

TAKING BACK CONTROL IN THE NORTH

A COUNCIL OF THE NORTH
AND OTHER IDEAS



Ed Cox

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If this bitesize publication leaves any dissatisfaction, then do be sure to read David and Philip’s more comprehensive works on these subjects.

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PREFACE

'The people of England deceive themselves when they fancy they are free; they are so, only during the election of members of parliament: for as soon as a new one is elected, they are again in chains, and are nothing.'

Jean-Jacques Rousseau,
The Social Contract (1762)

There is a widely held view that we shouldn't talk about the structures and institutions of the so-called northern powerhouse. This view is promoted primarily by those who currently hold the reins: city leaders and chief executives, big businesses, government ministers and civil servants. But in this essay, I want to show that governance and the lack of subnational institutional capacity lies at the very heart of England's productivity problem, and is key to addressing our democratic deficit. I want to address two increasingly pressing questions.

1. Who will drive industrial strategy for the north of England?
2. How do we find ways for people in the North to 'take back control'?

Although pressing, these are not popular questions. At the moment, they lie just beneath the surface of much discussion, but they need to be given greater consideration and voice. Not least because they sit at the heart of the malaise within Britain's body politic, but also because they have the potential to restore a closer relationship between those who seek to run our cities and nations and the citizens with whom they hold power.

This essay makes a series of bold propositions about the state of our nation and the North in particular.

It argues that in order to address the severe economic imbalances affecting the nation, largely caused by globalisation, we are failing to identify the correct diagnosis of our problems and so wave after wave of industrial and regional policy tends to treat the symptoms (education, skills, transport, innovation, industrial location) rather than the more fundamental problem: our weak subnational institutions.

This problem is exacerbated by a highly centralised system of government which is hampered by a lack of spatial awareness and an inherent policy bias towards London and the South East. Over the decades, this has led to a culture of dependency in the regions, which are then dominated by supplicant elites. What holds this system of centralisation and dependency in place is not so much the might of government from the top down, but the weakness of any popular voice from the bottom up.

I argue that the call to 'take back control', which proved so salient for the Leave campaign during the EU referendum, was a more profound challenge to the way in which large institutions – particularly political institutions – are perceived to have disempowered large segments of

the population, and that voting behaviours in the EU referendum have much in common with the Scottish referendum of 2014.

While ‘take back control’ is not in itself a call for greater devolution, let alone a more federal England, there is evidence that a return to some form of regional governance, if built around genuinely devolved powers and a reimagining of cultural and historical identity, could play an increasingly important role in addressing both the economic and democratic deficits felt so sharply in many parts of the North.

Any new form of subnational governance, however, needs to be developed at scale. While England is too big, our current city-regions and combined authorities are too small for the North to compete in a global economy. The scale most likely to be successful at galvanising a genuine northern powerhouse must encompass the 15 million people who live and work in the North West, the North East, and Yorkshire and the Humber.

Finally, this essay outlines short-, medium- and long-term proposals to develop the kind of institutional capacity that might be required to drive forward this northern super-region. These include: developing and improving the pan-northern institutions that already exist; establishing a formal Council of the North; and finally, breaking the existing pattern of electoral representative democracy and re-establishing the North at the forefront of democratic innovation with the development of a more deliberative Northern Citizens Assembly.

There is of course no particular reason why the ideas in this paper couldn’t be applied elsewhere in England – or, indeed, they might require an all-of-England approach – but there are many historical precedents where ideas ‘made in the North’ resulting from distinctive northern concerns have gained national and sometimes global credence. It is arguable that the north of England has been a fulcrum for democratic innovation just as much as it has been for science and industry. It is in that pioneering spirit that I offer this essay.

1. THE NORTHERN POWERHOUSE, BREXIT AND THE IMPORTANCE OF SEIZING THE MOMENT

1.1 THE NORTHERN POWERHOUSE AND ITS CRITICS

Recent ideas about a ‘northern powerhouse’ go back long before the term was coined. In the past decade alone, the three northern regional development agencies led an initiative called ‘the Northern Way’ and IPPR North led a Northern Economic Futures Commission which produced a high-level strategy for economic growth across the north (NEFC 2012). However, in the later years of his time as chancellor of the exchequer, George Osborne led fresh efforts to rebalance the national economy by championing the concept of a northern powerhouse. He first articulated the idea in a speech in Manchester in June 2014:

‘The cities of the north are individually strong, but collectively not strong enough. The whole is less than the sum of its parts. So the powerhouse of London dominates more and more. And that’s not healthy for our economy. It’s not good for our country. We need a northern powerhouse too.’

‘Not one city, but a collection of northern cities – sufficiently close to each other that combined they can take on the world. Able to provide jobs and opportunities and security to the many, many people who live here, and for whom this is all about. You know, if you brought together the best players from each of the Premiership teams in the north, you’d have a team that would wipe the floor with any competition. We need to bring the cities of the north together as a team – that’s how Britain will beat the rest.’

Osborne 2014a

In subsequent speeches he elaborated these ideas, with particular emphasis on the importance on investment in transport, science and innovation, but also on strong civic leadership.

‘I said that if we can bring our northern cities closer together – not physically, or in some artificial political construct – but by providing modern transport connections, supporting great science and our universities here, giving more power and control to civic government; then we can create a northern

powerhouse with the size, the population, the political and economic clout, to be as strong as any global city.

'There is a prize that awaits the north of England. If we work together, bring our cities together, invest in future transport and skills and science, we can build a Northern Powerhouse. The prize is worth fighting for: adding over £56 billion to the economy of the North – in real terms, over £1,600 for each person living here.'

Osborne 2014b

Osborne's conception of a northern powerhouse generated significant interest and momentum, and since these early speeches the term has gained widespread recognition, albeit with mixed opinions about its content and value. In many respects, it began as little more than a rhetorical device to help secure political support for the Conservative party in key northern seats that some feared would haemorrhage in the 2015 general election. However, insofar as it has contained any real substance there are three clear policy directions that have come to characterise the rhetoric.

First, there is the economic importance of the North's great cities as so clearly articulated in the quotations above and, in particular, that the combined 'economic mass' of cities in the north of England can act as a significant 'counterweight' to London, thereby reducing the nation's dependency on the capital city and rebalancing the economy. Drawing heavily on a particular school of thought known as 'new economic geography', the suggestion is that economic growth in the North will be predicated on desire for many firms to cluster around the biggest cities and their key economic assets in science, technology and other innovations.

The second powerhouse principle is that in order to achieve 'economic mass' and harness these 'agglomeration effects' there needs to be much better connectivity within and between cities, which in turn requires significant investment in transport infrastructure.

The third policy direction is that economic growth potential is best unlocked by the devolution of key powers and funds to city-regions formed of combined authorities and local enterprise partnerships (LEPs) under the visible and accountable leadership of a directly elected metro mayor.

Much of this thinking has been heavily influenced by particular American 'urbanists' who regularly visit London to promote their latest books and find a warm welcome in the pleasant surroundings of the London School of Economics and HM Treasury, but it has resulted in a series of important policy initiatives too. These have included the formation of Transport for the North, which is destined to become a statutory body with responsibility for developing and implementing a northern transport strategy; significant investment in local economic growth priorities via local enterprise partnerships including a number of science and innovation hubs; and a series of devolution deals with northern city-regions.

To all intents and purposes these developments have been important steps towards enhancing northern productivity. In the absence of any coherent regional policy since the closure of the regional development agencies in

2011, Osborne's initiative has provided a genuine opportunity for business and civic leaders to extend their efforts to reinvent and regenerate their city centres over a larger footprint and to deepen relationships between city-regions that had hitherto been limited if not acrimonious.

However, the northern powerhouse concept is not without its critics.

The big-city narrative has a certain logic from the perspective of London or other large monocentric cities in the US, but the data and modelling that support ideas of agglomeration do not readily apply to northern cities nor other more polycentric urban regions elsewhere in Europe. Here, the role of smaller towns and cities is far more significant (Cox and Longlands 2016) and the importance of economic assets that lie outside city centres are vital for economic growth. The recent Northern Independent Economic Review (NIER) identified, for example, advanced manufacturing, energy and ports as distinctive economic capabilities that are not located primarily in urban centres even though they may have strong relationships with them (NIER 2016). Put simply, the future of the northern economy rests on more than its big cities and should not be conceptualised as a new London in the North.

Additionally, the heavy emphasis on transport infrastructure, science and innovation has been generally welcome, but there is the risk that it overlooks the importance of social infrastructure. Over the past year, both the chief inspector of schools and the children's commissioner have highlighted the importance of educational improvement in closing the North–South divide. Alongside this, a burgeoning health and social care crisis has led some critics to argue that devolution deals have been little more than a smokescreen for cuts to councils and other public services. Irrespective of government motivations, it is quite true that stimulating economic growth in the north of England has been all the more challenging in the context of public sector spending cuts and that to date devolution has been particularly piecemeal when it comes to education, skills, health and social care.

Indeed, it is with regards to devolution that the northern powerhouse programme has perhaps been weakest. While some would argue that firing up the northern economy can happen without significant devolution – that is, it is only one means to an end – devolving powers and funding for economic development and the introduction of directly elected metro mayors has been the cornerstone of the Osborne approach and it is on these matters where the powerhouse project has seemed to stall.

