

CITIES AND TOWNS: THE 2017 GENERAL ELECTION AND THE SOCIAL DIVISIONS OF PLACE

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SUMMARY

A characteristic feature of British society in 2017 is division. Leavers are pitched against Remainers, young against old, graduates against non-graduates. But perhaps the starkest way of understanding social division in the UK is to consider the places where people live.

The vote to leave the European Union in 2016 laid bare some of the deep and unsettling problems in much of the economy. For many people, these problems are expressed most clearly in their home towns. Far too many places in the UK fail to offer decent jobs and housing. Many towns serve only as satellites to urban centres where economic activity is concentrated. Other towns are left high and dry – disconnected, losing human and economic capital and going almost ignored in the UK's current model.

And yet these are places which people call home. They are places filled with history and meaning, and they serve as anchors of people's identity. At the New Economics Foundation, we know from our work with communities all over the country that many people have a deep and urgent desire to regain control over the places where they live, and to start building better local economies from the ground up.

This report is about the electoral divisions which have opened up between cities and towns in England. Analysis by Professor Will Jennings of the University of Southampton shows a persistent and growing difference in political affiliation between cities and towns. He finds that:

- The 2017 General Election saw a 10.2% swing from Conservatives to Labour in cities but just a 4.1% swing in small towns.
- Since 2005, the Conservatives have increased their share of the vote in small towns from 34.5% to 48.0%, whereas Labour support in small towns has remained stable.
- The more a place has experienced relative decline, the worse Labour tends to perform in electoral terms (and the better the Conservatives do).

- The more a place has experienced relative decline, the more likely it was to have voted Brexit.
- The geographical distribution of the economic impact of a hard Brexit is likely to intensify the electoral divide between towns and cities.

But even as this divide between cities and towns deepens, communities in so-called 'left-behind' towns are starting to build a new and better economy for themselves. At the New Economics Foundation, we are working with these communities to give them real control over their economic future and to start closing some of the place-based divides which have opened up in England.

But for this agenda to be successful, local people need support from local, regional and national authorities. Our 'manifesto for towns', which forms the second half of this report, is aimed at everyone – from Whitehall down to the smallest community group – interested in starting to build better and more vibrant local economies.

RECOMMENDATIONS

1. Build up local supply chains:

Local supply chains can give towns greater economic prosperity and cultural identity. They reduce the flight of resources away from an area, increasing their local retention and giving more 'bang for every pound'.

2. Improve the quality of jobs

in the 'foundational' economy: The foundational economy – those parts of the economy on which we all rely every day, and in which much of the workforce is employed – exists in almost equal relative measure in towns as much as in cities. Any industrial strategy or regional development plan which takes the foundational economy seriously – and indeed which prioritises foundational approaches over the more traditional hi-tech, city-centre led approach – would therefore be a huge boon to towns.

3. Build local infrastructure that

supports thriving towns: For towns to thrive, the infrastructure that sustains them – particularly housing and transport – must be focused on drawing people into the town and not out of it. Infrastructure should create connections between economic sectors in a town and economic sectors in other places, rather than shifting activity out of town centres or into neighbouring bigger cities.

4. Develop more decentralised

political institutions: Genuine devolution needs to occur. But this can only come from the centre letting go, which would then create opportunities for local government and local institutions to engage citizens in meaningful and innovative ways. These could include participatory and deliberative policymaking processes like participatory budgeting, which can connect the social justice agenda with democratic renewal.

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PART I: CITIES, TOWNS AND THE GENERAL ELECTION OF 2017

A new cleavage is emerging that is fundamentally reshaping politics in the early decades of the 21st century. The divide is between citizens whose lives are strongly connected to global growth and those whose lives are not. In geographical terms, it is between those from the densely populated cosmopolitan and metropolitan centres of the emerging knowledge and creative economy and those who live beyond that world in suburban communities, post-industrial towns, and coastal areas.¹

More simply this is between the younger, more diverse populations of cities versus the aging populations of towns and other less urban areas. The results of the EU referendum in 2016, the 2016 US presidential election, and the 2017 UK general election all revealed aspects of this fracturing of the political landscape which is being reinforced by dynamics of demographic and economic change. Similar dynamics can be observed elsewhere, such as in recent elections in France, Austria, the Netherlands and Germany.

In some ways, there is nothing new about this cosmopolitan-provincial divide, which was noted in English politics ahead of the EU referendum.² Indeed, Seymour Lipset and Stein Rokkan³ famously observed that the “spectacular growth of world trade and industrial production generated increasing strains between the primary producers in the countryside and the merchants and the entrepreneurs in the towns and cities.” The original urban-rural conflict in Britain (between Conservatives and Liberals), they argued, “reflected an opposition between two value orientations: the recognition of status through ascription and kin connections versus the claims for status through achievement and enterprise”.⁴ This polarity of a politics of belonging/communitarianism versus the economic and social liberalism of urban centres thus has long been tied to Britain’s trajectory of economic development and the very roots of its party system. More recently, Kriesi et al.⁵ observed that mobilisation around the ‘winners’ and ‘losers’ of globalisation was transforming existing dimensions of domestic political competition. For some, the rise of populism can be explained simply as a ‘backlash’ against social and cultural change among particular groups in society, specifically older, less educated,

white men.⁶ Such studies tend to rely on survey data – linking individuals' negativity towards immigration, their distrust of national and global authorities, and authoritarian values with their propensity to vote for populists. However, not only are cross-sectional surveys in themselves unable to show causation, it is also possible for effects to be observed for particular factors and not others because they are measured better. Attitudes towards immigration can be measured relatively directly, whereas a loss of social and/or economic status over an extended period of time may not be so readily captured by a survey question.

It is in this context that it has been argued that trends in economic geography are important for understanding the emergence of a divide in political outlook between 'Two Englands'⁷ – that is, between urban, metropolitan and provincial, coastal areas – on attitudes towards the EU, equal opportunities for ethnic minorities, the impact of immigration and nostalgia for the past more generally. These trends lay the foundations for the Brexit vote in June 2016 and appear to have mattered in 2017 as well.

This report explores how patterns of voting varied in towns and cities in England in the 2017 general election, how trajectories of social and economic decline shaped the result both in 2017 and the 2016 referendum on Britain's membership of the EU, and how the areas that will be least and worst hit by Brexit voted in 2017. The findings point to the existence of a marked political divide between England's cities and towns, with economic decline driving both the Brexit vote and election result in 2017. Projections of the impact of Brexit on cities and towns suggest these dynamics will only be reinforced in future – with recent Conservative vote gains concentrated in areas likely

to be least hit by Brexit, and Labour's gains focused in areas likely to be worst hit by Brexit. If voters blame the government for any adverse impacts of Brexit, this tilting of the political axis is likely to continue, exacerbating the divide between highly connected cities and disconnected towns and the brands of politics they host.

