



Spatial Economics Research Centre

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Back where they started?

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Most people agree that our big cities have had a pretty good 90s and 00s. In the past two decades, big cities like Manchester and Liverpool have had a physical makeover and have seen employment and jobs growth.

But how well have the big cities actually done, in relation to each other and to London and the country as a whole? And with the UK economy entering a second phase of recession what's been the impact of the first recessionary dip? A new SERC paper, of which I am co-author with Alan Townsend, sets out some key facts and figures (see below).

It's easy to over-claim the urban renaissance, at least in terms of raw numbers. Even before the 2007 banking crisis, [the State of the English Cities report](#) showed that, while cities had been making a comeback in the decade to 2003, the scale of population and employment growth for urban England had been relatively modest and patchy.

[Subsequent analysis by Alan Townsend and me](#) showed that in the 10 years to 2007, employment growth in England's eight Core Cities' city-regions was consistently below the national level – except in 2000-2, around the dot-com downturn. And while their jobs growth accelerated in the late 1990s, it then slowed in the 2000s.

Alan and I have now [updated the analysis to 2010](#), allowing us to see the recession's initial impact on employment. As the credit crunch took hold, most people expected London to be the most severely impacted part of the country – much as it had been in the early 1990s downturn. But as SERC colleagues have explained, [London seems to have 'got away with it'](#). In fact, our data (which now includes Glasgow as well as the eight Core Cities) suggest that, for these city-regions, this recession feels more like the early 1980s.

Between 2007 and 2010, these nine city regions saw their combined employment drop by over 320,000 Full Time Equivalent jobs. This is a drop of 4.9%, compared to a fall of just 2.2% for London's city region and 3.5% for Great Britain as a whole.

The worst-hit city regions in our study were Birmingham and Glasgow (both -8.0%), followed by Liverpool (-5.5%), Newcastle (-5.3%), Manchester (-4.5%) and Sheffield (-4.3%). Bristol was in a class of its own, seeing its FTEs rise by 1.8% against the national trend, while Leeds and Nottingham were around the national average (-3.2% and -3.8% respectively).

The bad news for local leaders across these city-regions is that these impacts eroded much of the employment growth of the previous decade. Allowing for discontinuities in the data we find that Birmingham's city region was set back the most; its 2010 FTEs were the lowest since 1996. The equivalent dates are 1999 for Glasgow, 2000 for Liverpool, 2001 for Newcastle, 2002 for Leeds and Manchester, 2003 for Sheffield and 2004 for Nottingham. By contrast, for London city region, the 2007-2010 downturn has only shifted FTEs back to 2005. Many of these cities now clearly face a big uphill struggle in their efforts for economic growth – made all the harder by the post-2010 public-sector cuts and by the lack of growth nationally.

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