Despite the successful passage in 2016 of the Cities and Local Government Devolution Act and the high-profile health and social care deal agreed with Greater Manchester, only three northern city-regions now look likely to elect metro mayors in May 2017: Greater Manchester, Liverpool and Tees Valley. Although devolution deals have been struck with other places in the absence of mayors, the idea of an evolving process whereby power is passed down in incremental waves is but a distant memory: the major city-regions around Leeds, Newcastle, Sheffield and Hull have all stalled, and rivalries once again characterise relationships across the Pennines.

If the momentum behind the northern powerhouse was beginning to diminish before the EU referendum, the fragility of the project has become even more obvious since the 23 June result.

1.2 BREXIT AND THE NORTH

While opinions about the idea of a northern powerhouse have been mixed, the EU referendum revealed that George Osborne's rhetoric had done little to reassure northerners that the Westminster government was looking out for their interests. As the referendum results came in, early results from places like Sunderland and Newcastle immediately suggested a regional flavour to the outcome. So much so that by the time David Dimbleby announced that 'the people had spoken', it was clear that in the North they had shouted.

In crude terms, voters in the North clearly favoured Brexit: where nationally 52 per cent voted to leave the EU, in the North West it was 54 per cent while in both the North East and Yorkshire and the Humber it was 58 per cent. More locally, the Leave vote in places like Hartlepool, Burnley and the East Riding of Yorkshire reached nearly 70 per cent. Voting patterns, however, were actually more complex.

There were clear divisions between people living in core cities, who slightly favoured to remain, and those living on city peripheries and in rural areas. There were also differences between age groups and between those with higher and lower incomes. Ever since 2001, people on low incomes have had a higher propensity to want to leave the European Union or limit its powers (Swales 2016). In households with incomes of less than £20,000 per year the average support for Leave was 58 per cent, but in households with incomes over £60,000 per year support for leaving the EU was only 35 per cent (Goodwin and Heath 2016). Aside from low income, educational inequality was one of the strongest drivers of the Leave vote (ibid). The fact that there is a higher proportion of people with lower incomes and educational attainment living in the North might to a large degree explain, then, the overall regional pattern. However, more detailed analysis has revealed that there were some specific additional geographical effects.

It has been shown that in communities that are low skilled, support for Leave was much more evenly distributed across different segments of society than in communities that are high skilled and where people are notably more polarised along education lines. In other words, a geographic divide overlays the social divide on the basis of income and education (ibid). People were more likely to vote Leave simply because they lived in the North.

Whether or not the Brexit vote is an indicator of a divergent northern political identity is a moot point. While first minister of Scotland Nicola Sturgeon has made impressive progress in setting out a Scottish plan for Brexit, and the mayor of London Sadiq Khan has gathered a panel of expert advisors to speak up for the capital, in very practical terms the north of England has been unable to establish a common voice on Brexit matters that will have a significant impact on the northern economy and society. Individual cities and constituent local authorities are forming

an orderly queue in the hope of a hearing with the Brexit secretary, but few are holding their breath as the sectional interests of big business start to push in at the front. The North now urgently needs a means of representing its interests at the negotiating table – in London, in Brussels and ultimately in striking wider trade agreements overseas.

More fundamentally though, the EU referendum tapped into a concern that ordinary people needed to ‘take back control’. On the face of it, this was a demand to repatriate powers from the machinery of the European Union and restore a greater sense of national sovereignty, but as the analysis of voting patterns and motivations above suggests, there are clearly more pervasive factors at play. People across the country, not least in the North, feel that government in all its forms is too detached from the lives of ordinary people and they are seeking change. Moreover, it is the same people who voted to leave who consistently state that they have lower levels of trust in politicians and in the political system as a whole (Swales 2016).

1.3 A NORTH FOR EVERYONE?

The immediate implication of the Brexit vote for the north of England was the departure of the northern powerhouse champion, George Osborne, as chancellor of the exchequer. After an initial ‘wobble’, the new prime minister, Theresa May, has done much to offer reassurance that the concept of a northern powerhouse remains part of the government’s vision (May 2016). Although the appointment of a new northern powerhouse minister and the publication of a northern powerhouse strategy have offered some comfort, it has become quite clear that the new administration holds no special place for the North and that its commitment to regional rebalancing is more nuanced.

On the face of it, this poses significant challenges to those who once had a hotline to the previous chancellor. The notion of a ‘Midlands engine’ – and Birmingham in particular – has rapidly ascended the political agenda as Tory mayoral candidate Andy Street has a significant chance of winning the new mayoralty there, while Nick Timothy, the prime minister’s special adviser, hails from the Midlands. Meanwhile, the North East and more recently Sheffield city-region have been sat firmly on the ‘naughty step’ by the new communities secretary as their devolution deals have unravelled.

More significantly though, Osborne’s piecemeal and partial approach is slowly being replaced by a much more comprehensive industrial strategy. The recent publication of an industrial strategy green paper marks a welcome return to a more strategic approach to economic planning. It is hard to argue with its ‘10 pillar’ approach to addressing some of the key drivers of economic growth, but so far the substance is little more than a codification of current practice and the so-called place-based approach falls a long way short of many of the issues and ideas set out in this essay.

If the prime minister is going to achieve her vision of ‘an economy that works for everyone’ and a greater sense of social cohesion then she must not duck the difficult issues of governance.

2. THE IMPORTANCE OF GOVERNANCE FOR THE NORTHERN ECONOMY

In the first chapter I suggested that the challenges facing the north of England are both economic – the need for regional rebalancing – and democratic – the need for northerners to ‘take back control’. In this chapter I will explore the first of these themes in a little more depth before turning to the democratic case and explaining why the need for each is both compelling but also interrelated.

2.1 THE SYMPTOMS AND DIAGNOSES OF REGIONAL ECONOMIC INEQUALITY

The symptoms of our divided nation are visceral. Stepping off the train at Euston or King’s Cross station is not dissimilar from the experience of arriving at an airport in a foreign nation. There may be commonalities in terms of language, currency and the all-pervading corporate brands on the concourse, but socially and culturally there is an increasingly perceptible difference in tempo, attitude and, above all, relative wealth.

These differences are reinforced by the news media. Rarely a week goes by without another North–South divide story contrasting everything from health or school performance to transport spending, house prices or public sector employment. And rarely is the North portrayed in a favourable light.

These differences are normally borne out by the statistics. In economic terms alone rates of productivity in the north of England are significantly lower than those in London. There are different measures that can be used, but GVA per hour, for example, is £24.93 in the North compared with £36.20 in the South (ONS 2016a). Gross disposable household income is predictably higher in London, at £23,600 per capita compared to £15,600 in the North – a gap of £8,000 that widens each year (ONS 2016b). The North has lower GDHI per capita than the rest of the UK outside London (£17,700), but this gap hasn’t changed significantly since 2002; London alone has raced ahead.

Such gaps are nothing new. Regional economic imbalances date back over a century. They did reduce during the postwar period up until the 1970s – indeed, throughout the early years of the twenty-first century the North kept pace with GVA growth in London and the South East. However, since the global financial crisis the gap has started to widen again, albeit with impressive jobs growth in the past 18 months.

The effects of these imbalances stack up, and over time the accumulation of wealth in the South magnifies and multiplies the divide. If we take housing wealth, for example, the cost of the average dwelling in London (£472,000) is more than double the price of an average property in the North, and property values in the North East are little more than half the national average (£124,000) (ONS 2016c).

Some regional divergence is normal in most countries, but in the UK it is extreme. London is more than twice as productive as Doncaster (which has the lowest productivity in the UK), which is a far bigger gap than that experienced within countries such as Germany, Sweden, France, Italy and even Spain (Eurostat 2016a, 2016b).

These are, however, only the symptoms of the UK's regional divide. What, then, of its causes?

The most prevalent contemporary argument concerns the composition of the UK economy. Buchanan et al (2009), for example, argue that the shift away from manufacturing and towards the financial and service sectors seen in many developed nations has been much greater in the UK. With much of the UK's traditional manufacturing located in the north of England, Wales and Scotland this deindustrial shift has led to a relocation of economic activity. London's self-reinforcing growth as a global financial centre has brought with it feedback and spillover effects across private investment, education and training, inflows of overseas talent and the relocation of associated industries. As a result, 'higher skill' jobs in managerial and professional occupations are disproportionately concentrated in London and the rest of the South, which has acted as a 'brain-drain' on the North, leaving the latter with something of a 'low skills equilibrium' (Jacobs et al 2016).

This argument is supported by concerns about the poor quality of infrastructure in the North, with particular emphasis on the imbalances in public spending on transport. Over the next four years, for example, the Department for Transport's infrastructure plans will see £1,943 per person spent in London, but just £472 per person in the north of England (Blakeley 2017). Similar patterns of expenditure exist for government spending on science and innovation, education and housing.

These diagnoses lie behind much of the northern powerhouse policy thinking set out earlier in this essay. If it is London's highly agglomerated service sector that is driving productivity, let's create a new London in the North. If it is highly skilled professionals who drive higher incomes and could stem the brain-drain, let's create science and knowledge hubs up North. If connectivity is key, let's develop a northern transport strategy to prime the growth of infrastructure investment.