The report proceeds as follows:

- Drawing on existing studies, it formulates a classification of cities, large towns and small towns that is applied to all parliamentary constituencies in England.
- Presents profiles of the demographic and political trajectories of exemplar cities and towns.
- Analyses voting patterns by cities and large and small towns in England in the 2017 general election.
- Constructs a measure of relative economic decline affecting cities and towns to understand the result of the 2017 general election and the 2016 EU referendum vote.
- Considers the relationship between the projected economic impact of Brexit and the vote in the 2017 general election.
- Reflects on the implications of these processes for the future of English, and British, politics in the short- and longer-term.

CLASSIFYING CITIES, LARGE TOWNS AND SMALL TOWNS

The first task for this study is to identify those parliamentary constituencies in England that fall within urban areas that could be considered to be cities or towns. To do this, we adapt the framework used by Pike et al.,⁸ which classifies cities (and towns) based on

their population size. Cities (or ‘core cities’) are those urban areas with a population of more than 500,000 people. These areas tend to be the focal point of their wider city region, hosting high-level infrastructure, services and functions (such as in finance, industry and education) and are typically characterised by the inflow of both economic and human capital from outlying areas. In our framework, large towns are those urban areas with a population size of between 100,000 and 500,000 people. These include a mix of Pike et al.’s⁹ ‘overshadowed’ and ‘freestanding’ cities. The former tend to be located close to neighbouring core cities (functioning as satellites in terms of their economic relationship, often experiencing outflows of workforces and service provision), while the latter tend to be more geographically distant.¹⁰ Small towns are areas with a population of between 75,000 and 100,000 people, which similarly tend to be more distant from core cities and are less closely connected to the economies of larger city regions. This framework, and examples of these types, is summarised in Table 1. We can better understand some of the differences between cities, large towns and small towns by considering their overall demographic profiles. Table 2 reports the composition of parliamentary constituencies within those towns and cities against a number of criteria, ranging from the age of their population, levels

of economic activity, the number of graduates, social renters, home owners and the percentage of the workforce employed in ‘cosmopolitan’ and ‘precariat’ occupations.¹¹ From this, a number of demographic features are quickly apparent. The populations of cities tend to be younger – with a higher proportion of 18 to 44 year olds, and fewer aged 65 or over – and more educated, with a greater proportion holding a degree. They are also far more ethnically diverse, with a lower proportion of White British residents, and have lower rates of home ownership and higher rates of social renting. The populations of cities are also more likely to work in ‘cosmopolitan sectors’ (i.e. in finance, science, public administration, education, health, arts and recreation), and – interestingly, reflecting the higher share of professional workers – slightly less likely to be employed in ‘precariat’ occupations (i.e. transport drivers, carers, cleaners, sales assistants, security guards). The differences between large and small towns are more slight, but interestingly small towns tend to have higher rates of economic activity and home ownership, with slightly more graduates. These smaller urban areas would seem to share the characteristics of Pike et al.’s ‘freestanding’ cities with more resilient and self-contained trajectories of growth compared to large towns on the outskirts of core cities.

TABLE 1: TYPOLOGY OF CITIES AND TOWNS

	Population	Examples
Cities	500,000+	Birmingham, Bristol, Leeds, Liverpool, London, Manchester, Newcastle, Nottingham, Sheffield.
Large towns	100,000 to 500,000	Bolton, Bournemouth, Crawley, Exeter, Hull, Mansfield, Oxford, Plymouth, Stoke, Wigan.
Small towns	75,000 to 100,000	Basingstoke, Bath, Chelmsford, Crewe, Lancaster, Maidstone, Nuneaton.

TABLE 2: DEMOGRAPHIC PROFILES

Metric	Cities	Large towns	Small towns
Aged 18–44	44.2%	38.7%	36.7%
Aged 65+	12.2%	15.5%	16.5%
Economically active	69.6%	68.7%	71.1%
Unemployment rate	5.3%	5.0%	4.2%
Graduates	32.8%	23.0%	25.0%
White British	56.7%	80.8%	89.2%
Cosmopolitan sectors	48.4%	42.3%	41.5%
Precariat	25.0%	28.4%	26.3%
Social renters	22.5%	17.1%	14.8%
Home owners	52.3%	62.4%	67.9%
Average commuting distance (km)	12.1	14.0	15.5

EXEMPLAR CASES OF CITIES AND TOWNS

It is helpful to consider exemplar cases of our cities, large towns and small towns – both in terms of their socio-economic profiles, and also the sort of political trajectory that they represent. The cases selected for this exercise are Manchester, Mansfield and Nuneaton.

CITY: MANCHESTER

Manchester is a ‘core city’ in the North West with a population of over 500,000 people, situated within the Greater Manchester area. Five parliamentary constituencies are located within the city: Manchester Central, Manchester Withington, Manchester Gorton, Blackley & Broughton, and Wythenshawe & Sale East. The city has seen extensive regeneration over recent decades, with growth of creative and cultural industries, and is home to two large universities and two globally recognised football teams. The population of Manchester tends to be younger than the national average, with around half aged between 18 and 44 and only around one in ten aged 65 or over. It is also far more diverse, with white British making up a little over a half. Nearly one third of the population are graduates, while employment in cosmopolitan sectors (as described above) is relatively high. Rates of home ownership are low (at just over 40%) and social renting high. The proportion of the population working in precarious occupations is slightly higher than

other cities, meaning that Manchester offers a distinct mix of young professionals and the new working class, living side-by-side in a densely populated area. While Manchester has long been an electoral stronghold for the Labour Party, the 2017 general election saw it secure an even more secure footing with a swing of 10.9% from the Conservatives across the five constituencies compared to 5% across England.

LARGE TOWN: MANSFIELD

Mansfield is a market town in Nottinghamshire, around 20km north of Nottingham (one of our core cities), with a population of around 100,000. At one time relatively thriving, the town’s economy has suffered in recent decades due to the decline of manufacturing, specifically coal-mining and textiles. The population is older than the national average and has fewer graduates, and is predominantly (over 90%) white British. There is a relatively high rate of home ownership (nearly 70%) and a low level of social renting. There is still a sizeable

part of the population working in emerging service class (i.e. precariat) occupations, though also a good proportion working in professional, cosmopolitan sectors. In demographic terms, the town offers a sharp contrast with our exemplar city. Electorally too, there is a pronounced difference. In the 2017 general election, Mansfield was prominent in swimming against the national tide – with the Conservative Party winning the seat with a majority of around a thousand, due to a swing of 13.4% against Labour (despite Labour increasing its vote share by almost 5%). This amounted to a divergence of 18% against the swing across the rest of England. The town thus offers a good illustration of the distinct politics of towns and cities.

