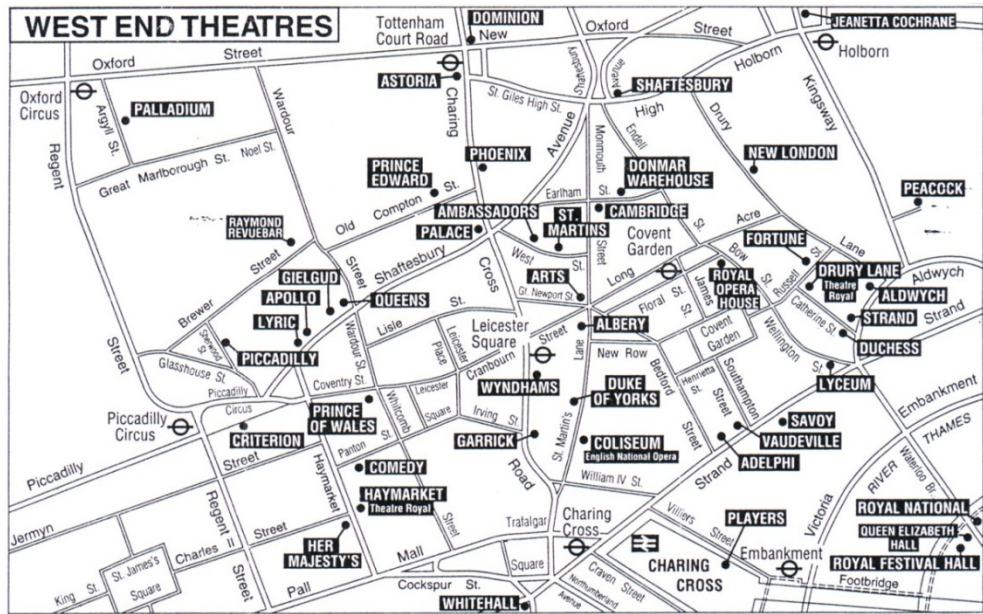
Place	Region	Growth (%)	
		1991-2001	2001-2011
Great Britain		4.1	7.5
London	London	7.2	13.1
Birmingham	W. Midlands	0.5	7.9
Stoke	W. Midlands	-0.1	3.2
Manchester	North West	-1.0	9.3
Liverpool	North West	-2.1	1.4
Newcastle	North East	-0.2	4.4
Sunderland	North East	-3.5	-1.3

Cities as places of production

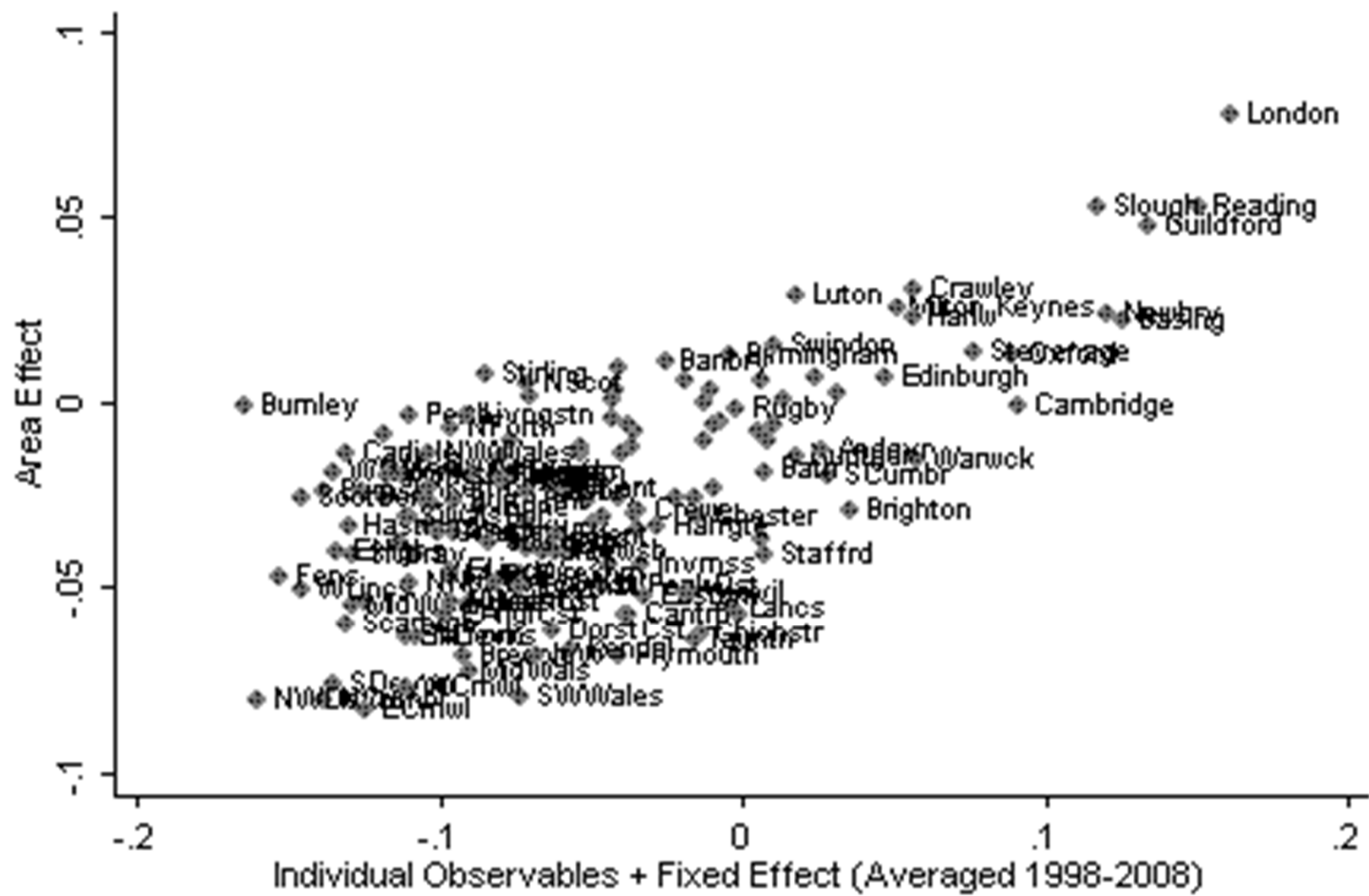
Industry Group	Agglomeration
Average <i>all</i> manufacturing	0.077
Publishing, printing, repro of media	0.105
Advertising	0.137
Average <i>all</i> services	0.197
Motion picture, video and TV	0.222
Hotels and restaurants	0.224
Finance and insurance	0.251
Public services	0.292
Business and man. consultancy	0.298
Transport services	0.325
Manufacture radio, TV and comms	0.382

City	Working age pop %NVQ4+ (2010)
Oxford	53.7
Cambridge	50.7
Edinburgh	47.4
Brighton	44.1
Aberdeen	43.5
London	40.9
York	39.9
Cardiff	39.8
Reading	39.6
Dundee	36.5