Neither the diagnoses nor the policy prescriptions are necessarily harmful – indeed, the emphasis on improving the North's woeful transport infrastructure can do nothing but good – but given the longevity of Britain's interregional problem it is worth reflecting on how far different these contemporary prescriptions are from previous iterations of regional policy.

Going right back to the Barlow report of 1939 when mass unemployment in the interwar years had caused a steady drift of population from the

North to the South, the concern was about ‘industrial location’ and ‘the encouragement of a reasonable balance of industrial development, so far as possible, throughout the various divisions or regions of Great Britain’ (Ward 2011).

The importance of addressing the North–South divide remained a government objective through the 1970s and 1980s, although with varying degrees of vigour and success – and again with little effect.

New Labour came to power in 1997 and established nine regional development agencies (RDAs) – one for each of the English administrative regions – tasked with driving economic development, stimulating business growth and enhancing employment and skills, and bolstered by a budget of more than £2 billion per annum, just short of half of which was earmarked for the three northern regions.

It is unfair to dismiss the work of the RDAs as a complete failure. They engendered an ‘urban renaissance’ in numerous city centres and, in their own terms, they met the majority of their targets for increasing regional employment, creating new businesses and critically leveraging private investment into their regions (DBERR 2009). Though it may be hard to prove, they likely played a role in making sure that the regional inequality gap did not widen during the early years of the twenty-first century. However, the fact that they failed to address some of the apparent underlying weaknesses in the northern economy – the low skills base, the lack of transport connectivity, the poor innovation and productivity rates – means that ultimately New Labour’s attempts to rebalance the economy resulted in too little and led to too many questions in terms of their value for money. For these – and more ideological reasons – they were eventually closed down by maverick communities secretary Eric Pickles in 2012.

The hiatus that then followed during the formation of the local enterprise partnerships, the negotiation of devolution deals and the nebulous nature of northern powerhouse policy – alongside a deeper, more longstanding critique of classic regional policy – seems to have allowed for a collective amnesia such that as the new administration now promises a new, place-based industrial strategy, the Whitehall machine is once again dusting down previous diagnoses and policy prescriptions and looking for new angles. It is in this context that we should perhaps dig a little deeper.

2.2 PATHOGENESIS: A CENTURY OF CENTRALISATION

Beneath the diagnoses and the various iterations of regional policy, it is possible to identify an underlying pathogenesis: the weakness of subnational institutions. This argument is perhaps best articulated in a groundbreaking new volume by Philip McCann, now at the University of Sheffield (McCann 2016).

In one of the most detailed and comprehensive analyses of UK regional imbalances ever undertaken, McCann advances a series of new diagnoses about the North’s problems. These can be summarised as follows.

- The UK's weak long-term productivity is principally a result of the differential effects of globalisation on different parts of the country. There has been a very poor transition of economies outside London from their industrial pasts, while the benefits of globalisation have remained confined to London and its hinterland. For too long the former problem has been masked by the latter success.
- As a result, 'the UK economy is not only diverging but it is now disconnecting, decoupling and dislocating into two or possibly three quite separate economies' (ibid). These are London and its hinterland regions; the North, Midlands, Wales and Northern Ireland; and Scotland.
- This 'decoupling' has meant that in many respects London has become insulated and isolated from the wider economy, something likely to be exacerbated by the UK's departure from the EU, while policy and practice has wrongly assumed that the success of the capital city brings aggregate benefits to the rest of the economy.
- Meanwhile, explanations for poor productivity performance outside London have tended to be weak. There is little evidence of problems being associated with cities being undersized; educational differences are too small to explain the size of the productivity gap; and if there is a brain-drain then it is 'tiny and also remarkably stable... Human capital and spatial sorting explanations provide few clues as to the UK's interregional experiences' as is the case with knowledge spillovers and financial and fiscal linkages, too. McCann argues that most of the common diagnoses put forward concerning the North-South divide are actually the outcomes rather than causes of the problem.
- The fundamental problem facing the UK economy is that with high levels of regional differentiation and inequality caused by the differential effects of global shocks, there is insufficient regional autonomy in order to mobilise the appropriate local players, institutions, knowledge and capital in order to develop effective responses.
- The structure of the UK economy outside London is such that this is a 'regional' more than an 'urban' problem, and therefore while city-regional devolution may be appropriate for policy decisions about public services they are too small for strategic planning relating to many aspects of economic development.

McCann's core argument is that British regional policy has stumbled on account of its failure to address issues of subnational governance and its poor awareness of the economic geography of the nation. This argument is all the more compelling when we consider that the two 'economies' of the UK that have demonstrated the greatest relative success are London and Scotland, where higher levels of subnational autonomy have enabled them to maximise their local economic advantages in relation to financial and professional services in the City of London and as regards oil and gas in Scotland.

Let us turn then to the roots of this pathogenesis before moving on to its democratic implications.

2.3 CENTRALISATION AND ITS EFFECTS

The historical successes of British industrialisation were founded upon the strength and confidence of local entrepreneurs and municipal institutions, then dependent upon much more local pools of skills and labour despite their extensive global linkages. As the industrial era waned, though, the ebb and flow of regional policy has meandered alongside a tidal wave of centralisation.

Although its roots lie in the nineteenth century, the centralisation process began in earnest at much the same time as the Barlow report, with the establishment of the National Health Service after the war and the subsequent development of the welfare state. Ironically, it was the failure of the central state to deliver on its promise of high-quality services for all that led to a further wave of centralisation during the 1970s when the quality and consistency of service provision became a central issue. The ‘low politics’ of local government became ‘high politics’ as delivery moved centre stage. For example, prime minister Jim Callaghan’s calls for a ‘great debate on education’ in 1976 led to central government seeking to exert its grip on schools and led to Margaret Thatcher’s introduction of a national curriculum in the 1980s. The governance centralisation processes accelerated during the 1980s both via intentional centralisation and also via the deregulation and privatisation of many aspects of the state which heavily favoured London-centric lobbying networks.

It was the gradual accumulation of responsibility for public service provision by ministers in Whitehall that was to prove the catalyst for the centralisation of economic development policies too. Slowly but surely, spurred on by public antipathy towards ‘looney left’ councils and an ideological adherence to privatisation and compulsory competitive tendering, central government both stripped local government of the majority of its powers and began capping its sources of revenue.

Crucially, on coming to power in 1997, New Labour promised to reverse this pattern. In power, it took bold steps in relation to devolution to Scotland, Wales, Northern Ireland and London. In England, it formed the regional development agencies with the promise of regional assemblies to give them democratic teeth. However, by the time it came to a referendum on the creation of the North East regional assembly, it was very apparent that the prime minister was not as much of an enthusiast as his deputy, John Prescott, and that these were pale imitations of the institutions in the devolved nations and indeed the arrangements in London (Willett and Giovannini 2014). The movement against the North East regional assembly – symbolised by a giant, inflatable white elephant – prevailed and New Labour’s framework for English devolution was consigned to history.

Subsequently, despite the abolition of a regional tier of institutional planning, it was widely recognised that England stood well apart from its modern peers as regards its level of centralisation. Various initiatives to promote ‘localism’ and, more recently, devolution deals with cities have started to reverse the century-long centralised experiment.

Critics would argue that this has been much too little and much too late. As has been shown already, deals have been piecemeal and partial with very few areas seeing extensive new powers; there has been very little devolution of the kinds of fiscal powers that might enable devolved administrations to invest in growth opportunities and shape their local economies; and fundamentally, as I have highlighted above, the spatial scale at which devolution deals are being administered is unlikely to unlock the kind of change that is broadly desired. However, for a nation more attuned to bureaucratic evolution rather than democratic revolution, the past few years represent at least a faltering start.

In the next chapter I will explore in more detail the democratic dimensions of the recent push for devolution, but to conclude this discussion of pathogenesis, I will summarise four broad effects of centralisation on economic development.

First, very simply, local governments and their partner agencies don't have the powers they require to deliver the changes needed to suit their specific economic challenges. Skills policy, for example, is largely determined by central government and the national Skills Funding Agency rather than the needs and priorities of regional and local labour markets. As we have seen all too often, when a factory closes or a sector wanes, national policy simply isn't sensitive enough to put plans in place ahead of time to assist a transition and normally arrives on the scene too late. Few today would claim that 'Whitehall knows best', yet it continues to determine broad policy over all of the main economic drivers and to keep a very tight rein on the purse strings.

Second, centralisation leads to policy bias. Central government has neither the capacity, the awareness, nor the appropriate incentives to develop the necessary policies for economic growth and transformation across a very varied regional landscape. By default, this causes a natural policy bias towards London, as the problems of the capital city are quite literally on the doorsteps of the ministers and civil servants who are largely responsible for them. Transport spending, for example, is determined by a national appraisal process designed around the need to manage congestion rather than to promote local connectivity and growth. To take another example, the highly successful London Schools Challenge had much to do with concerns among parliamentarians about school standards on their own patch.

Of course, such consequences are unintentional, but this points to a third problem driven by centralisation: a lack of spatial awareness. Unlike almost any other developed nation, the UK has no national spatial plan, let alone plans integrating different forms of infrastructure or regional and local plans. Instead, infrastructure is developed on a project-by-project basis with little broader consideration of long-term opportunities and impact. This is very often the reason why large-scale national projects like HS2 become so challenging. This is much less so for those like Crossrail or the Olympics in London where the general, if erroneous, assumption is made that if it is in the capital city it somehow benefits the whole nation.