SMALL TOWN: NUNEATON

Nuneaton is the largest town in Warwickshire, around 30km east of Birmingham (another of our core cities), with a population of just over 80,000. Similar to Mansfield, Nuneaton's economy traditionally was focused on textiles and manufacturing, and since their decline has increasingly

become a commuter town for nearby Coventry and Birmingham due to its good transport links – being closely located to several motorways and being home to a railway junction connecting it to three railway lines. The town is old compared to the national average, or our exemplar city, Manchester, and has fewer graduates – though slightly more (just under 20%) than our large town, Mansfield. It again is relatively homogenous in terms of its ethnic makeup, with around 90% of the population identifying as white British. The rate of home ownership (at over 70%) is high and the rate of social renting (just under 14%) low – even for a small town. In electoral terms, the parliamentary constituency highlights long-term change in the tectonics of British politics. Between 1935 and 1983 it was a safe Labour seat, but has since become more of a marginal – with Labour winning the seat in the 1992 election and the Conservatives regaining it in 2010. In the 2017 general election, both parties made gains in the share of the vote, with a very slight swing towards Labour of 0.4% not being sufficient to close the gap on the Conservatives from 2015.

TABLE 3: CASE STUDIES

	City	Large town	Small town
	Manchester	Mansfield	Nuneaton
Aged 18–44	49.3%	34.8%	35.3%
Aged 65+	10.1%	17.2%	15.5%
Economically active	64.4%	67.9%	71.5%
Unemployment rate	5.6%	4.6%	4.8%
Graduates	29.1%	16.4%	19.4%
White British	61.9%	93.2%	89.6%
Cosmopolitan sectors	46.4%	38.0%	37.9%
Social renters	27.9%	16.4%	13.6%
Home owners	42.2%	68.3%	72.1%
Average commute	12.2	14.5	13.9
Precariat	30.1%	29.8%	27.0%
Conservative–Labour swing (2015–17)	+10.9%	-13.4%	+0.4%

THE 2017 GENERAL ELECTION IN CITIES AND TOWNS IN ENGLAND

The result of the 2017 general election gave further support to the idea of an England divided between cities, towns and less urbanised areas. The vote share of Labour, the Conservatives and the Liberal Democrats in cities, large towns, small towns and other less built-up areas is depicted in Figure 1. This reveals a striking pattern, with Labour holding a large lead over the Conservatives in cities (by some 58% to 31%), and a more modest lead in large towns (49% to 40%), but trailing them in small towns (39% to 48%), and by even more in constituencies in built-up areas of less than 75,000 people (52% to 35%). By contrast, there is little geographical variation in the Liberal Democrat vote, though it is marginally lower in large towns.

Change in the vote share between 2015 and 2017 also reveals the growing divide between the political outlook of people living in cities versus those living in towns and other less densely population areas. The average swing from the Conservatives to Labour across the different sorts of constituencies is plotted in Figure 2. This shows that the swing to Labour was far higher in cities (+10.2 points) than in either large towns (+5.0) or small towns (+4.1), and even smaller in other areas (+3.0). As such, the election saw a consolidation of Labour's vote in the cities (54% in London, 72% in Manchester, 63% in Birmingham, 54% in Leeds, 82% in Liverpool, 59% in Bristol, 65% in Nottingham, 57% in Sheffield), which underpinned the party's much improved performance on 2015 nationally.

FIGURE 1: VOTE SHARE BY PARTY IN ENGLISH CITIES AND TOWNS, 2017 GENERAL ELECTION

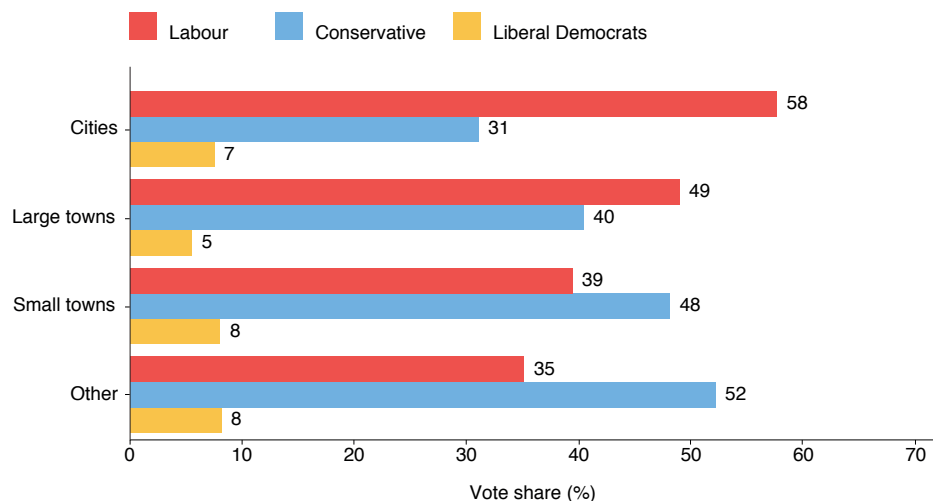
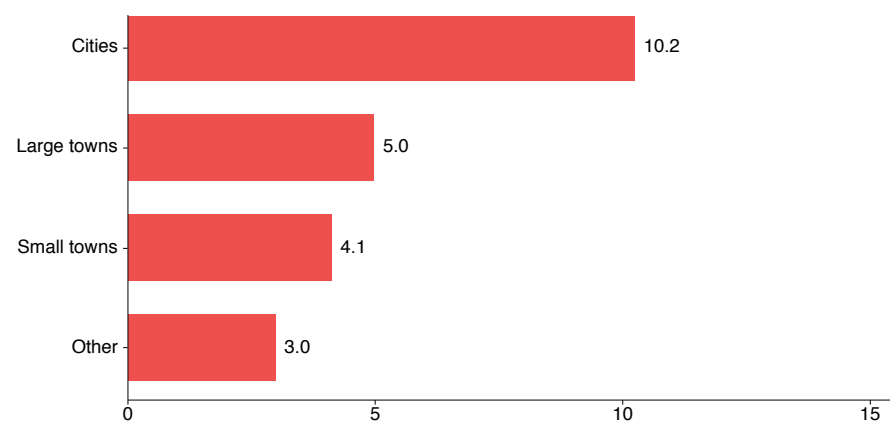


FIGURE 2: CONSERVATIVE TO LABOUR SWING IN ENGLISH CITIES AND TOWNS, 2017 GENERAL ELECTION



The longer-term trend in electoral support for the Conservatives and Labour in cities and towns is indicative of the shifting tectonics of English politics. Figure 3 plots the share of the vote received in each type of area by the two parties in the 2005, 2010, 2015 and 2017 general elections. While there are some parallels, reflecting the national political tide in a given election, there are also important variations. Aside from a minor advance in 2010 (of three points), the Conservatives' electoral support has remained largely stable in cities, whereas Labour has gained around 15 points in the same areas over this period. Interestingly, both parties have increased their vote share in large towns, though the Conservatives have slightly narrowed the gap between the parties. In contrast, the Conservatives have made substantial gains (of more than ten points) in small towns and other less urbanised areas, whereas Labour's vote shrunk between 2005 and 2015, and this trend of declining support was only reversed with the resurgent performance of the party in the 2017 election.