Cities as places of consumption

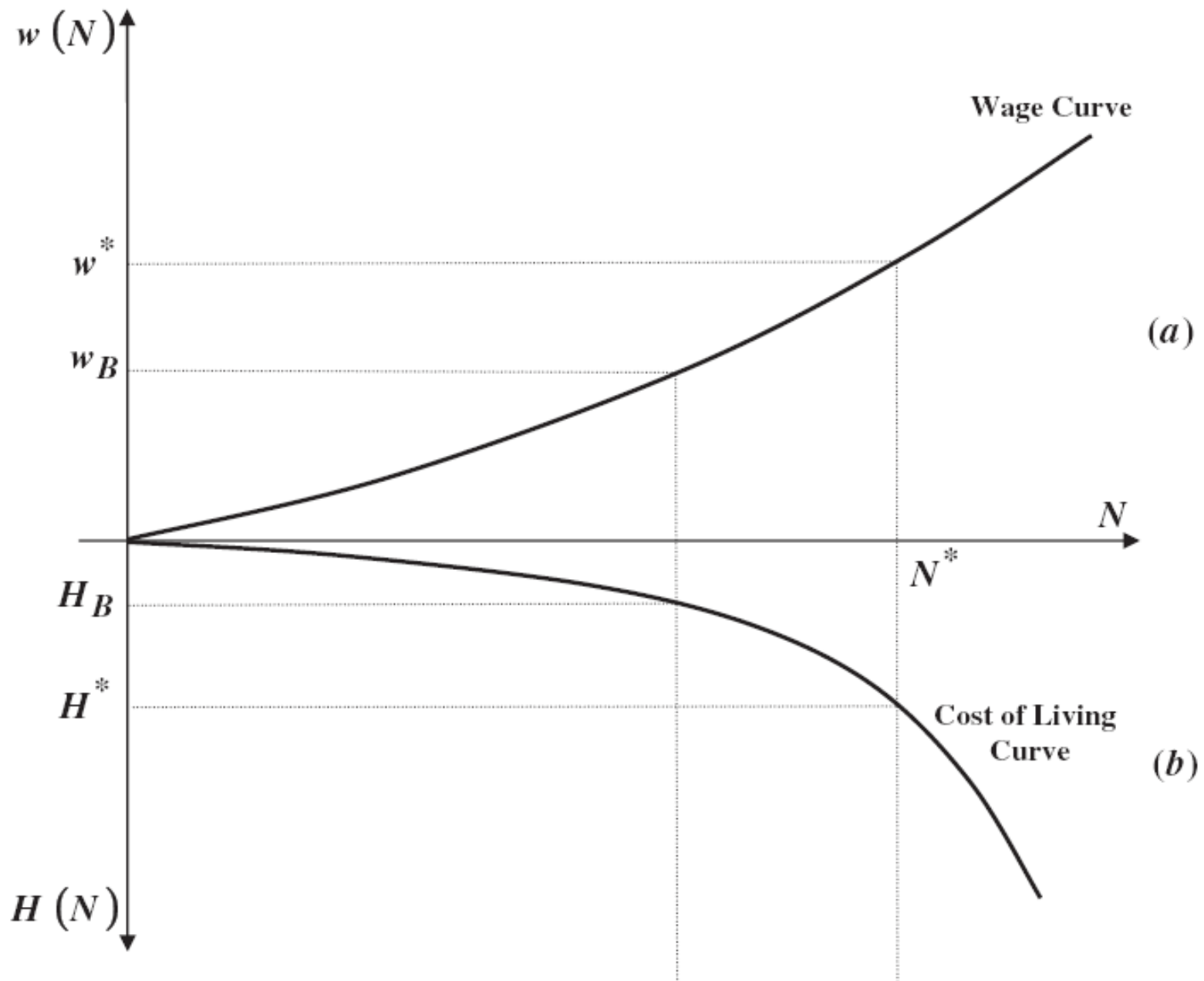


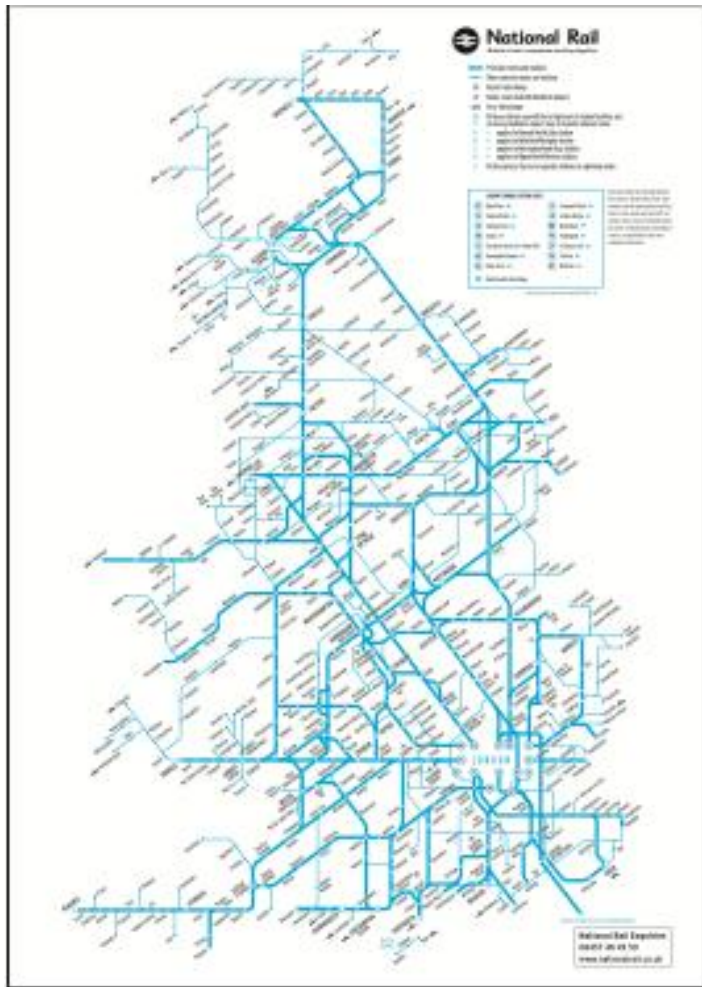
Challenge 2: Understanding urban economic performance



People versus place

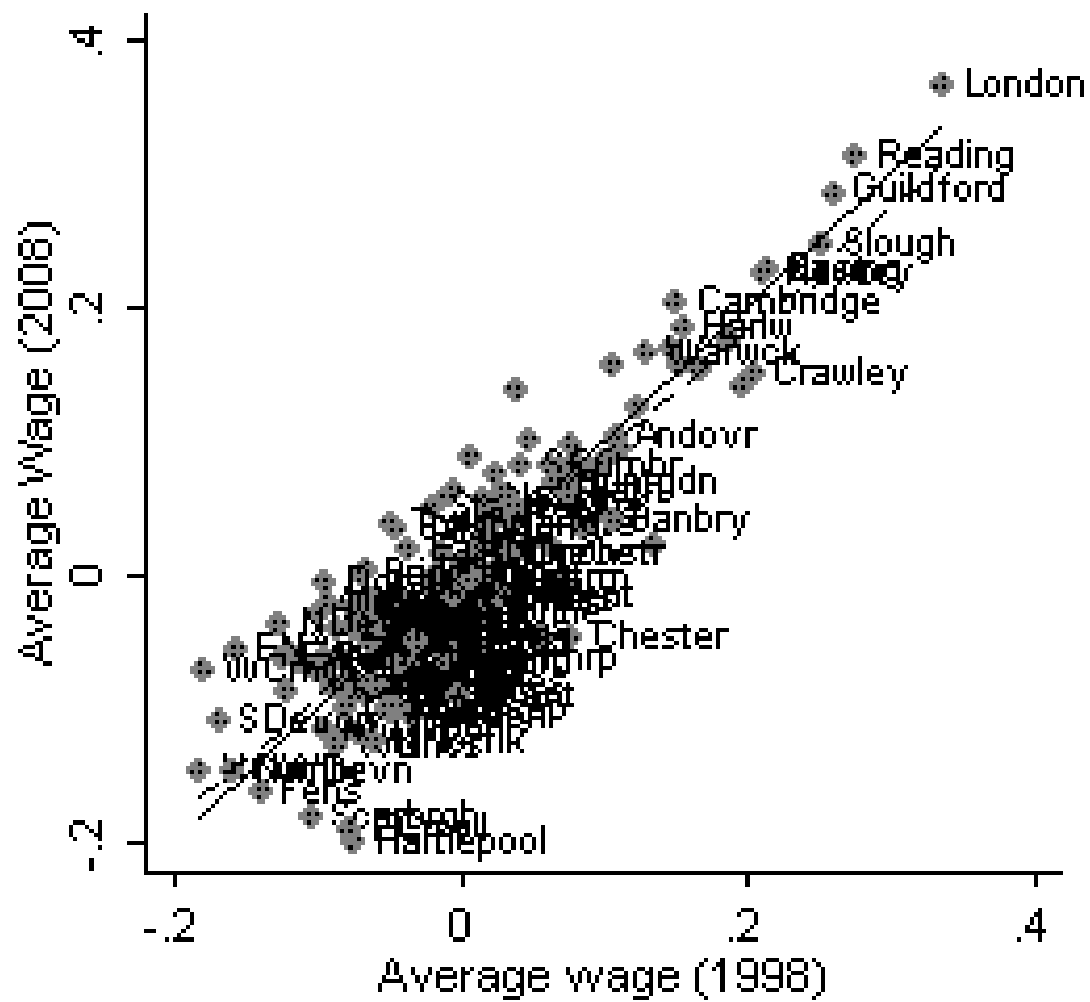
	Max/Min	p90/p10	p75/p25
Raw	67%	26%	11%
Full controls	16%	7%	4%