Finally, and perhaps most fundamentally, a highly centralised state creates highly dependent supplicants. In simple terms, all subnational authorities are heavily dependent upon central government for their funding. Local taxes account for just 1.7 per cent of GDP in the UK and in England, local authorities raise and spend barely 5 per cent of their own revenues. Plans to ‘allow’ local authorities to raise more council tax and to ‘devolve’ business rates will make a marginal improvement, but nothing like the change necessary to bring England into line with most European neighbours. Even the language of ‘allowing’ such changes betrays the nature of the central–local relationship; and, to be clear, the ‘devolution’ of business rates does not allow for rate-setting and is subject to government assessments of ‘need’ and a series of centrally controlled mechanisms to shape the system.

Within such a system, the expressions of dependency take different forms. In the North East, for example, it is characterised by repetitive demands on government for a fairer distribution of government funds and favours – although appeals on the grounds of fairness have little traction in the face of Treasury concerns about net aggregate growth. Greater Manchester, by contrast, typically the exemplar of strong local leadership, has nurtured its success on the basis of playing along to the government’s tune, seizing scraps from the table as it goes – demonstrating a dependency of a more confident nature, but still rarely rocking the boat.

Throughout recent devolution negotiations, ministers have expressed enormous surprise that local authorities have not been more ambitious or demanding. The irony here is not so much in the fact that local authorities know full well that ministers would have little appetite for devolving education, welfare or tax-raising powers; rather, it is more in the fact that ministers assume that local authorities, after years of disempowerment, have the capacity or daring to dream up more radical plans.

What holds this system of centralisation and dependency in place, however, is not so much the might of government from the top down, but more the weakness of any popular voice from the bottom up. While the economic evidence is increasingly compelling, for local and regional government to find its voice in England and for the system of economic centralisation to be constructively reversed, it needs to be accompanied by a democratic movement for change.

3.

A DEMOCRATIC CASE FOR REGIONAL GOVERNANCE

In the first part of this essay I argued that the vote to leave the European Union, which was particularly pronounced in the north of England, was not simply a technical demand to be free from the bureaucracy of the European Union and the consequences of free movement of labour, but a more profound demand to ‘take back control’. At one level, the democratic dimension of the referendum can be easily ascribed to a simple call for greater national sovereignty, but the fact that it was marked by such local and regional variations would suggest that national sovereignty was not its only dynamic.

I will argue in this chapter that the call to ‘take back control’ was a more profound challenge to the way in which large institutions – particularly political institutions – are perceived to have disempowered large segments of the population, and that voting behaviours in the EU referendum have much in common with the Scottish referendum of 2014. I will then go on to argue that in England, the absence of a regional tier of government compounds the sense of democratic deficit and that insofar as there is any constitutional debate, it is too constrained by parliamentary preoccupations.

3.1 TAKING BACK CONTROL

Perhaps the most powerful message throughout the EU referendum debate was the Leave campaign’s call to ‘take back control’. This slogan carries many meanings, including a regressive form of nationalism, but its use and popularity deserves closer scrutiny. Its salience was not simply to be found in the rejection of EU institutions, but much more, through its association with Ukip and its leader Nigel Farage, a more profound sense that government more generally had been captured by a self-interested elite who no longer understood or represented a significant proportion of the population. A message echoed in the election of Donald Trump in the United States, with the recent Italian constitutional referendum results and with the rise of populist parties across Europe.

The democratic dimensions of the ‘take back control’ slogan are self-evident, but they are reinforced by research showing that the same groups of people who voted to leave the EU are also those who have the least trust in political institutions and – in particular – the Westminster government (Swales 2016). This link is telling. Wider research on the rise of Ukip shows that the party derives the majority of its support from older, white men and others who feel ‘left behind’ (Ford and Goodwin 2014). Where historically the working classes were well represented in government and through the unions, now throughout Europe and in the

US, their access to power is significantly diminished and is perceived to have been taken by a university-educated, metropolitan elite.

It is this sense of democratic deficit that also played a significant part in the Scottish independence referendum just two years earlier. Once again, it is important to remember that the Scottish referendum campaigns were not about democratic empowerment per se but rather the pros and cons of Scottish independence. It is also important to remember that those who voted in favour of independence lost the referendum vote. However, the rapid rise of the Scottish National party and its decisive role in UK politics ever since, tied with a strong narrative that the Westminster government is unable to govern in the interests of the people of Scotland, has come to dominate British politics. Furthermore, the SNP's role in Westminster has raised significant constitutional questions for parliament, and to this extent what began as an issue about Scottish self-determination has become a matter of democratic representation for the nation as a whole.

'Take back control' may, on the face of it, have been a slogan to galvanise the Leave vote, but in fact it is symbolic of a far more profound unease about the nature of political representation in the UK and the democratic deficit that characterises much of Europe and the developed world.

3.2 THE DEMOCRATIC DEFICIT AND DEVOLVED INSTITUTIONS

With electoral turnout falling right across Europe and the US and levels of political trust at all-time lows, it is unsurprising that there is a wealth of literature deconstructing the problems facing contemporary democratic institutions. The Power Inquiry was one of the most deep-rooted studies of democratic and constitutional problems in Britain to have taken place in the past decade, and was impressive in that it involved many thousands of people through workshops and hearings around the country. It identified six main reasons for political disengagement that are worthy of repeating here.

- Citizens do not feel that the processes of formal democracy offer them enough influence over political decisions – this includes party members who feel they have no say in policymaking and are increasingly disaffected.
- The main political parties are widely perceived to be too similar and lacking in principle.
- The electoral system is widely perceived as leading to unequal and wasted votes.
- Political parties and elections require citizens to commit to too broad a range of policies.
- Many people feel they lack information about formal politics.
- Voting procedures are regarded by some as inconvenient and unattractive (Power Inquiry 2006).

On the basis of these findings, the inquiry recommended three 'major shifts in political practice':

- the rebalancing of power from executive and unaccountable bodies towards parliament and local government
- the introduction of greater responsiveness and choice into the electoral and party systems

- allowing citizens a much more direct and focussed say over political decisions and policies (ibid).

We will return to some of these arguments in the following chapters, but it is important to stress here that although it was identified as only part of the solution, the rebalancing of power between central and local government was identified as one of the main shifts required.

It is a giant leap of the imagination to suggest that the deep sense of political disaffection that has been building for decades equates to a call for greater devolution. Indeed, there is little obvious evidence of the English public demanding devolution, let alone devolved institutions, in anything like the same way that has been seen in Scotland. But alongside the work of the Power Inquiry and the salience of the ‘take back control’ narrative, there is in fact significant evidence of a latent desire for English devolution, even if there is confusion about its most appropriate institutional form.

According to a regular survey carried out by PricewaterhouseCoopers (PwC), when asked whether they think the current balance of power between central and local government is about right, only 18 per cent of those surveyed agreed – indeed, less than 1 in 50 said they ‘strongly agree’. Agreement fell below 15 per cent in the West Midlands, and Yorkshire and the Humber. Interestingly, it was only in London – which has had a mayor and assembly since 2000 – where more than one in five people thought the balance was about right (22 per cent) (PwC 2014).

When asked whether ministers should have less power over local services and local government should have more, nearly half agreed (46 per cent) with only 17 per cent disagreeing and around one-third not sure (ibid). This supports the evidence found in the Future of England surveys, where 39 per cent of respondents said that they believed local authorities should have more powers (Cox and Jeffery 2014). Such responses would seem to stem from a strong sense of local attachment and efficacy. According to the Future of England 2012 survey, 80 per cent of survey respondents said that they felt strong attachment to their ‘local area’, compared with 75 per cent feeling attachment to England and 66 per cent to the UK (ibid).

Local authorities also fared better than the UK government in terms of people’s sense of local efficacy and influence. When asked if they agreed that their local authority ‘didn’t care much about what people like me think’, 68 per cent of people said that they agreed. While this might seem poor, it was better than people’s attitudes towards the UK government (74 per cent) and unsurprisingly the European Union fared worst of all (84 per cent). Interestingly, it was the London assembly (54 per cent) and London mayor (45 per cent) that fared best by this measure (ibid).

These results are consistent with other surveys. Over the past decade, the national Citizenship Survey asked a very simple question about levels of public trust in police, councils and parliament. While the police consistently received the top scores over the decade to 2010/11, trust in local councils was significantly higher than trust in parliament. This has consistently risen over this period, while it has fallen for parliament (DCLG 2011).

So if people appear to have more faith in local rather than national political institutions, why does this not translate into a louder call for English devolved institutions in the same way as it has in Scotland? There are three interrelated reasons.

The most apparent reason for public antipathy towards devolved governance is the poor options that they have been served up. In the most recent past, people in England have taken part in three referendums concerning devolved governance: for a London mayor and assembly; for a North East regional assembly; and for so-called city mayors. Unsurprisingly, people voted in favour of the former as it came with significant powers, a shiny new office building and a high level of profile and accountability. In the case of the regional assembly and city mayors, however, the public were not much persuaded. Unlike the capital city – and indeed the devolved nations – regional identity was taken for granted and did not feature in campaigns, and the package of powers that was to be devolved was far less clear and persuasive (Willett and Giovannini 2014).