Boundary changes make it difficult to look much further back in time with a great deal of precision at the national level, but it is possible to track how electoral support has changed using a group of city constituencies where boundary changes have been relatively limited. For this we use historical data (produced by Lewis Baston) of party vote shares for a subset of ten constituencies,¹² drawn from the most middle-class and professional areas of core cities (in England and Wales), over the period from 1955 to 2017. These are shown in Figure 4, revealing two distinct trends. Firstly, the Conservatives have experienced a steady decline in support in these city seats. This reflects both the changing demographic make-up of these types of constituencies – which are increasingly home to younger, more educated, professional populations – and changes in their voting behaviour, such as observed at the 2017 election. Secondly, Labour started to make inroads in these core cities in the mid-1980s (it is possible this trend in fact started in the mid-1970s, but suffered a setback at the 1983 general election due to Labour's loss of votes to the SDP). Over three decades Labour has seen its support in these seats in major cities double.

FIGURE 3: LABOUR AND CONSERVATIVE VOTE SHARE IN CITIES AND TOWNS, 2005–2017

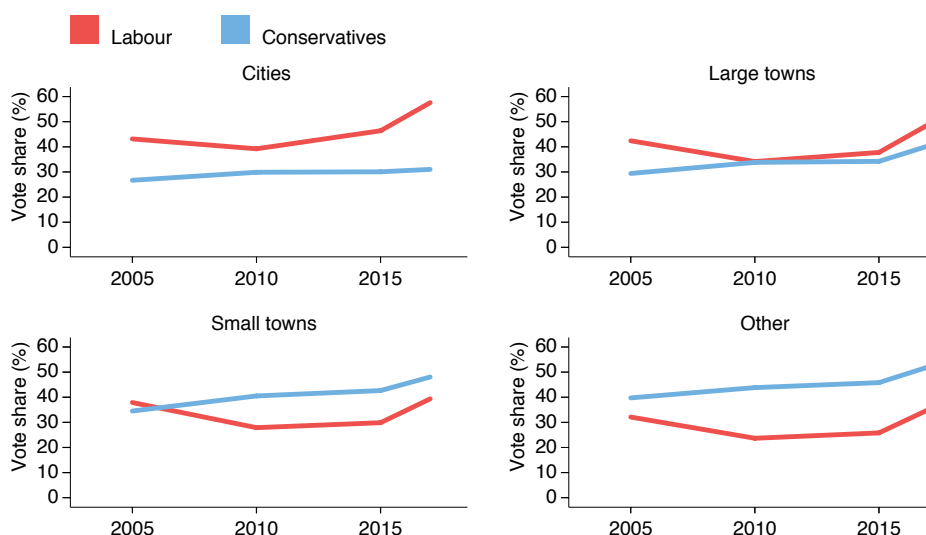
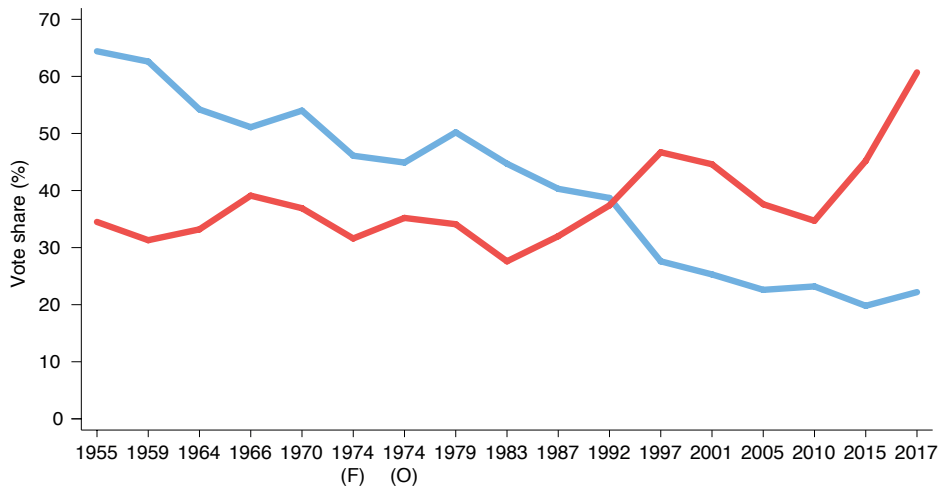


FIGURE 4: LABOUR AND CONSERVATIVE VOTE SHARE IN 'CORE CITY' CONSTITUENCIES, 1955–2017

In contrast, voting patterns in our exemplar large and small town constituencies – Mansfield and Nuneaton – have trended in the opposite direction. These are plotted in Figures 5 and 6. Both seats have seen a long-term decline in Labour's share of the vote, in each case temporarily halted by the New Labour interregnum (though this reversal of the trend started at the 1992 general election under Neil Kinnock). The trajectory of Conservative support differs somewhat between the two places. In Mansfield, aside from a slight rise in support during the 1980s, the Conservative

vote share fluctuated around 30% over most of the post-war period – prior to surging to over 40% in 2017, as the party attracted a large number of former UKIP voters. Nuneaton, on the other hand, has seen a more gradual rise in the Conservative vote dating to the 1970s, interrupted only by Tony Blair's two landslide election wins. It is apparent, then, that the long-term electoral fortunes of the parties are defined – in part – by geography, in the divergent trends of cities and towns.