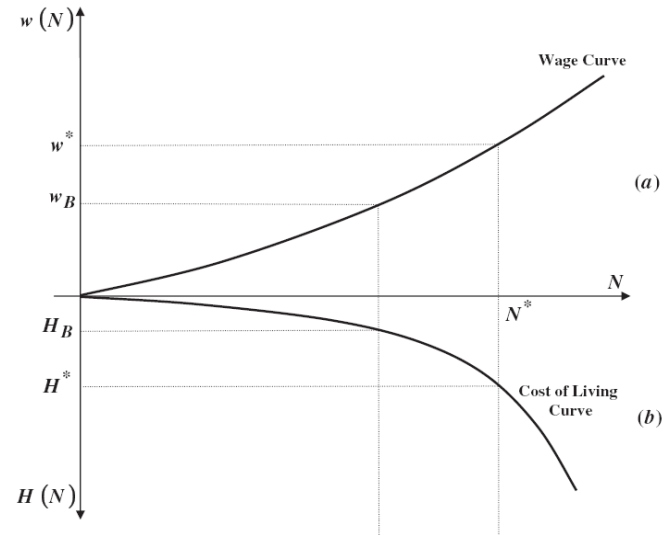




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The economic future





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Challenge 3: Ineffective urban policy

Policy and area effects

Single Regeneration Budget

Local Enterprise Growth Initiative

Regional Selective Assistance

Road building

High Speed Rail

Employment training; Business advice;

Major sports and cultural projects;

Access to finance; Innovation policies

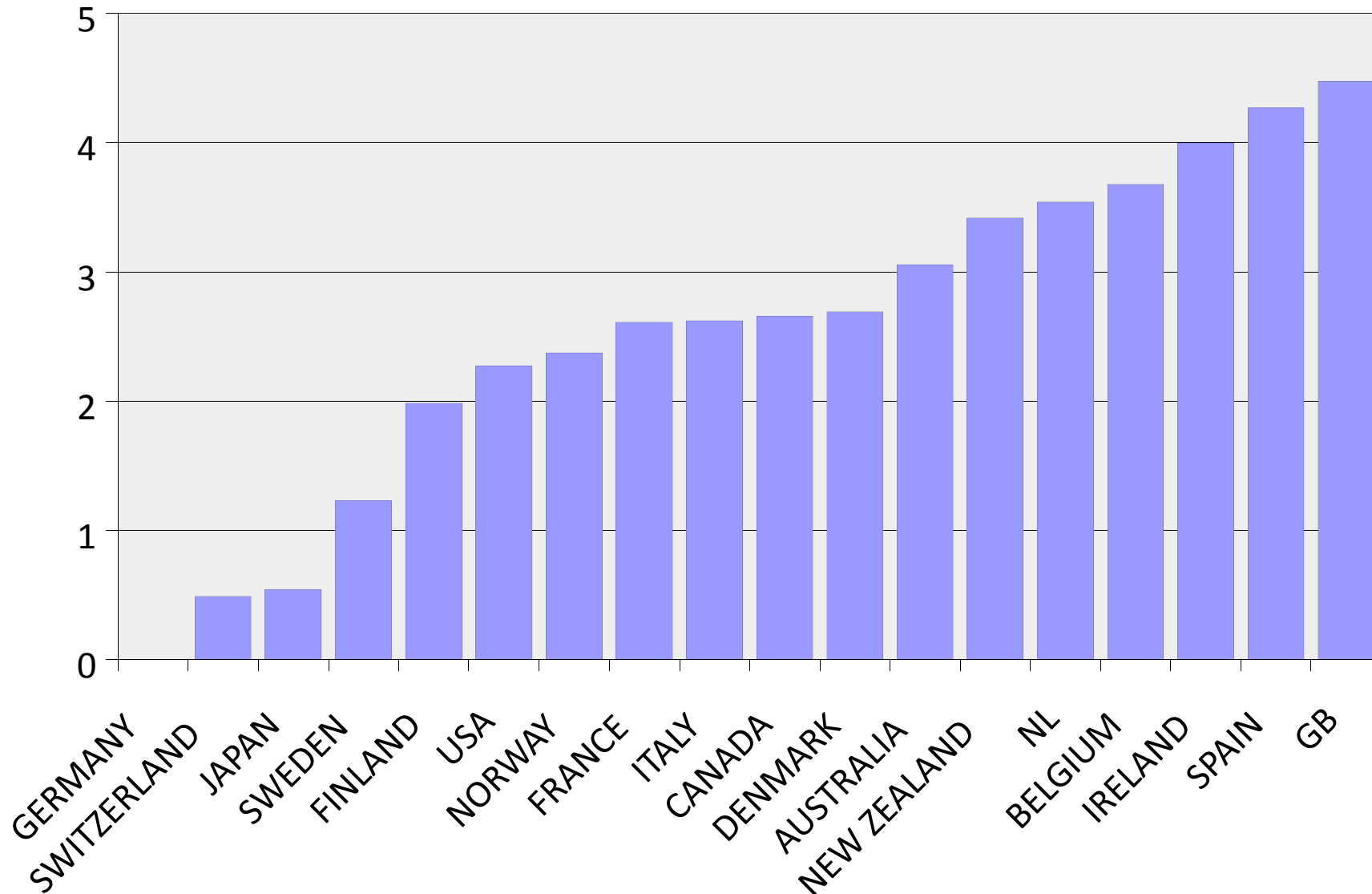
Broadband; Transport (revenue and capital)

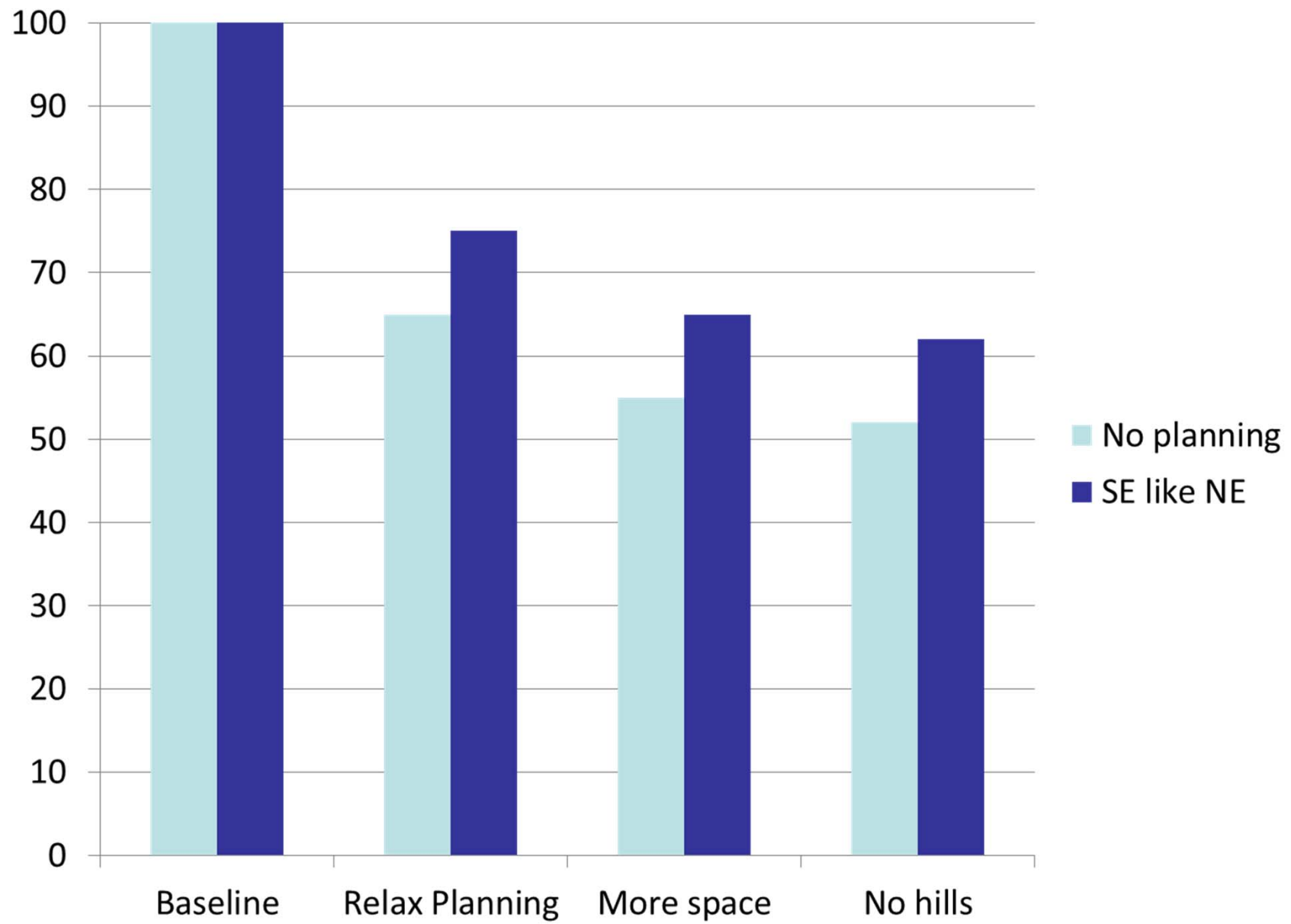
Regional Growth Funds; Area based initiatives

