

Book Review

Forthcoming in *Regional Studies*:

The UK Regional-National Economic Problem. Geography, Globalisation and Governance. Philip McCann, Routledge, London (2016). Xxxii + 543 pages. £95.00 (hbk). ISBN: 978-1-138-64723-7

This is an important book which brings fresh, well-founded and challenging insights into the UK regional problem. It synthesises much existing literature and analyses data from an array of sources using a range of analytical techniques and sets the UK case in comparative perspective. It questions the ruling and popular orthodoxies in UK urban and regional policy and their underpinning theories. It is especially timely in light of the recent UK referendum on EU membership. One of the most striking features of the Leave vote was its geography, leading to discussion about the extent to which it reflected the geography of regional 'winners' and 'losers' in relation to recent social and economic changes highlighting the political salience of the book.

The ruling orthodoxy draws on axioms of the new urban economics and series of (not always consistent) policy shibboleths that stress the importance of how agglomeration processes and urban density create spillovers that are the chief source of productivity growth. In this orthodoxy, London is an exemplar that other UK cities should emulate. Urban areas, it is stated, are growing faster than their hinterlands, but need to grow faster to contribute rebalancing the UK's economic geography. Policy has become focused on this objective, notably by loosening land-use planning, promoting metro-mayors and ad hoc City and Devolution Deals.

McCann's evidence challenges most of these axioms. Relying heavily on the OECD's statistical database and examining the last 30 years, Chapter 2 shows that regional inequalities in the UK are especially large by the international standards. Regions outside of London and the south have productivity levels akin to poor regions in central and eastern Europe or the southern USA. Moreover, disparities are growing. Only Scotland, outside of London and the South, has performed relatively strongly. The UK economy's poor recent productivity performance has vexed policymakers and McCann argues convincingly that it is largely an urban and regional one. London's economic performance contributes to national averages that disguise the weaknesses in other regions. There is little evidence that other regions benefit from London's growth. Instead, fortuitously capturing the benefits of globalisation through its specialisation in financial services, attraction of MNCs, FDI and international migrants, London has 'decoupled' itself from the rest of the rest of the UK economy.

Chapter 3 suggests that the performance cities is crucially dependent on the performance of the region in which they are located. Cities in the south of England (and Scotland) have tended to grow above the national average while cities in the North grew slower than the national average. Cities do not exhibit the productivity premiums that the orthodoxy claims. This suggest that the urban problems on which policymakers are currently fixated is best understood as a manifestation of the broader regional problem. This argument is linked to the growing and increasingly persuasive literature from the OECD and IMF, among others, that inequality is the cause of slow growth rather than its outcome. What the orthodoxy identifies as the causes of changes, McCann often sees as the outcome of other, deeper processes.

Chapter 4 attends to the international economic context that shapes the UK's economic geography and the factors that underpin London's recent performance, emphasising their dependence on the EU. McCann adopts a largely uncritical view of the EU, seeing its impacts on the UK as either positive (in the case of London) or benign (in the case of the northern regions), largely overlooking claims that it represents a slow-growth bloc, governed by austerity-oriented macroeconomic policies,

which combined with the free movement of labour have undermined living standards for low income groups in the UK (and elsewhere). Among other things, this chapter identifies a paradox that the London city-region economy is more closed than those of lagging regions. Despite its openness to international investment and migration, connected to deepening European integration, a far greater proportion of economic activity in London is produced and consumed internally than in the northern regions, reflecting the way its international role has induced additional local growth, contributing further to the 'decoupling' processes.

Chapter 5 looks for the underlying causes of these trends by examining various claims that have been made for the effects of human capital, labour mobility and 'sorting' effects; interregional and international migration; trade, financial and fiscal linkages, the rise of the knowledge economy, land-use constraints and the effects of city-size distribution, and has insights to offer on each of these topics. For instance, the chapter concludes that 'sorting' effects cannot explain the scale of inter-regional productivity differences, while international migration (and linked natural population growth) rather than interregional migration has underpinned London's growth and has largely been positive for economic development. The notion that London provides a fiscal subsidy to the rest of the UK is found to be overstated, while it has benefitted significantly from infrastructure spending, bank bailouts and quantitative easing. While acknowledging that planning restrictions can distort land and housing prices, it rejects the argument that these carry significant weight in explaining regional inequalities, preferring an explanation that emphasises changes in the sectoral structure of the economy linked to the effects of globalisation.

Chapters 6 and 7 address the governance and policy dimensions more fully, highlighting the mismatch between the unequal nature of economic geography and the centralised nature of the British state. Drawing on the literature on optimal currency areas and optimal nation size and the value of 'place-based' development policies, McCann suggests that a radical decentralisation of governance is necessary in order to develop appropriate responses to the deep-seated differences in economic conditions between regions. But he expresses doubts about some current policy directions. Notably, he is sceptical about efforts to better connect the regions to London (such as high speed rail) given prevailing decoupling. In addition, he worries the current fetish with city-regions will overlook the wider regional context with which urban problems are embedded. Taken together these observations amount to a strong critique of the current orthodoxy and recent policy in the UK.

The length, density and prolixity of the book means that it is not an easy read. Repetition abounds, sometimes in the same paragraph. The reader must work hard to draw the story from the mass of data and argumentation under review. The text would have benefited from a thorough edit to make it more readable and concise in order to strengthen its impact in public policy debates.

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