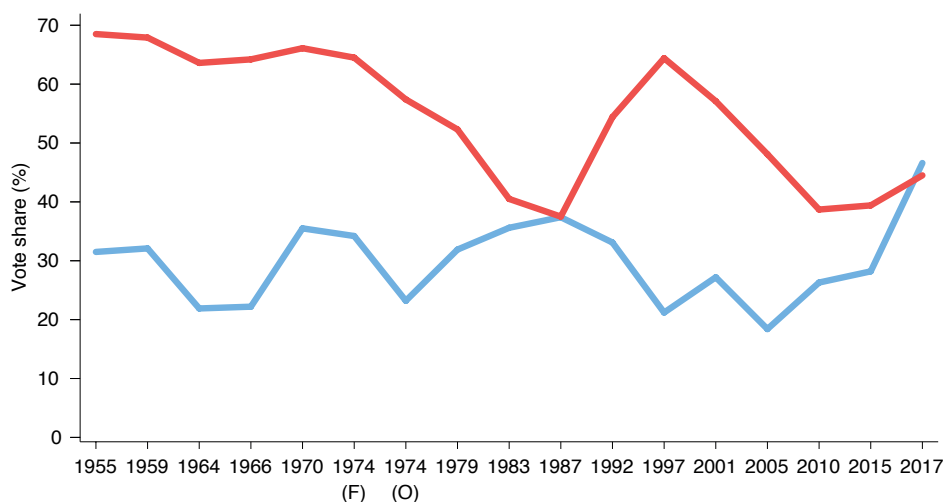
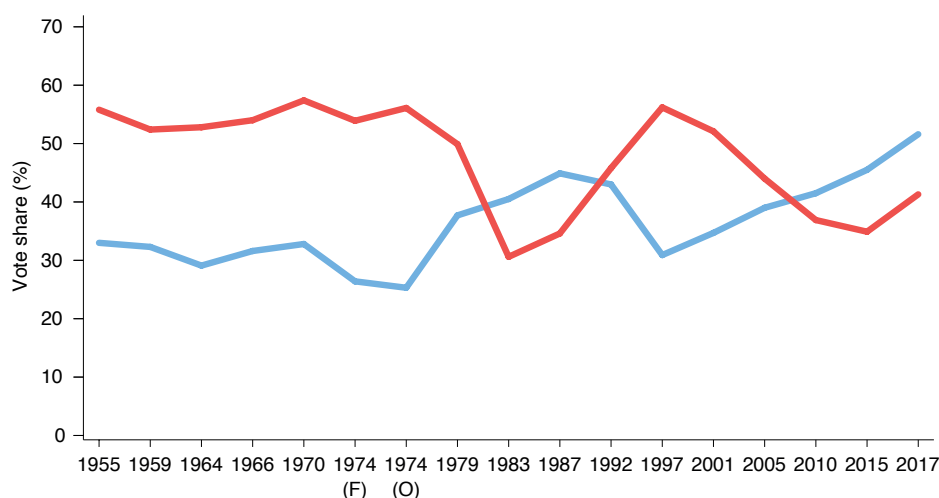
FIGURE 5: LABOUR AND CONSERVATIVE VOTE SHARE IN MANSFIELD, 1955–2017

FIGURE 6: LABOUR AND CONSERVATIVE VOTE SHARE IN NUNEATON, 1955–2017

CITIES, ECONOMIC DECLINE AND THE VOTES FOR THE 2017 GENERAL ELECTION AND THE 2016 EU REFERENDUM

If fundamental changes in the economic trajectory of places are behind this emerging divide in contemporary politics, then it should be possible to relate economic decline affecting cities and towns to voting patterns in both the 2016 EU referendum and the 2017 general election. To do this, we adapt a measure of relative city decline developed in Pike et al.,¹³ which uses indicators for a range of population and employment factors to determine the relative rate of decline of English constituencies compared to one another. These are designed to capture the rate of population growth, economic activity and enterprise, the inflow of younger workers and students, and level of education of the workforce – critical factors for success in the global economy. To construct this, constituencies are first ranked on a scale from 1 to 532 (i.e. excluding the speaker's seat) for each of the following demographic and economic indicators, where 1 indicates the least relative decline and 532 the most:

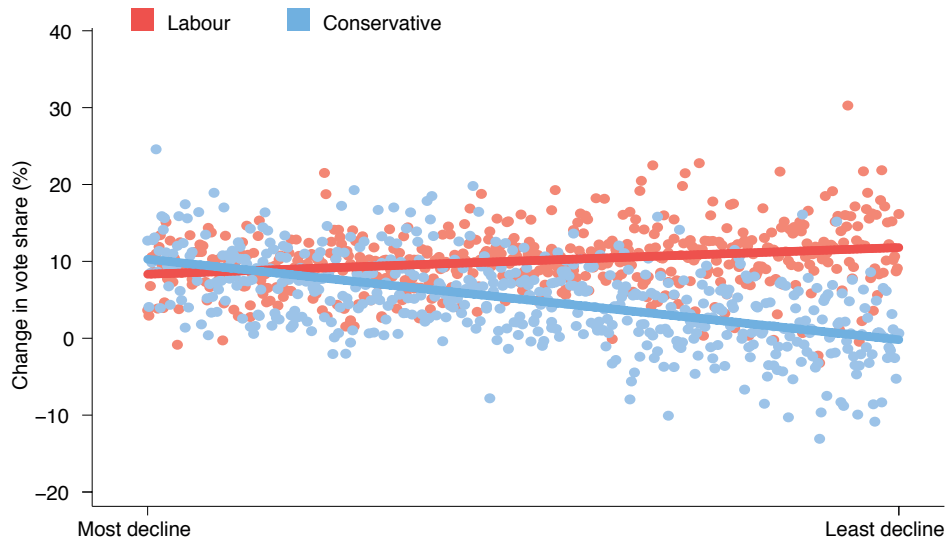
1. Change in the rate of economic activity (%), 2001 to 2011.
2. Change in the number of businesses (all firms), 2010 to 2016.
3. Change in the number of jobs, 2009 to 2015.
4. Change in total population, 2001 to 2011.
5. Change in net inward migration of 15–19 year olds, 2001 to 2011.
6. Change in proportion of population with a degree, 2001 to 2011.

These provide measures of the relative economic trajectory of parliamentary constituencies (located within cities and large and small towns), in terms of both human and economic capital. While data availability means that the time frames of the measures are not precisely overlapping (i.e. most relate to change between the 2001 and 2011 censuses, but the series of counts of businesses and jobs start in 2010 and 2009 respectively), they indicate the relative demographic and economic trajectory of the area covered by the current parliamentary constituency.

Our final index of decline takes the overall rank of each constituency based on the sum of rankings on each of the individual indicators, such that the 1st ranked constituency (Manchester Central) has experienced the least rate of decline and the 532nd (Dudley South) the most. Notably, the 20 fastest-growing constituencies are all located in cities – with the exception of Hove (adjacent to the fast-growing Brighton) and Salford and Eccles (which is situated in central Manchester and as such might be considered a notionally city seat). Of the two archetypal destinations of our original study,¹⁴ inspired by Jeremy Cliffe's essay 'England's cosmopolitan future', Cambridge is ranked 35th and Clacton 526th, further suggesting that this index captures the phenomenon we are seeking to measure.