Challenge 4: The cost of living

Cost of living: Housing

Annual average real house price growth 1970-2006



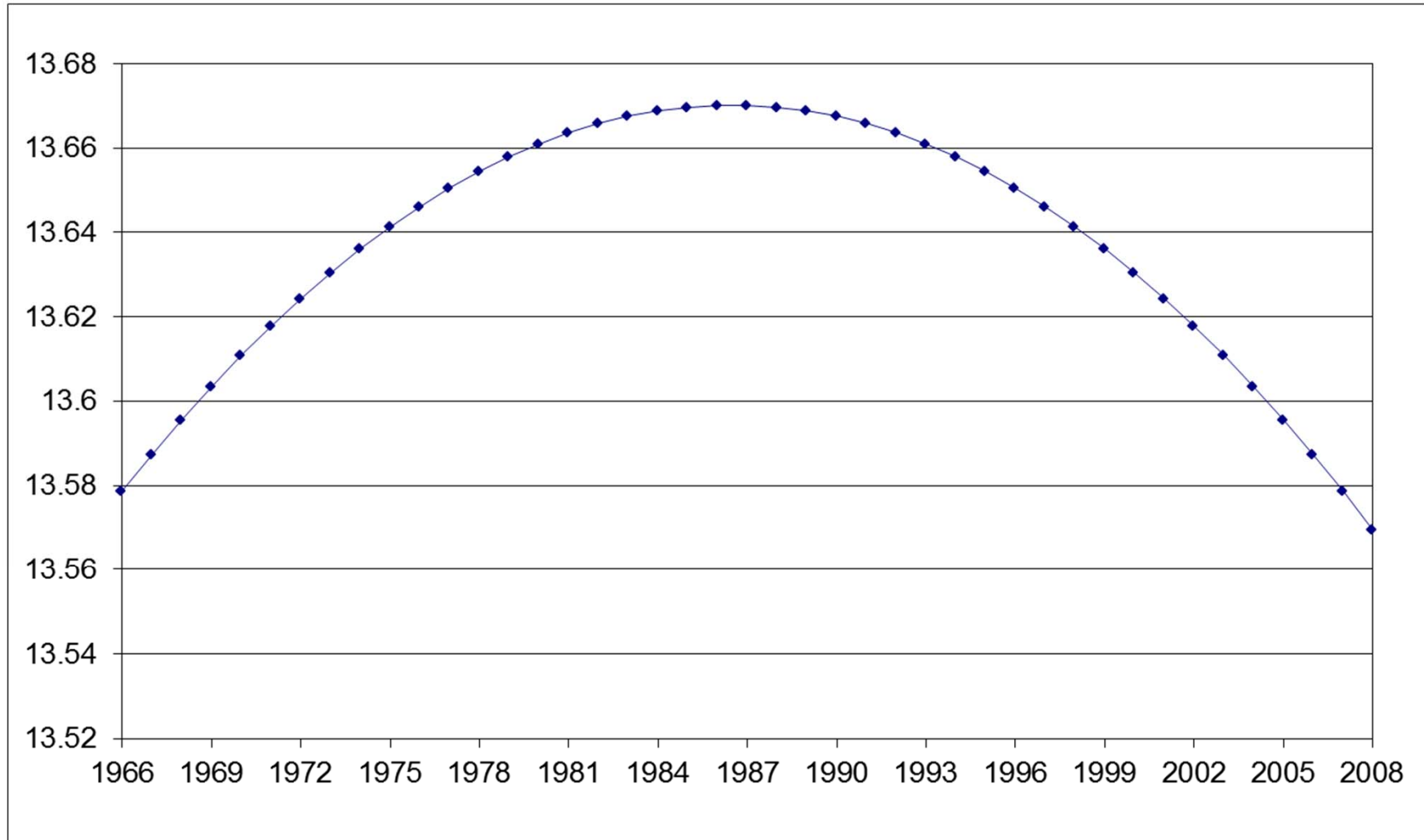


Costs of doing business: offices

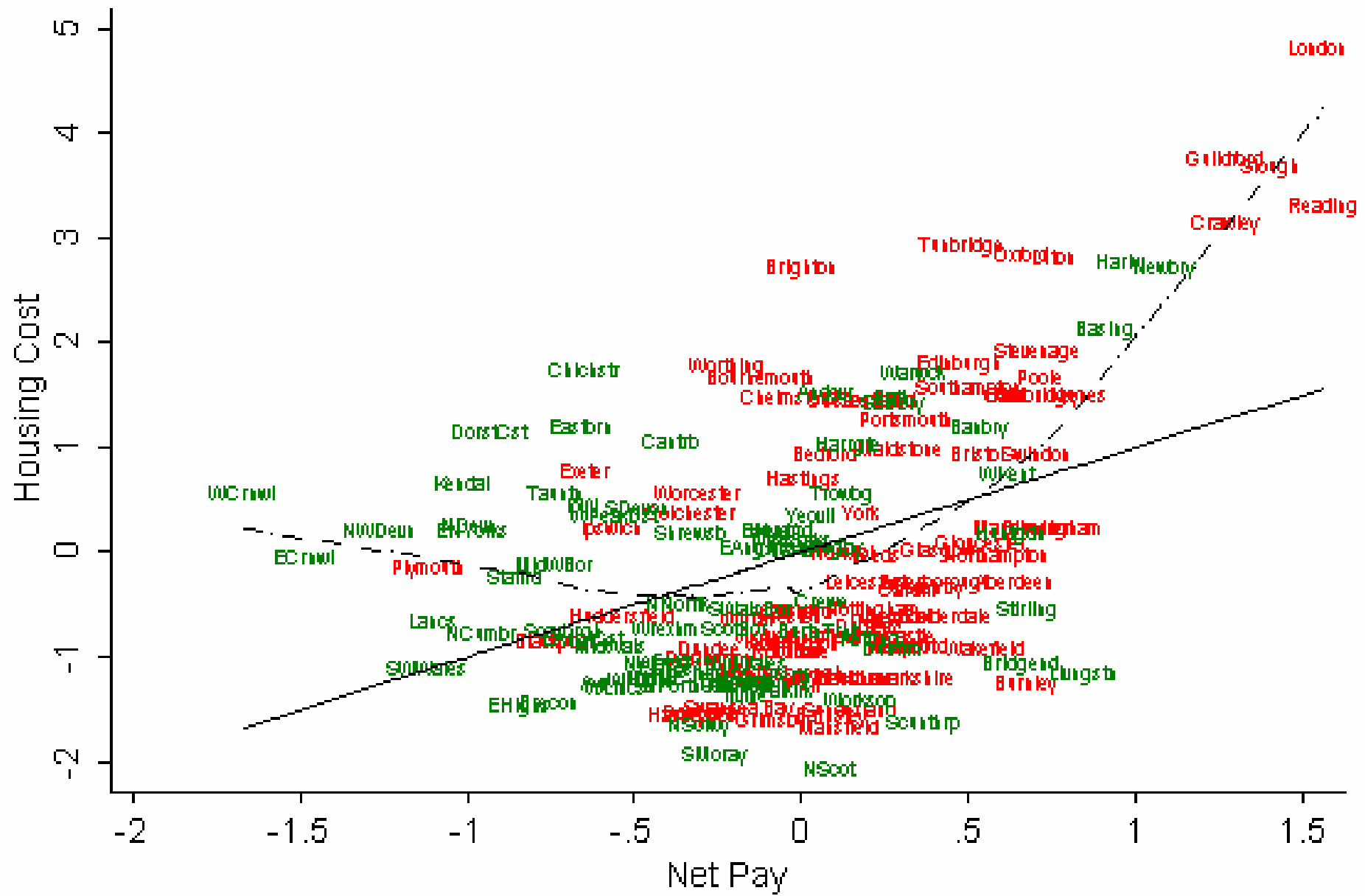
City of London	488
London West End	809
Canary Wharf	327
Manchester	230
Newcastle upon Tyne	97
Reading	203
Bristol	157
Birmingham	250
Leeds	193
Amsterdam	202
Frankfurt	437
Paris – City	305
Paris – La Défense	167
New York (Manhattan)	0-50