The public have quite understandably rejected ‘yet another layer of politicians’ where they see they will add little value; but, contrary to the widely held narrative, where there have been proposals for robust subnational governance with significant powers and accountability that have tapped into issues of identity and democracy, the public have voted in favour of their introduction and they have become very significant features of the national political landscape.

This points to the second reason for the apparent indifference towards devolution: poor-quality public dialogue. Britain has something of an island mentality on many matters, but no more so than in the case of democratic innovation. There is a level of complacency about our democratic institutions that is founded upon the sense that if parliamentary democracy was somehow invented on these shores then we have nothing to learn from anywhere else. Furthermore, there is a complacency among the elite that our democratic system is tried and tested and well understood. In fact, as the Power Inquiry and other studies have shown, while political apathy is something of a myth, levels of political literacy are incredibly low in Britain and there is a lack of public imagination on democratic matters across the board.

The flipside of this problem is a general lack of leadership on democratic affairs. For as long as powers are centralised and the principal objective of most politicians is to become a member of parliament or government minister, the last thing they are likely to do upon arriving in Westminster is to devolve the powers they have spent their careers seeking. A similar case could be made for London-based journalists, civil servants and those working in the wide range of institutions that support and facilitate government. Devolution – and democratic innovation more broadly – unsurprisingly has few champions in Westminster.

The third reason, then, for the general lack of enthusiasm for devolved institutions is related to this: our winner-takes-all, two-party system drives a relentless focus on general elections, winning and then holding power at the centre. This puts a particularly high premium on ministers

being seen to be in control of every last decision – however small or local – and a desire to run everything from their own department. This in turn fuels a political conversation that is national by its very nature and leaves little space for local parties, local politicians or local issues, and very little incentive for the major political parties to foster anything more bottom-up. Indeed, it is all too often the case that local elections are won and lost by virtue of the national political mood. In the current context, it is hard to see how any more localist parties could establish themselves, and why any national political party would see much value in stimulating a more devolutionary debate.

3.3 A RETURN TO REGIONS?

If the general public in England are sceptical about devolved institutions, then they are even less impressed by regions. We have already charted the sorry tale of the North East regional assembly referendum, and when the coalition government abolished regional development agencies in 2011 there was very little public outcry. This is hardly surprising: those same factors that stifle public enthusiasm for devolution extend to a more widespread lack of awareness about the ways in which most modern democracies are organised.

It is important to remember, though, that England is one of very few modern democratic nations without any mezzanine tier of governance between national and local government. The economic case for regional governance at scale was made in the previous chapter, but it is clear that the lack of regional governance adds to the sense of democratic disengagement too. It is hard to imagine a United States of America without any states. Federal states represent the fundamental constitutional principle of some of the most economically successful nations such as Germany, Australia, Canada, Belgium and Austria. Even countries like France, Japan, South Korea and Italy with more unitary democratic traditions have strong regional administrations with elected representatives. Meanwhile, small centralised countries such as the Netherlands, Sweden, Denmark, Finland and Norway, are very bottom-up in terms of policy development and national policy mandates. Most of England, in particular, has none of these features.

If other comparable nations are anything to go by, having a mezzanine tier of governance, with appropriate powers and autonomy, clearly enhances a population's sense of efficacy. As we have shown above, within the UK those most content with the existing democratic institutions are those living in London and the devolved nations (Cox and Jeffery 2014).

The general indifference towards regional institutions was also apparent at the time of the Scottish referendum. As we have entered a period of some considerable constitutional crisis, the national debate has tended to develop around a convoluted conversation about the nature and scope of some form of English parliament or 'English votes for English laws' – the so-called EVEL debate – much more readily than the strengths and weaknesses of a more federal UK. In many respects, this characterises the problem we have: far from seeing the Scottish devolution debate as an opportunity to reinvigorate a democratic debate, instead our political

parties look for a parliamentary solution to a constitutional problem that is far more fundamental than most would care to admit.

Where in Scotland the independence referendum created a constitutional moment in which ‘civic nationalism’ demonstrated some collective ambition which was then channelled through the Smith Commission and Scottish National party, in England the Brexit vote has so far amounted to little more than an inarticulate groan. However, it seems only a matter of time before the demands to ‘take back control’ find a similar clarity of aim and ambition as the logic of devolution to a more federal England scratches the itch that in the present moment seems so difficult to locate.

4.

SCALE AND IDENTITY IN THE NORTH OF ENGLAND

If one considers the economic and democratic arguments for a return to a regional tier of governance to be compelling, there remains a legitimate question as to whether the north of England, however defined, is the right scale at which regional governance might be introduced. In this chapter I will explore the importance of scale and issues of identity, and then provide a working definition of what we might understand to be ‘the North’.

4.1 WHY SCALE MATTERS

Ever since Alexis de Tocqueville’s classic nineteenth-century study of democracy in America, the academic literature on democratic governance has set considerable store by the principle of subsidiarity. In its simplest form, this holds that ‘a central authority should have a subsidiary function, performing only those tasks which cannot be performed at a more local level’ (Oxford English Dictionary definition). Ironically, this principle is in the very constitution of the European Union, but it stands in contradiction to the tendency for many governments to centralise power.

Subsidiarity immediately raises questions about the optimal scale for different types of political decision-making, which are also the subject of considerable academic debate. Clearly, different decisions about different issues need to be taken at different scales and so there is a level of complexity that is intrinsic to good governance. We do not want central government to decide what should be included in our weekly shop. Equally, as citizens we have to accept the role of central authorities’ decision-making in relation to matters such as national defence or central bank interest rates. However, there is very wide scope for decision-making that sits in between these extremes.

This gives rise to important questions about the optimal size of different layers or tiers of governance. There are two broad schools of thought on this matter. On the one hand, there is a strong argument for the optimal balance between the cost of provision of national public goods, such as defence, health and social care, and the ability of the state to address the diverse preferences of local populations to err towards small units of local governance (Alesina and Spolaore 2003). On the other hand, there is also an argument for the advantages of large economic scale, which allow for greater agglomeration effects, spillovers, risk-sharing and diverse labour markets (Bell and Eisner 2015).

In fact, there is truth in both of these theories. Clearly scale matters, as McCann notes: ‘the links between the size of a market and the size of a nation are central to the ability of states to succeed as independent economic entities’ (McCann 2016). At the same time, however, many

of the advantages of economic scale can be derived through global connectivity rather than simple ‘home market effects’ (Krugman 1991), and so it is increasingly the case that the global trend is towards greater subnational autonomy and, in some cases, regional independence movements. This can be seen clearly in Italy, Spain, Belgium and Canada, but it is also a key element of the debate in the UK.

The principal debate about the optimal size of the subnational governance has been played out concerning Scotland. A significant strand of the Scottish independence debate has concerned whether or not Scotland is big enough to make its way in the global economy with those on either side of the debate taking up fairly predictable positions. In England, the debate has been more focused on defining functional economic areas, particularly during the formation of local enterprise partnerships, with the result being something of a messy jigsaw of 39 different areas, in some cases with overlapping footprints. In both Scotland and England, optimal size debates have centred more upon political positioning than on any coherent economic rationale.

Internationally, a simple comparison with other similar developed nations suggests that the average size of subnational regional government stands at around 5 million people. The average size of a German *länder*, for example is 5.2 million; for French *conseil regionals* it is 5.3 million; and for US states it is 6.1 million. But such averages mask some significant differences within these nations: the largest *länder*, for example, has a population of 18 million; France, Italy, South Korea and South Africa all have large regions in excess of 10 million; while nations such as the US, India, China and Brazil have mega-regions covering populations of over 30 million.

While clearly there is no right answer to the question of the optimal scale of a functional economic area within a competitive global economy, in the case of Scotland and the English LEP areas it is clear that in global terms they are very much at the smaller end of the scale. With Brexit on the horizon and the challenges that it might bring in terms of global connectivity, the case for a larger-scale approach to economic strategy and planning could not be more clear.

Alongside a debate about the optimal size of a functional economic region, there is also a question about the optimal size for fiscal decision-making. Many of the same arguments are relevant here, not least public perceptions about the extent to which they are deriving local benefits from taxes paid to the centre. The Scottish referendum debate opened up important issues about the extent to which areas outside London benefited from being part of sterling as opposed to the Eurozone, but the principle grounds for the UK debate concern fiscal federalism.

In theoretical terms, the larger the state, the greater the ability for governments to pool risk and to redistribute tax revenues in order to address economic shocks and regional imbalances. However, when interregional divergence means that significant parts of the population feel that they are not being treated equally – not least in circumstances in which government investment appears more concerned with net aggregate growth than rather than any sense of ‘fairness’ – then the theory begins to break down.

In Scotland, not only has the Barnett formula been used to address these concerns, but in recent years fiscal autonomy has been at the heart of Scottish and Welsh devolution settlements in ways not yet considered in England. This is mainly due to the small size of English local and combined authorities. Experiments with business rates devolution in recent years highlight the challenges in this regard. If local authorities are allowed to retain all or part of their business rates, the level of local variation in their local tax base is so great that it exacerbates existing inequalities between places. If, however, redistributive mechanisms are introduced to help level the playing field, any incentive to grow the tax base is significantly undermined (Stirling and Thompson 2016).

On the face of it, this suggests that significant fiscal devolution is out of scope in England, but this need not be the case if – as in most other developed nations – a form of fiscal federalism could be developed at a greater scale (see Tomaney 2016). This has already been noted in options for pooling business rates across combined authority areas, but it could be explored on a much more extensive basis if a more optimal area for fiscal federalism was introduced.