Having constructed this measure of relative decline, it is possible to consider how it corresponds to patterns of voting in the 2017 general election, and the 2016 EU referendum. Figure 7 plots the change in the Conservative and Labour vote share between 2015 and 2017 on the y-axis against the index of relative decline on the x-axis, which ranges from the most to the least relative decline. This reveals a clear pattern where the Conservatives tended to do better in areas that have experienced relative decline over the past decade or so, whereas Labour tended to do slightly better in those areas subject to less decline. For Labour, the gradient of the line-of-best-fit is rather more slight, indicating a weaker relationship – with less difference between the party's performance in the least and most declining constituencies.

FIGURE 7: RELATIVE DECLINE AND CHANGE IN CONSERVATIVE AND LABOUR VOTE SHARE, 2015–2017



If the change in vote share between 2005 and 2017 is considered instead (as is shown in Figure 8), the slope of the line is steeper, indicating a more substantial difference – with Labour support tending to be static in declining constituencies and increasing in areas of high growth. Overall, these results show how the long-term decline of towns (and other areas) has shaped the tilting of the political axis in England specifically – and may continue to reshape British politics in future.

FIGURE 8: RELATIVE DECLINE AND CHANGE IN CONSERVATIVE AND LABOUR VOTE SHARE, 2005–2017

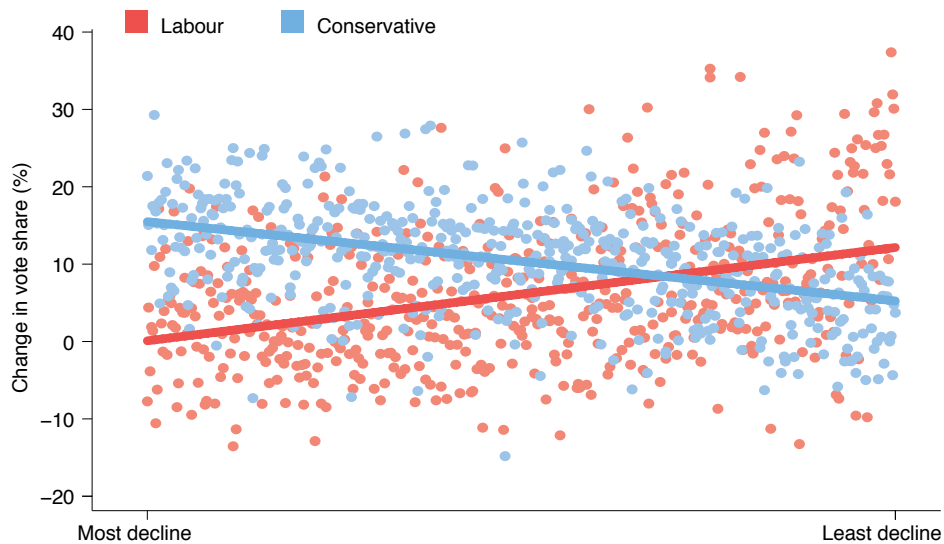
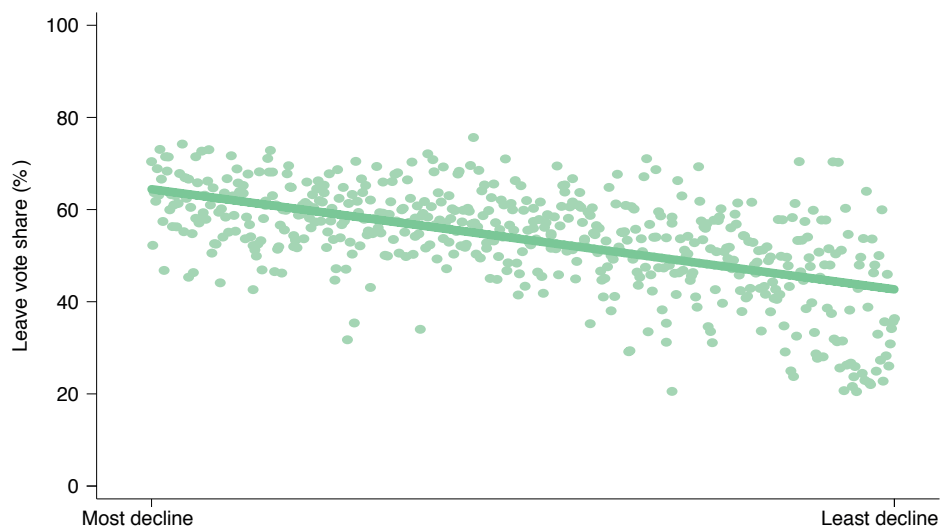


FIGURE 9: RELATIVE DECLINE AND LEAVE VOTE SHARE IN THE 2016 EU REFERENDUM



The decline of cities and towns was also consequential in shaping the result of Britain's referendum on membership of the EU. Figure 9 plots the Leave vote share of parliamentary constituencies, using the constituency-level estimates produced by Hanretty,¹⁵ against our index of relative decline (again on the x-axis). This makes clear the strong relationship between socio-economic decline and the Brexit vote, with those areas that have experienced most relative decline voting most heavily for Leave. On average, the Leave vote share was 20 points higher in those places that have experienced the greatest declines in terms of human and economic capital in recent decades. As such, the Brexit vote can be viewed as a symptom of the divergent paths of the Two Englands, in much the same way as the growing political divide between cities and towns observed in this study.

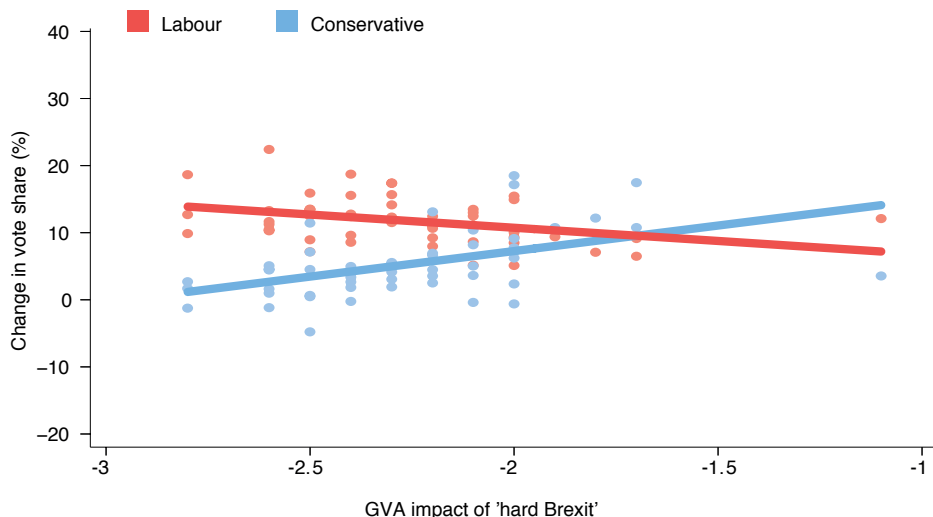
While many have argued that immigration and sovereignty were the preeminent factors in the Brexit vote, economic geography hints at longer-term forces behind the so-called cultural backlash. Our findings offer a warning about how relative economic decline may have conditioned expressions of 'nostalgic deprivation' – that is, the discrepancy between individuals' perceptions of their current and past status in society¹⁶ – and resentment in peripheral communities, including on the issue of immigration. The loss of social and economic status in some areas give rise to complex causal processes that cannot only be understood using survey data, and need to be considered over extended periods of time.