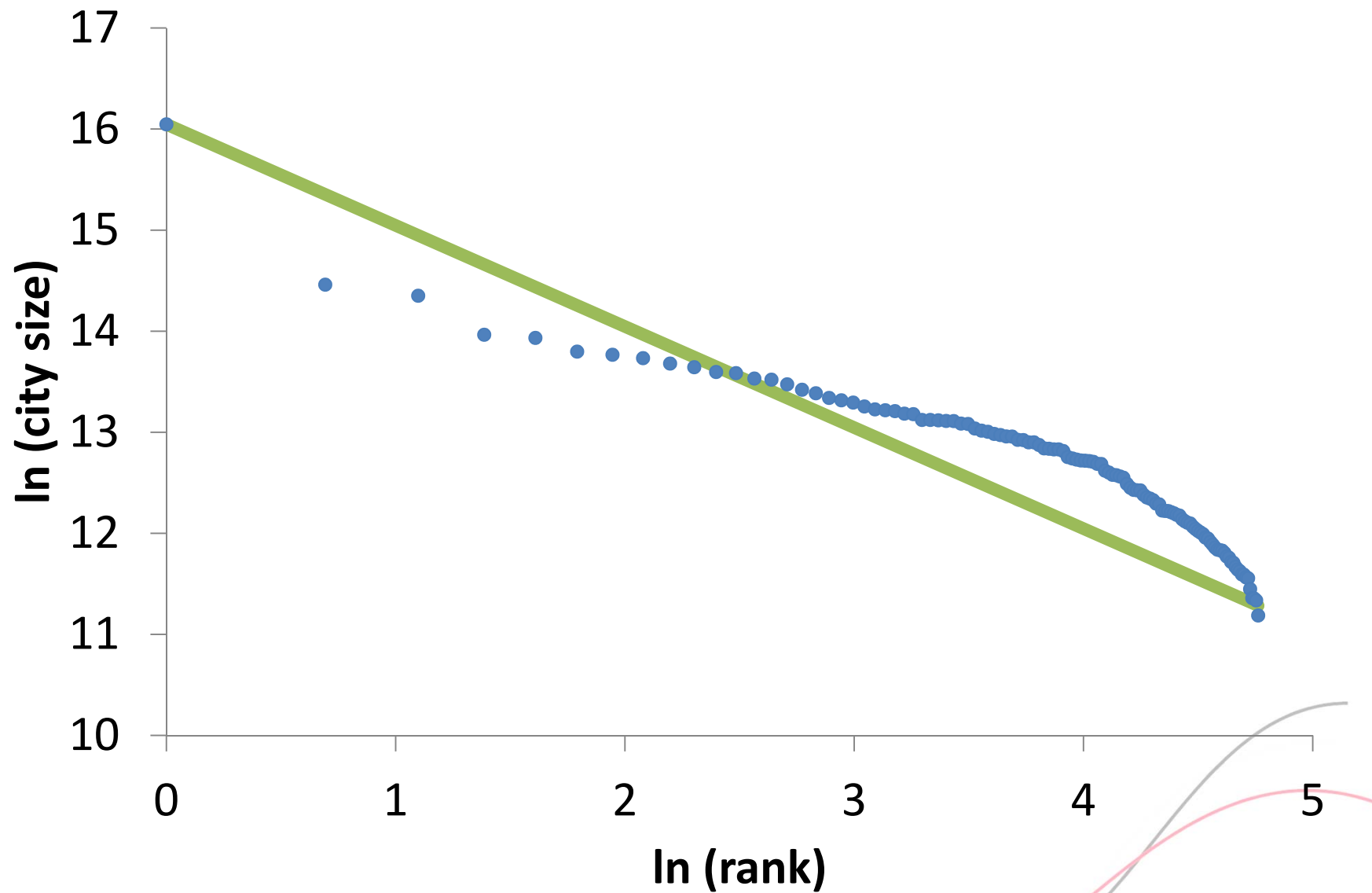
20% increase in costs of shopping

The move to Town Centre First



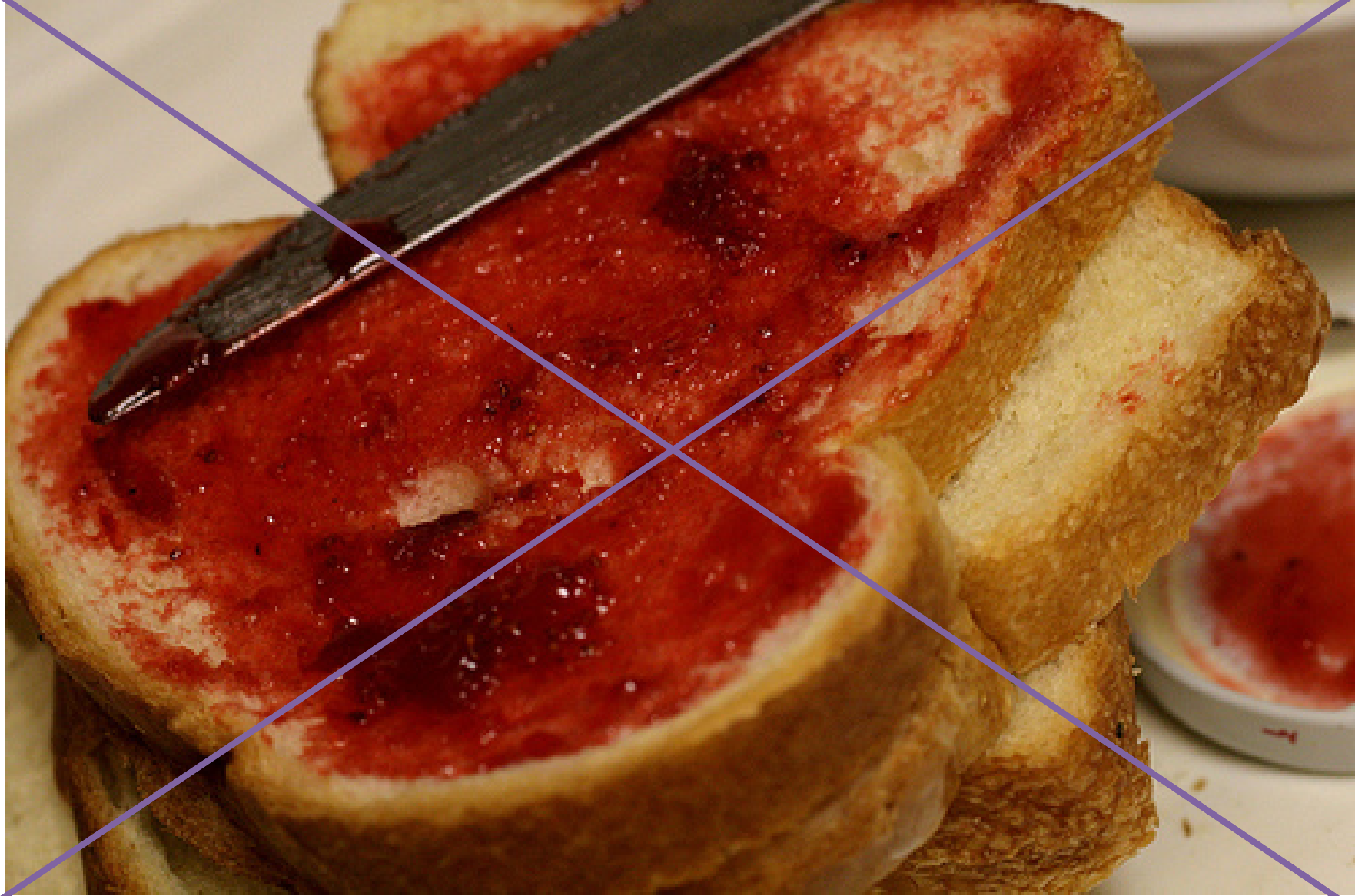
But do costs really matter?