As with the optimal area for economic strategy, there is again no ‘right answer’ for fiscal federalism, but precedent in other developed nations would suggest that some of the most successful nations and federal states with much higher levels of fiscal autonomy than those experienced in England (and far lower levels of income inequality) are at a much greater scale than currently exists with English local or combined authorities. Even some of the bigger combined authorities such as Greater Manchester and Greater Birmingham still represent relatively small populations and narrow business bases to allow for adequate redistributive mechanisms and risk-pooling.

4.2 THE IMPORTANCE OF IDENTITY

If the economic and fiscal evidence about the optimal size of a ‘state’ in a global economy points to England’s need for some larger units of regional governance, how are we to determine their ideal size? If the UK – or England – is too big, but our city-regions too small, then what might be an appropriate scale in between? It is vital in determining such matters of governance and scale to be very mindful of local and regional identity.

There is some evidence that the most successful local government reorganisation has involved a careful consideration of existing institutions and a shared sense of place (Swann 2016). We have already noted that the public seem wary of new structures across areas that have little resonance in the public imagination. This was one of the main problems with New Labour’s attempts to establish regional assemblies around little-known administrative boundaries, particularly in the south of England and in regions like the North West where historical counties were bundled together. In regions like the North East and Yorkshire and the Humber there was greater regional salience but still not enough to protect them from the axe.

Contrary to this notion though, there is ample historical evidence in the UK and abroad to show that the introduction of regions, even in the absence of any significant historical or political identity, can still gather salience over time. In Italy, for example, regions were not introduced until 1970 – yet now they represent one of the most potent forms of subnational identification within the nation. Historically, English counties have been changed and renamed on several occasions over the centuries, and even those which today might seem the stuff of longstanding tradition were at one time highly contested.

In an important essay on the growth of a ‘new regionalism’, Arianna Giovannini distinguishes between processes of ‘regionalisation’ whereby central government attempts to deliver some of its policies on a regional basis, and ‘political regionalism’ whereby communities of identity demand greater autonomy from the bottom up (Giovannini 2016). She argues that attempts to decentralise in England have been characterised by the former process:

‘Both in the popular imagination and in the political discourse, the North of England is often depicted as having a strong regional distinctiveness. Yet, traditionally, territorial identity in the North has not been overtly politicised by regionalist movements and has instead been channelled by mainstream parties, and in particular by Labour. As a result of this, regional distinctiveness has been subordinated to the national dimension of politics and identity, and for the most part has been subsumed by class values/alignments. This helps to explain why the English regional agenda has so far repeatedly taken the shape of a top-down process of regionalisation, while grass-roots regionalism has never flourished.’

Giovannini 2016

Giovannini goes on to argue though that since the Scottish referendum, there are some indications that forms of political regionalism are beginning to take shape in the North with the formation of a number of new regionalist parties. To date they have had limited success at the ballot box which has much to do with their limited capacity to mobilise voters, but survey evidence suggests that regional political identification holds much broader support than might be expected, and certainly trumps identification with any sense of English or British identity. Giovannini concludes:

‘From a political analysis perspective, the emergence of regionalist parties in the North of England is an interesting phenomenon and could be read as a sign that something is changing in the English political landscape, especially with regard to the way in which regional governance is conceived. Regionalist parties alone may not be the only answer to pave the way towards a real system of political devolution in the North. However, as noted above, these actors are not operating in isolation. Recently, a growing range of grass-roots movements and civil society groups have emerged across Yorkshire, the North East and the North West with the aim of influencing the debate on devolution from the grass roots.’

Giovannini 2016

Whether this new regionalism in the North is translated into a pan-northern political identity remains to be seen. This depends very much on how far people choose to identify with ‘the North’ above any more local identity.

In his brilliant compendium *The North: (and almost everything in it)*, Paul Morley tries to capture the essence of what it is to be northern. In a passage describing the many ‘norths within the North’ he writes the following.

‘The beauty of the north is that it is all about difference and a refusal to sacrifice a pungent hard-won sense of difference. This difference, from the south, from those close by, explicitly represents an independence that has been difficult to officially, formally achieve, and this difference, this abstract independence of thought, is loudly, boldly, brazenly, excessively, romantically and sometimes subtly represented through the walk and talk that the classic northerner uses even when it appears to confirm and clarify the cold, simple and undermining stereotyping that the northerner traditionally – and yet radically – despises.’

Morley 2013

Despite the difficulties in ‘officially, formally achieving’ any sense of northern autonomy we should not underestimate the value of a more ‘abstract independence of thought’ in a resurgent North. There are of course a wide variety of more local identities and even bitter rivalries between different places within the North, but this is true of just about every region of every nation. The question that is as yet untried and untested is whether or not the many ‘norths within the North’, with the right institutions, could be galvanised in order to create the kind of region with the kind of scale that might have sufficient salience to generate political trust and efficacy, while at the same time bringing about the economic and democratic transformation that has been shown to be needed.

4.3 THE CASE FOR A NORTHERN SUPER-REGION

Drawing together the various strands highlighted in this chapter, there is clearly an argument for a pan-northern super-region. Based on the three former government office regions – North East, North West, and Yorkshire and the Humber – this widely recognised combination of three NUTS level 1 regions comprises a significant population of nearly 15 million people, a diverse business base with a small number of world-leading economic capabilities, and an economy of over £300 billion. This is comparable with many of the most successful regions and smaller nation states across the developed world; indeed, if it were a nation in its own right it would make the north of England the eighth-biggest EU nation.

Of course, a case could be made for smaller regions: the former regions of the North East, North West, and Yorkshire and Humber are still of a sufficient scale and political salience to merit consideration, but there are three reasons why a super-region provides a better solution for our present challenges.

First, in the context of Brexit and the heightened significance of what Krugman calls ‘home market effects’ (Krugman 1991), scale matters all the more and bigger is better. If interregional trading is going to be key to our island economy then we need to maximise our northern economic assets and linkages. In a world where mega-cities and regions are increasingly important for pulling in inward investment and skills, the North cannot risk becoming left behind as it squabbles over local parochialisms that are of little significance to global investors.

Second, in such an imbalanced economy and where the mechanisms of fiscal redistribution are so unevenly geared, the only way we can ever achieve a long-term path to greater fiscal autonomy is through risk-sharing at scale. While the nation state has already demonstrated that it is too big and heterogeneous to do this effectively, most old government office regions, LEP and combined authority areas are just too small.

Third, central government’s most recent attempt to introduce administrative regions was found wanting primarily on the grounds that people struggled to identify with its geographies and their associated powers. Although it would be very hard to return to this model, a pan-northern approach – with clearly identifiable powers – might have enough salience to both capture the recent resurgence of ‘northern imagination’ and, at the same time, dissolve some of the parochial rivalries that inhibited the success of regions such as ‘the North West’.

And finally, with clearly defined boundaries to the north, west and east, the only boundary over which there might be some debate is to the south. Here, with the exception of Chesterfield, there is very little controversy over what might separate the North from the Midlands. In an era of notoriously fuzzy boundaries, the designation of a super-North looks surprisingly uncontroversial.

Beyond the work of Giovannini, there is very little evidence that can be put forward to show that any pan-northern institutions would garner any public enthusiasm or political traction, but if form follows function – as has been the case with Transport for the North – and there is a sufficient sense of interregional grievance (as may have been highlighted in the Brexit vote) then it might be that pan-northern regional institutions could take root, as has been the case in many other European nations.

In the following, final chapter I will explore the nature of those institutions that might fulfil this role.

5.

GOVERNING THE NORTHERN POWERHOUSE

There is a widely held view that we shouldn't talk about structures and institutions. This view is primarily promoted by those who currently hold the reins: city leaders and chief executives, big businesses, government ministers and civil servants. In this essay, I have gone to some length to show that governance and the lack of subnational institutional capacity lies at the very heart of England's productivity problem and is key to addressing our democratic deficit. Furthermore, I have articulated a series of rational principles by which structural issues need to be considered: the principle of subsidiarity (the right decisions being taken at the right level); the fact that form should follow function; and the idea that scale and place matter.

This essay isn't a plaintive call for structural change for change's sake, nor is it necessarily an indictment of the existing leadership at the local level. Instead, it is an evidence-based articulation of the fact that England is now too heterogeneous to be governed out of Whitehall, and that the institutions we currently have in place are insufficient to address the deep-seated nature of the country's geographical imbalances.

In a nation apparently so averse to bold or revolutionary change, and in a region that struggles even to conceive of itself as a single unit, an incremental approach is required as people become familiar with the benefits of new institutions and as political identities evolve and coalesce. To this extent there are no quick solutions, but there is perhaps a roadmap to a more healthy future, which this chapter attempts to chart. In this final chapter, I want to propose three ways in which we need to build upon the existing institutions in the North in order to address the economic and democratic challenges that we face. In the short-term, we need to enhance the existing and emerging pan-northern institutional architecture; in the medium-term, we need to create a Council of the North; and in the long-term, there needs to be a Northern Citizens Assembly.

5.1 BUILDING ON EXISTING BODIES

In the short-term, much could be done to support and enhance existing bodies that already 'represent' the interests of northern constituencies in some way or work across a northern footprint.