THE PROJECTED IMPACT OF BREXIT AND THE 2017 GENERAL ELECTION

A recent study by the Centre for Cities and Centre for Economic Performance¹⁷ highlighted the disproportionate projected negative impact of Brexit on cities. Cities with high levels of employment in private-sector knowledge-intensive services (those typical of ‘cosmopolitan sectors’ we discussed earlier) are expected to be worst hit by a ‘hard Brexit’, though the authors also note potential for spill-over of economic shocks beyond these areas over time – should the UK face a serious economic downturn. It seems obvious that the relative success or failure of Brexit may have electoral consequences that either reinforce or ameliorate some of the dynamics highlighted in this report. In particular, those areas most exposed to the economic risks of Brexit might be expected to punish the Conservative government at the ballot box for any loss of jobs, living standards, or wider economic uncertainty – given that voters often treat elections as referendums on the performance of the incumbent.¹⁸

In Figure 10 we plot these projections of the impact of hard Brexit for selected towns and cities against change in vote share for Labour and Conservatives between 2015 and 2017. These, perhaps unsurprisingly, reveal that Labour tended to do best in areas likely to be worst hit by a hard Brexit, whereas the Conservatives tended to do best in those areas most insulated from its economic effects.¹⁹ It might be concluded, then, that any economic shock following Brexit is likely to reinforce the long-term trajectories of electoral change identified in this study – with Labour making further gains in cities and university towns, and the Conservatives retaining more support in towns less connected to the global economy.²⁰

FIGURE 10: PROJECTED ECONOMIC IMPACT OF ‘HARD BREXIT’ AND CHANGE IN-VOTE-SHARE, 2015-2017



CONCLUSION

This chapter has highlighted the widening gap between England's cities and towns. It has shown how Labour's gains in the 2017 general election were most heavily concentrated in large urban centres, with younger, more educated and more diverse populations. The Conservatives, on the other hand, made advances in smaller towns and less densely populated areas. These trends are symptomatic of a global dynamic – whereby there is increasing difference in the political outlook of citizens living in the densely populated urban centres that are hubs of economic growth and cultural production and those living in suburban communities, post-industrial towns and coastal areas with less of a stake in the global economy. The longer-term trend in the geography of support for Labour and the Conservatives point to at least the start of a gradual electoral realignment – on the cosmopolitan-provincial dimension – between towns and cities.

Crucially, we find strong correspondence between relative economic decline of places and change in voting patterns over time – with Labour making its largest gains in fast-growing towns and cities and the Conservatives tending to make advances in areas that have experienced economic decline. There is a similar correspondence between relative decline and Brexit – with the losers from demographic change and the modern knowledge economy tending to vote most heavily to leave the EU in the 2016 referendum. We also have shown that the areas projected to be hit most severely by a 'hard Brexit' saw some of the largest swings towards the Labour Party in England in the 2017 general election. Together, these findings reveal how the long-term decline of towns (and other areas) has contributed to a tilting of the political axis in England – and may continue to reshape British politics in future. These dynamics will become especially important for British politics if Brexit results in serious economic disruption and incurs social costs. These political faultlines have been long in the making and are intrinsically linked to the long-term economic trajectories of England's cities and towns.

2. A MANIFESTO FOR TOWNS

Concerns over the pronounced inequality of wealth and economic opportunity between different regions of the UK are increasingly widely shared across the political spectrum – especially since the Brexit referendum. But while the discrepancy between north and south is well documented, the discrepancy between ‘cities’ and ‘towns’ is far less discussed. That is despite the fact that as soon as you look more closely at this division, the differences not only in economic opportunity but also in demographics, cultural preferences, and lifestyles, are startlingly pronounced.

Of course, cities are home to vast inequalities and high poverty rates – generally with far starker extremes between rich and poor than smaller towns. They cannot be considered places of universal wealth and opportunity. Nonetheless, as functioning economic areas but also as places around which demographic and geographic identities form, arguably cities have received far more focus than towns in debates about who the ‘left behind’ are in our current economic system, and what to do about it.

This section therefore focuses on what is going on in the UK’s towns – and why there appears to be such consistent differences between the economic and cultural experience of those living in towns and those living in cities. Our aim is to provide a general outline of a policy agenda that can create a more balanced, fair and stable economy for towns – as well as a greater sense of shared identity, purpose and solidarity amongst Britain’s citizens. It is based on three interconnected principles.

THREE PRINCIPLES FOR A MANIFESTO FOR TOWNS

The first is that **local economies matter**, and there should be a much greater role for the needs and ambitions of local residents and citizens in shaping local development. Orthodox approaches to economic development are rather formulaic – they seek growth at all costs, usually by incentivising large enterprise with a readiness to at best ignore, at worst make conditions more difficult for locally based, smaller-scale industries and sectors. In cities, the hope underlying this approach has been that some of the wealth thus generated trickles down into the local economy and its citizens. Yet as previous NEF research shows,²¹ this simply is not the case. Instead it creates

parallel economies, with wealthy, flourishing sectors supporting one set of employees, but displacement, gentrification and the undermining of small and medium sized business infrastructure leaving others behind.

Whilst this is clearly problematic for parts of the economy and population within cities themselves, it can also inflict severe economic pain on whole towns. The approach currently favoured across the country of ‘agglomeration’ concentrates investment and economic development into cities, with many towns surviving only as ‘feeders’ of labour, or perhaps supporting secondary sectors (logistics and distribution for example) to city economies. That means that for many towns, the only option left for local populations is to ‘get on their bikes’ or to become ‘resilient’ to scarcity.