**Challenge 5: What else
could policy do?**







Conclusions

Conclusions

- Uneven development and dominant global city present major policy challenges
- What can/should policy do in response?
 - ‘Productivity’ vs ‘Costs’
 - Focus on specific cities
- ... but this may widen spatial disparities
- Whether we should worry about this depends on impacts on people not places
- Not a view shared by constituency based policy makers

References

- Who you are as/more important than where you live, raw disparities overstate area effects; area disparities and area effects persistent despite intervention:
 - <http://www.spatial-economics.ac.uk/textonly/SERC/publications/download/sercdp0060.pdf>
- Evidence on ineffectiveness of mixed communities:
 - <http://www.spatial-economics.ac.uk/textonly/SERC/publications/download/sercpp002.pdf>
- People trade off wages, costs of living and amenities:
 - <http://www.spatial-economics.ac.uk/textonly/serc/publications/download/sercdp0065.pdf>

References

- Evaluations of LEGI, SRB, RSA and new transport schemes – coming soon
 - <http://www.spatial-economics.ac.uk/>
- Impact of planning on house prices
 - <http://www.communities.gov.uk/documents/housing/pdf/1767142.pdf>
 - <http://www.spatial-economics.ac.uk/textonly/SERC/publications/download/sercpp004.pdf>

References

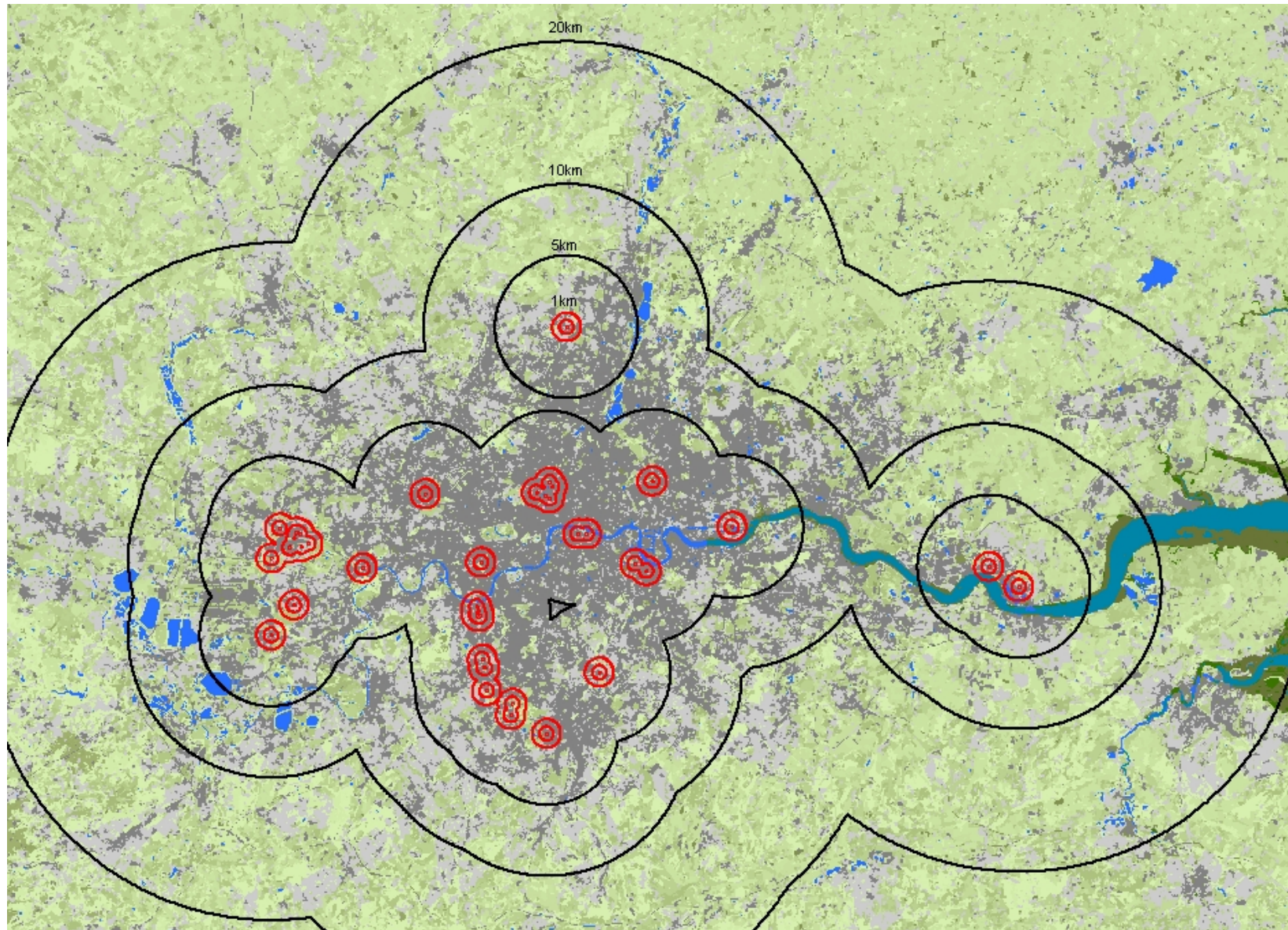
- Impact of planning on office rents
 - Hilber and Cheshire, Economic Journal 2008
- Impact of planning on retail productivity
 - <http://www.spatial-economics.ac.uk/textonly/SERC/publications/download/sercdp0066.pdf>
- Evidence on devolving powers and city 'performance'
 - <http://www.spatial-economics.ac.uk/textonly/SERC/publications/download/sercpp005.pdf>

Disclaimer

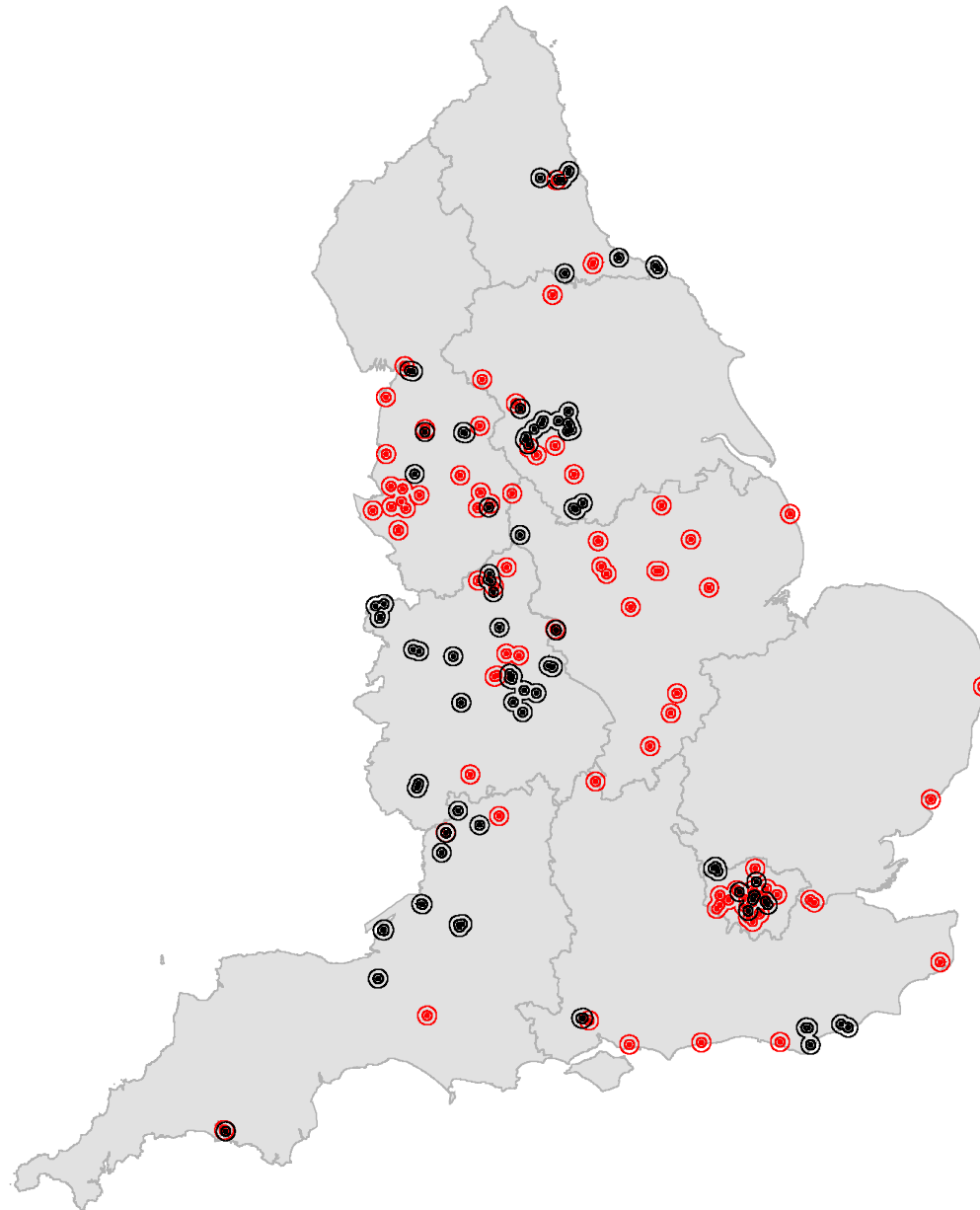
This work was part of the research programme of the independent UK Spatial Economics Research Centre funded by the Economic and Social Research Council (ESRC), Department for Business, Innovation and Skills, Communities and Local Government, and the Welsh Assembly Government. The support of the funders is acknowledged. The views expressed are those of the authors and do not represent the views of the funders