From an economic perspective, there are a range of business bodies that have been helpful in articulating particular business needs. The CBI, BCC, FSB, IoD and TUC, together with more sectoral associations such as ICAEW, RTPI and EEF, all have regional representation in different forms. The BBC famously moved a significant chunk of its activity to MediaCity in Salford and other agencies such as the Arts Council have sought to develop a more distinctive northern presence. By and large,

though, these have been slow to adapt to the changing geography of the northern powerhouse and its subregions and – with the exception of many of the local chambers – are still working on old regional footprints. Furthermore, their regional operations tend to be underresourced and very much led from ‘central office’ in London.

There are 11 local enterprise partnerships covering the north of England. These were initiated by the Coalition government following the abolition of the regional development agencies as business-led bodies working across ‘functional economic areas’. A few have played a significant role in galvanising local growth initiatives but the majority lack the capacity for more strategic thinking and represent delivery vehicles for increasingly incoherent one-off government investments. Northern LEP chairs meet occasionally at national gatherings but they have yet to develop any process or programme for collaboration.

A number of new business bodies have grown up in response to the northern powerhouse agenda: Business North, for instance, is an inclusive, pan-northern business network that has held a number of events, engaging with Transport for the North in particular, but has struggled to build its profile to date. Northern Power Women has brought together a wide range of leading northern business women through an awards scheme and injected a healthy dose of gender awareness into an otherwise male-dominated debate. Additionally there are two Northern Powerhouse Partnerships, one a government-led ‘partnership’ and the other an initiative by former chancellor George Osborne as a means of sustaining his personal involvement with the agenda. There is also a significant North West Business Leadership Team, but membership of this and of Osborne’s initiative comes with a hefty price tag, and so both bodies are barely representative of a wider business base.

While these business bodies seem to lack any sense of strategic direction, there are a number of pan-northern sectoral interest groups that are playing a more significant role in developing more strategic plans for the North. The N8 Universities group, made up of the eight most research-intensive universities in the North, has played a crucial role in developing a pan-northern approach to university-led innovation and is on the cusp of setting up a Northern Innovation Forum to develop a co-ordinated strategy for innovation. Similarly, the Northern Health Sciences Alliance (NHSA) is playing a vital role in galvanising the health sciences ecosystem across the North through bringing together universities, NHS trusts and four Academic Health Science Networks through which it has delivered a number of collaborative projects and continues to develop a strategic approach to health innovation across the North. TechNorth has been developed as an offshoot of TechNation in order to drive forward a northern digital agenda. While a fourth pan-northern agency that is successfully stimulating pan-northern collaboration is the Department for Investment and Trade’s Northern Powerhouse team which has pulled together a number of initiatives and publications to stimulate investment in a series of economic development opportunities.

Perhaps the most widely known and highly regarded pan-northern institution, however, is Transport for the North (TfN). Despite being a relatively new body, TfN moved quickly to establish a credible role in developing a northern transport strategy and will soon publish its plans

for a programme of strategic investments in a number of transport schemes. Much in the same way that Transport for London has transformed the transport agenda in the capital, TfN is playing a key role in co-ordinating transport provision in the North. With government backing, it is currently consulting on becoming a statutory body such that it can take on broader decision-making powers, albeit not the fiscal powers enjoyed by Transport for London.

Last but by no means least there are the core cities and key cities groups. Neither of these works to an exclusively northern agenda as the groups include many cities outside the North. Northern cities have, however, played a leading role in relation to both groupings and will continue to lead demands for greater devolution and development around their city-regions.



All of the bodies discussed above are important in terms of building institutional capacity for both strategic planning and the delivery of key aspects of northern life, but each has particular vested interests or special purposes that necessarily render their views as partial, and none has any real democratic mandate. One suspects that over time, competition and momentum will dictate the survival of only the fittest of this wide range of interests. This is healthy and having a diverse ecosystem of interrelated subnational bodies helps to build capacity outside of the nation's capital city. But as they evolve, these organisations should work to a number of principles.

First, they should be committed to **collaboration**. Too often, even in the absence of politicians, sectional and geographical interests get in the way of clear thinking and strategic planning. Business bodies in particular need to find better ways to co-operate around shared interests such as the transport and skills agendas. Sectoral groupings could come together to make links between health innovation and digital sectors, for example, or between university innovation and trade.

Second, to support a more collaborative approach, there needs to be greater **transparency** around the work that many of these agencies undertake. Each produces helpful public-facing documents, but too often these duplicate existing material or, worse still, contradict one another. Much energy and time is currently wasted where local enterprise partnerships, for example, commission or carry out research that has already been done by other bodies or where methodologies could be shared from place to place. Each agency listed above could do more to communicate not only its completed work but also its future activities and, at the very least, there should be a forum where plans for research and strategic planning can be flagged and shared.

A third principle which might enhance the existing pan-northern architecture is that of **autonomy**. Too many subnational bodies are very much the creatures of their parent bodies in London. If there is to be a northern powerhouse agenda 'by the North and for the North', then many existing bodies need to move from being regional branch offices to developing northern agendas in their own right. This is not to argue

for complete independence, but rather that subnational bodies have appropriate levels of resource and self-sufficiency to pursue the interests of their northern members and stakeholders and to acknowledge where these might not align with their organisations' national priorities.

Finally, aside from medium- and long-term considerations, in the short term there are some clear gaps in the existing and emerging economic architecture of pan-northern institutions.

- First, there is clearly a case to be made for greater strategic thinking around the North's energy assets. IPPR North has established a **Northern Energy Taskforce** which is working on a high-level northern energy strategy as a precursor to a more formalised body.
- Second, the myriad pots of finance and funding – some of which are now being branded as 'northern powerhouse funds' – could be more effectively brigaded together and there is international evidence to show that there could be significant merits in **some form of regional bank**.
- Third, and most urgently, there is the need for a more coherent response and engagement with ongoing Brexit negotiations. IPPR North has proposed the formation of a **Northern Brexit Negotiating Committee**. With both the mayor of London and the Scottish government holding regular talks with government about the form of any future relationship with Europe, the North – and its particular trading interests – is already falling some way behind.

5.2 A COUNCIL OF THE NORTH

In the medium term, there is a strong case to be made for a Council of the North. To be explicit once again and from the outset, this is not a body that would necessarily suck powers upwards from local or combined authorities, nor would it have anything other than a very clear and specific remit. The purpose of this body would be to co-ordinate and to commission key elements of strategic planning that are best achieved at the regional level. In the simplest terms, its primary focus would be on **the development and implementation of an industrial strategy for the North**.

Different themes may naturally evolve over time, but there are a number of areas where there is already a clear case for pan-northern co-operation, including:

- a northern transport strategy
- sector-led work based on the Northern Independent Economic Review, including on digital skills, health innovation and advanced manufacturing
- a northern energy strategy
- an attractive trade and investment prospectus.

While each of these different themes may have its own sponsoring body, as is the case already for some of these themes, it is vital that there is some level of co-ordination and connection between the different pieces of work. It is pointless having a transport strategy, for example, if there is no plan as to what the transport network is trying to connect together. Moreover, in each case there is significant scope for sponsoring bodies to be in receipt of public funds in order to progress different agendas. To this end, it is quite right that each might be subject to an appropriate

degree of public accountability. Hence a further role for a Council of the North could be as an accountable body for the range of different themes, powers and funds that might be held at the pan-northern level.

It is proposed that its composition should be built upon the precedent set by Transport for the North in its proposal to become a statutory body.

The Council for the North will be made up of **19 constituent member authorities**: 6 combined authorities, 3 county councils and 10 unitary authorities. These are as follows:

- Greater Manchester combined authority
- Liverpool city-region combined authority
- North East combined authority
- Sheffield city-region combined authority
- Tees Valley combined authority
- West Yorkshire combined authority
- Cumbria county council
- Lancashire county council
- North Yorkshire county council
- Blackburn with Darwen unitary authority
- Blackpool unitary authority
- Cheshire East unitary authority
- Cheshire West and Chester unitary authority
- Warrington unitary authority
- City of York unitary authority
- East Riding of Yorkshire unitary authority
- Hull unitary authority
- North Lincolnshire unitary authority
- North East Lincolnshire unitary authority.

Each constituent member will appoint one of their councillors to represent their authority; normally this will be their chair, leader or their elected mayor. There should be an assumption that **decisions are normally taken by consensus**, but there should be weighted voting where this is required. Voting arrangements would also be put in place along similar lines to those proposed for Transport for the North, with constituent members receiving weighted votes according to population bandings of one vote per 200,000 people. Decision-making would generally be conducted by simple majority voting, but a range of issues such as any overall strategy, budget or constitutional matter might require a 'super-majority' of some kind.

The Council of the North should meet at least four times each year, and chairmanship of the body should be rotated on an annual basis between its constituent members in alphabetical order. There should be provision made for the involvement of non-constituent membership, particularly for neighbouring authorities, but such bodies would not have voting rights. All paperwork and proceedings of the Council of the North should be made public and the body should be subject to the same kind

of accountability and scrutiny as one would expect for any other public body of this nature.

The Council of the North should be supported by a number of other groups and activities including:

- a Council of the North **Partnership Board** comprising constituent members of the council as well as a wider range of unelected stakeholders with responsibilities spanning a pan-northern agenda including many of the bodies listed in section 5.1
- a small Council of the North **Secretariat**, not dissimilar to that of Transport for the North, resourced through secondments from constituent authorities, government and other bodies and through an annual subscription decided upon and paid by each of the constituent authorities
- an **annual summit** at which the widest number of stakeholders can come together to consider the pan-northern issues of the day and at which members of the Council of the North can be involved in discussion and debate, much as happens at many conferences now and on the fringes of political party conferences.

The ideas set out for a Council of the North are presented as a medium-term possibility. Should Transport for the North continue to demonstrate its success over the coming 12 to 24 months, there seems no reason why legislation to form such a body could not be introduced within the current parliament either by amending the legislation used to set up TfN as a statutory body to extend its remit, or by introducing fresh legislation altogether. Even if things cannot proceed according to this timetable, the formation of a Council of the North or a similar body could make an excellent proposition for any political party in the run-up to the next general election and be implemented early in the next parliament.

5.3 A NORTHERN CITIZENS ASSEMBLY

Although an indirectly elected Council of the North would be a huge improvement to the current state of affairs, it still does not address some of the more fundamental constitutional issues facing the UK today, and neither will it go very far in addressing Britain's democratic malaise. In the long-term, we must transition towards a more federal England, which, alongside the devolved nations, would be more reflective of the majority of developed nations.

However, even instituting a more federal governance structure is unlikely to address our democratic malaise; after all, many more federal and decentralised nations still suffer from significant democratic deficit. In his challenging and important book *Against Elections*, David Van Reybrouck argues that the fundamental problem with contemporary democracy at any spatial scale is electoral representation itself (Van Reybrouck 2016).

Van Reybrouck argues that the normal diagnoses for global democratic malaise are unsatisfactory in explaining our current condition. The populists blame politicians, but fail to address the challenges of democracy degenerating into a 'dictatorship of the majority' as is currently being witnessed in the US. The technocrats, meanwhile, blame the democratic process and argue that power should be placed into the

hands of experts, as has happened in places such as Greece and Italy. Activists, furthermore, blame ideas of representation and the political party system that shore up vested interests, and they call for more direct forms of democracy as evidenced in movements such as Occupy. These movements, however, themselves struggle to reinvent a coherent and plausible alternative and soon dissolve as events move on.

For Van Reybrouck, the fundamental problem is with the *process of election* itself. In a detailed historical analysis, he demonstrates that elections were introduced after the American and French revolutions as a means of perpetuating the power of the bourgeois elite in the face of the growing unrest among the masses at a time of economic upheaval and hardship. The subsequent development of political parties turned elections into a battleground between class interests, which, as such interests have become more complex and relative wealth has increased, have struggled to keep pace and become captured by smaller elites and significant business interests. He concludes:

'Elections are the fossil fuel of politics. Whereas once they gave democracy a huge boost, much like the boost that oil gave the economy, it now turns out they cause colossal problems of their own. If we don't urgently reconsider the nature of our democratic fuel, a huge systemic crisis threatens. If we obstinately continue to hold on to the electoral process at a time of economic malaise, inflammatory media and rapidly changing culture, we will be almost wilfully undermining the democratic process.'

Van Reybrouck 2016

The north of England has been a hotbed of democratic protest and innovation for many centuries. From Yorkshire's Pilgrimage of Grace in 1536 to Manchester's Peterloo massacre in 1819, northerners have always been at the forefront of political and democratic reform as such protests gave rise to the Chartists and the Suffragettes who have been instrumental in creating the type of parliamentary democracy and universal suffrage that we see today. However, just as such historical movements marked transitions in the wider economies and societies of their own eras, so we need a reinvention of contemporary democracy to mark our transition to what many commentators refer to as the fourth industrial revolution.

This essay is not the place to articulate even the broad parameters of such a transition, but my third and final idea needs to be set in this context: a Northern Citizens Assembly must herald a new approach to democracy championed in the North and for the North, but must also showcase an alternative future for democracy across the whole world.

There have been relatively large-scale experiments with citizens' assemblies in a number of countries over the past 10 years: Iceland, Ireland, Canada and the Netherlands have all used a similar approach to addressing matters of constitutional and electoral reform. Also, in cities and regions there have been one-off experiments with citizens' juries. They have been carried out in slightly different ways and with mixed success. My proposal for a Northern Citizens Assembly varies in two

ways: first, it is not a single entity but a series of interlinked bodies; and second, it would be established for the long term and not for a one-off exercise. In this sense it draws its inspiration from processes of Athenian democracy rather than more contemporary citizens' juries.

Building on the ideas of Terrill Bouricius, I propose that the Northern Citizens Assembly must be built around the following three pillars.¹

Pillar 1

The Northern Citizens Assembly should be a **deliberative forum** where citizens gather and talk about issues together to develop informed positions based on evidence, information, reasoning and debate. It is proposed that the assembly itself should meet over a four-day period, twice a year to perform three main functions:

- to identify and discuss the main issues concerning people living and working in the north of England and give voice to their issues and concerns
- to evaluate the policies and programmes of central government, of the Council of the North and its constituent bodies and stakeholder groups
- to develop new ideas and proposals in order to enhance the quality of life and common good of citizens living and working in the North, and indeed others further afield.

Pillar 2

There should be 252 members of the assembly selected broadly in proportion with the size of the constituent authorities that make up the Council of the North; in other words, **approximately three citizens for every 200,000 people**.

Citizens will be chosen not by election but by sortition. This process, much like jury service, involves the drawing of lots from the electoral roll but with

- proportional distribution according to constituent authority (as set out above)
- quota sampling in relation to age, gender and ethnicity.

The principle of sortition derives from Athenian democracy where, in theory, every citizen had a fair and equal chance of participating in the political process. This, combined with deliberation, will facilitate a type of political equality often absent from current forms of democracy.

Assembly members will serve for a full year – that is, two assemblies of four days each – but some may also go on to serve other bodies within the Citizens Assembly process (see below). Assembly members will be paid a **daily allowance** for their participation, alongside reasonable expenses for travel, childcare, and so on.

Pillar 3

The Northern Citizens Assembly should be part of a wider system of interlinked processes. Most importantly, the assembly should

¹ See for example Bouricius T (2013)

complement and support the Council of the North in what Van Reybrouck calls a 'bi-representative system':

'Mutual distrust between rulers and ruled will be reduced if their roles are no longer separated. Citizens who gain access to the governmental level through the drawing of lots will discover the complexity of political dealing, a marvellous training in democracy. Politicians in turn will discover an aspect of the civilian population that they generally underestimate, a capacity for rational, constructive decision-making. They will discover that some laws are more accepted more quickly if ordinary people are involved from the beginning.'

Van Reybrouck 2016

Beyond this, the assembly meetings need to be supported by a number of other supporting bodies.

- An **agenda council**, chosen by lot from immediate past and present assembly members who volunteer for such a role on top of their assembly activities. This body would compile the agenda for each assembly as well as consider an appropriate process of facilitation and any expert input that might be deemed useful. The agenda council would meet in between assemblies and would again be subject to allowances and expenses.
- **Review panels** would be established by the assembly on an ad hoc basis in order to compile evidence or develop further work into some of the key themes and issues that come up at each assembly. Review panels would also be chosen by lot from volunteers from immediate past and present assemblies. They would carry out their work in between assemblies and report to assemblies to inform deliberation, but would be limited to a duration of no more than two years.
- Every three years an **oversight council** of around 25 people would be chosen by lot alongside the selection of assembly members. These citizens would have oversight for the whole assembly process, including the process of sortition, relationships with the Council of the North and other bodies and the handling of concerns and complaints.

There will be many who find good reason to quibble with the details of the ideas set out here for a Council of the North and a Northern Citizens Assembly. I have tried to set out sufficient detail to give them shape and purpose, without getting into the minutiae of their costs and implementation. These matters are for future papers as such ideas take root and become part of a more mainstream debate.

This essay is less a detailed blueprint for the future, and more a vision of the kind of democratic innovation we might wish to see. For it is only when the people of England, led by the citizens of the North, begin to recognise that the systems of government that currently shape their futures are the principal problem conditioning so many of their grievances, that they will find the real means to take back control.

AFTERWORD

In its heyday, the industrial North was inspired and built by Congregationalists, Quakers, Presbyterians and others for whom personal faith was given expression through politics, philanthropy and civic pride. These entrepreneurial men and women saw their vocation not only in terms of building the great churches, viaducts, mills and other edifices that now characterise the northern landscape, but also in becoming pioneers in educational and democratic innovation. They were the champions of what we might now call inclusive growth.

One of their number, Liverpool's Alfred Waterhouse, became one of the nineteenth century's greatest architects, building over 650 different buildings including Manchester's imposing and ostentatious town hall. Towering above Albert Square, its three clock faces bear the inscription 'Teach us to number our days'.

This should serve as a reminder to many a proud northern politician or official that sets foot along its gloomy corridors that ephemerality is in the very nature of politics and power. As the devolution revolution limps forward, let us not forget that economic reinvention was always at its best when combined with democratic imagination and cities built for the many, not the few.

As we enter a fourth industrial revolution, may our contemporary municipalists and entrepreneurs ensure that their collective efforts once again put the north of England at the forefront of a revolution that is not only economic but is underpinned by hope for a new democracy and progressive society too.

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