Appendix

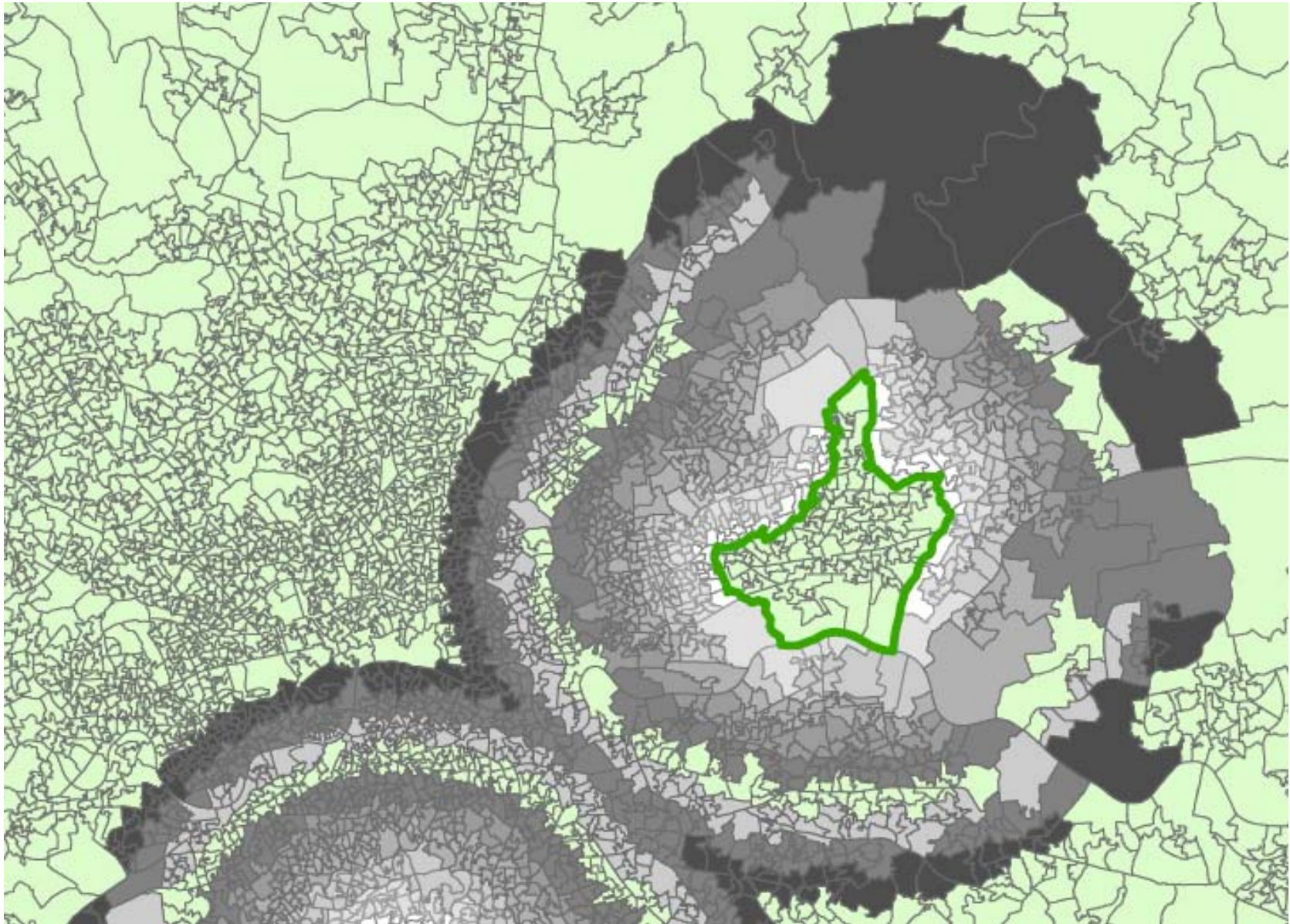
Treatment areas: London



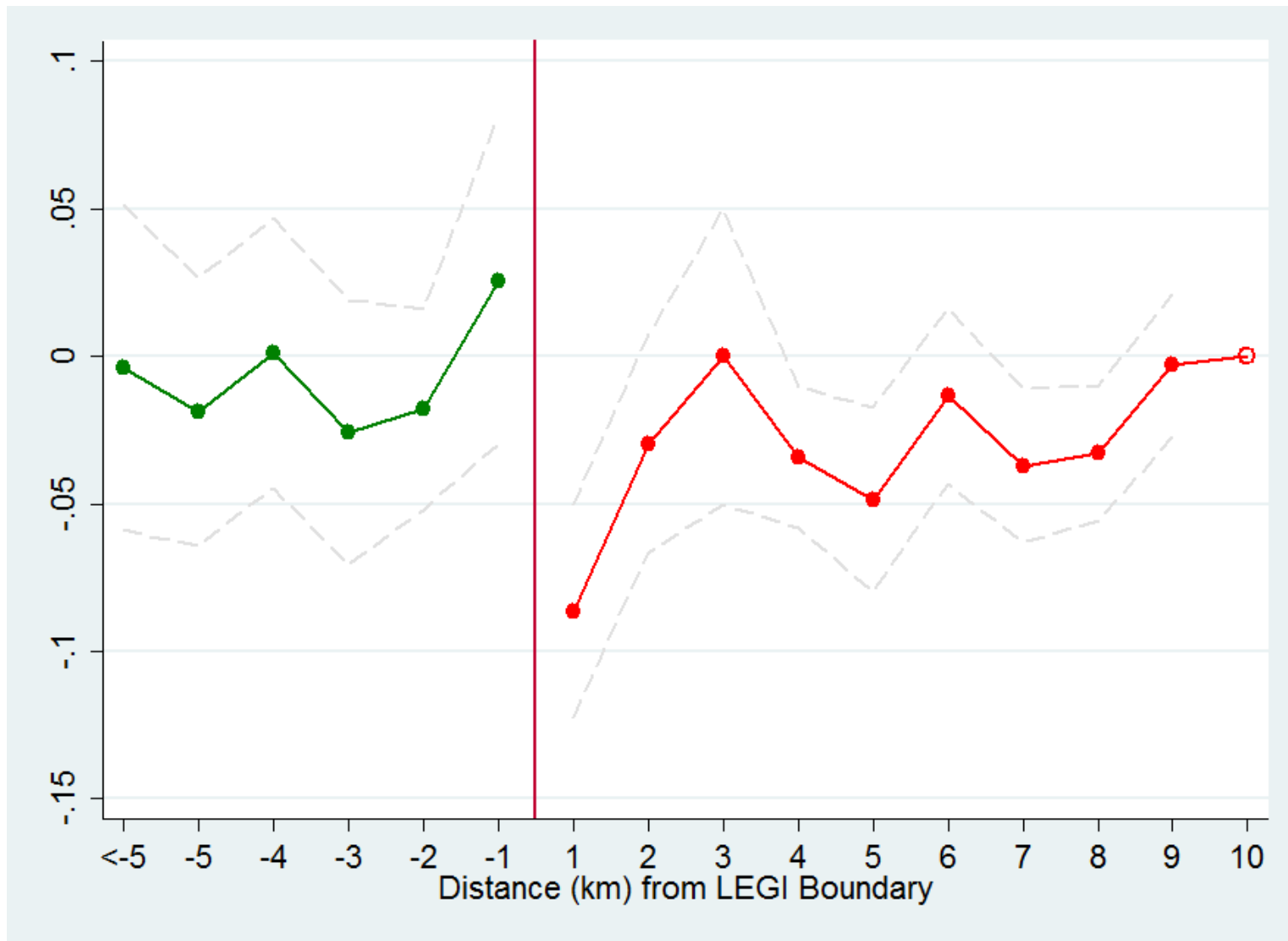
**Round 1–3
(5–6)
projects**



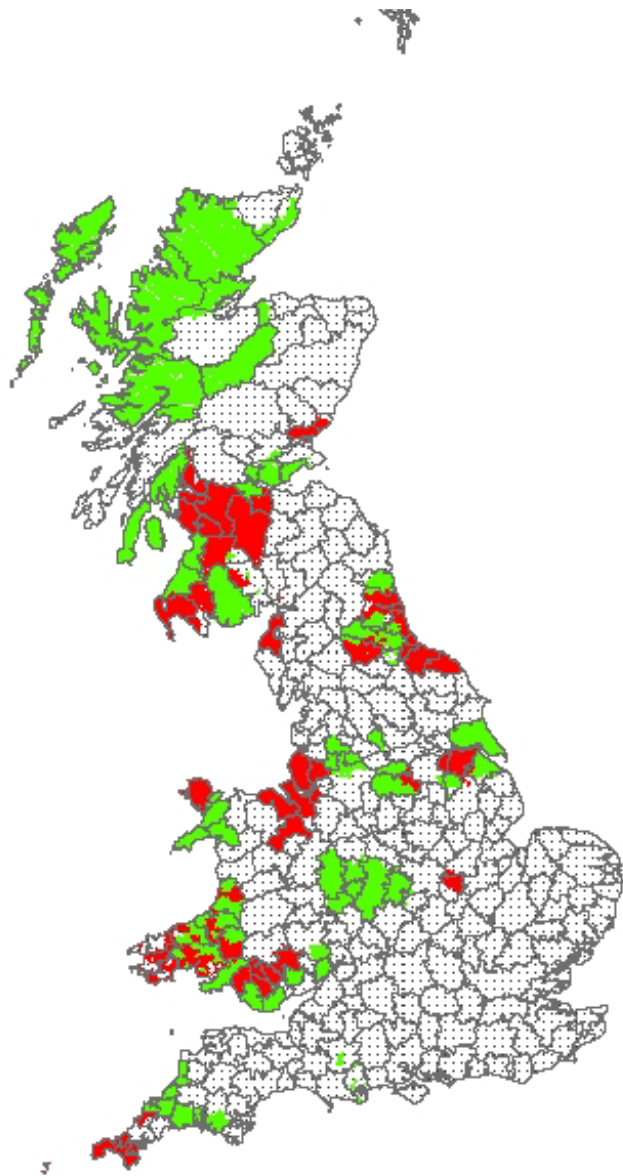
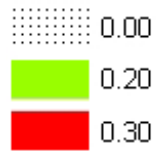
LEGI



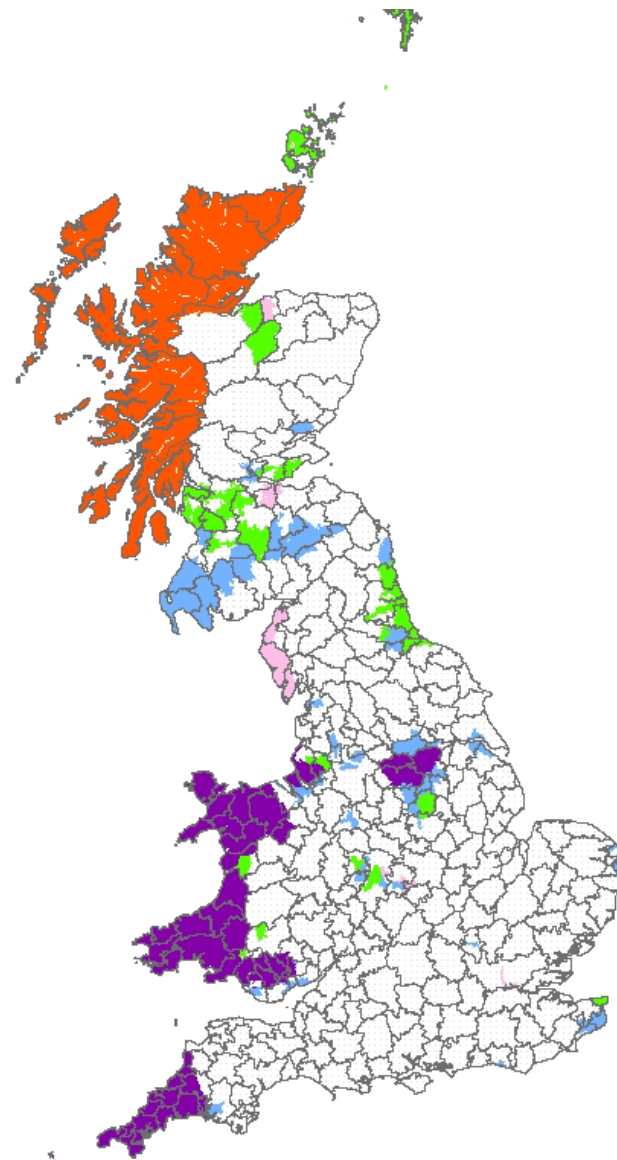
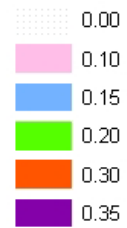
Impact of LEGI on Emp 1km rings



RSA



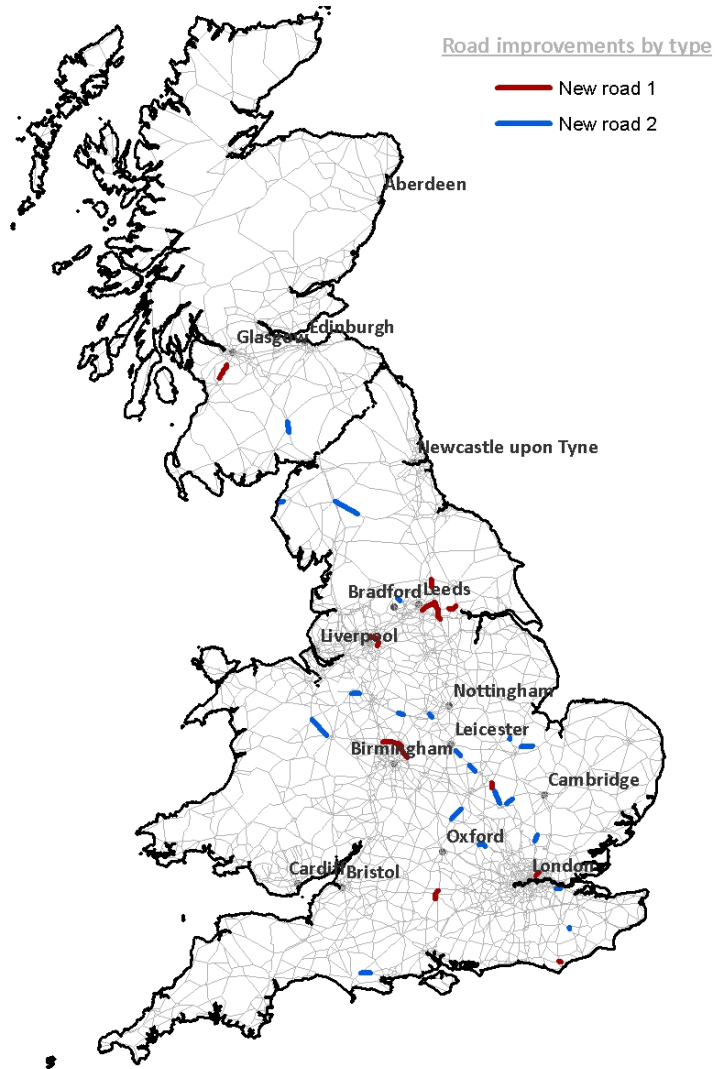
1988



2000

Roads

Road improvements



Changes in accessibility