This approach continues to deliver a highly centralised, unequal and unbalanced economy. At the same time, local and regional economies remain peripheral to our debt- and finance-dependent, London-centric economic model that fetters any attempt at genuine rebalancing.

Economic development policy should instead seek to preserve and build upon existing natural, human and institutional resources – going beyond increasing the capacity for communities to adapt and be resilient in the face of change, and instead carve open a space for communities to take real control and be the agents of change.

This is no idealistic panacea: some towns are doing it already. In Preston, Lancashire, the council has started to use public procurement to incubate a local co-operative economy; in Hull, campaigners from within the community have been collaborating with large firms to make a more targeted effort to offer employment to the existing local population. These sorts of policy can help ensure resources

stay within a local community, and increase wealth retention.

In cities, regeneration strategies can be developed which ensure that wealth brought into an area actually feeds into, rather than displaces, the existing community, through working on the development of local supply chains, increasing locally based stakeholder ownership of local business, and of course working on developing the way in which incoming economic sectors are able to offer good jobs to the local population.

But where towns face a particular challenge is how to apply such methods in a situation where there is a far lower basis of investment to begin with. In order to develop economic approaches which prioritise the needs and ambitions of existing residents, local businesses, service providers, community groups and voluntary sector organisations with a direct stake in the economic health of that area, towns have a strong incentive to build up economies based on local assets and opportunities. This can reduce dependency on the vagaries of globalised markets, allowing communities to face change from a position of economic power and cultural confidence. In these circumstances, towns are better able to react to globalisation as an opportunity rather than an economic and cultural threat.

The second proposition is that **the ‘mundane’, or ‘foundational’, sectors of the economy matter** just as much, if not more than, the high value added, high technology sectors. Orthodox approaches to urban development are obsessed with the latter, suggesting that places can follow generic approaches to development, encouraging the search for specialisation and clustering of enterprises in specific high value-added sectors where they can develop competitive advantage.

The trickle down myth justifies this approach, which is largely unapologetic about the prospects for cities and towns that fail to do well in this competitive environment.²² In this context, managed decline is the best which these peripheral places can expect.²³

Researchers at the Centre for Socio-Cultural Change (CRESC) define the 'foundational economy' as the sheltered sectors of the economy which supply mundane but essential goods and services such as: infrastructures; utilities; food processing, retailing and distribution; and health, education and welfare. They estimate that this sector employs 38% of the working population (eight million), and yet is increasingly beset by poor conditions, low wages and casualisation.²⁴ There is great potential for economic development simply by focusing on improving working conditions in the foundational economy, as well as focusing on social and economic innovations to deliver foundational services. The chances for improvement are universal – the most economically developed cities and the most 'left-behind' towns all have a foundational economy. The foundational economy is an important resource that can be leveraged to stimulate local economies, particularly in towns. But at the moment it is the thankless work that 'keeps the clock ticking' whilst economic policymakers focus on attracting more glamorous industries in a competitive environment where some must fail.

Third, and finally, **institutions should be closer to the people and more open to participation from below.** The changes above will not happen by themselves – they challenge the deeply entrenched interests of our contemporary political economy which concentrates assets in fewer and fewer hands, and established lobbies which fiercely protect their interests in Westminster and Whitehall.

As economic and political centralisation deepens, ordinary individuals have less and less influence over, and chance to participate in, critical decisions. As participation in political, social and economic life decreases, political sophistication and efficacy as well as other important civic attributes atrophy. Social and political anomie follow.

The solution is not to reject the state – but instead to seek its reform and decentralisation, in ways that open it up to be more responsive to the needs and desires of ordinary people. The devolution process embarked upon by the previous government has been felt by many to be a wasted opportunity to decentralise the UK state and allow greater participation in it. But whilst this particular, recent approach to devolution has demonstrated many flaws, the general principle of decentralisation does appear to offer a more straightforward opportunity to restructure our economy and politics to create more prosperity for communities across the UK, in a more balanced way.

In more decentralised political systems people are generally more involved in local politics and a greater variety of institutions are therefore developed, of electoral and non-electoral varieties, to allow people to express preferences and channel these into policymaking processes. To be sure, a degree of centralisation is necessary for creating economies of scale, ensuring equal standards and sharing knowledge. But the degree of centralisation in the UK state and economy is clearly so extreme that regional inequalities, both of wealth creation and wealth distribution, are quite simply intransigent. The creation of significant local state institutions that are closer to their communities and are open to bottom-up inputs is a necessary shift for the UK – and its towns in particular.

Based on these three principles, we recommend a policy agenda which is committed to addressing the stagnation

and managed decline evident in left-behind areas of large cities, and in many smaller cities and towns. Some of these recommendations are aimed at Whitehall – after all, if local places are going to take real control over their futures, the centralised power of the state will need in some cases to get out of the way, and in other cases to get on their side. But they are also relevant to regional sources of power such as the new metro mayors and local authorities, and to businesses and communities which want to develop thriving towns.

A POLICY AGENDA FOR TOWNS

1. Build up local supply chains

Instead of bringing inward investment into cities without building up local supply chains across the surrounding region, it is important to proactively develop local supply chains and feeder industry within local towns. In this way, towns' economic sectors can engage with the regional city centre economies beyond simply being dormitories for a city-based labour force. Local supply chains can give towns greater economic prosperity and cultural identity. They reduce the flight of resources away from an area, increasing their local retention and giving more 'bang for every pound'. Localising and regionalising supply chains is therefore an important aspect of building up economies. An especially promising approach might be to build up local SMEs and cooperative enterprises around the stable demand offered by local public sector procurement, as being done in Preston. More broadly, increasing value retention from supply chains involves being sensitive to place and context in ways that builds upon the existing socio-economic structure of an area.

2. Improve the quality of jobs in the 'foundational economy'

The celebration of 'mundane' economic activity might seem unappealing. However, there is much to be gained by focusing on the so-called 'foundational' services and amenities on which we all rely.

The foundational economy is described by Karel Williams and colleagues, who have theorised this approach, as: "the sheltered sector of the economy that supplies mundane but essential goods and services such as: infrastructures; utilities; food processing, retailing and distribution; and health, education and welfare."²⁵ It is important "because it is used by everyone regardless of income or social status, and practically is a major determinant of material welfare."

The foundational economy exists in almost equal relative measure in towns as much as in cities. Any industrial strategy or regional development plan which takes the foundational economy seriously – and indeed which prioritises foundational approaches over the more traditional hi-tech, city-centre led approach, would therefore be a huge boon to towns.

Our centralised system reduces the capacity for local institutions to control public, and regulate private, parts of the foundational economy. Campaigns for national policy change and a genuine form of social responsibility by the big businesses that dominate many foundational sectors is important. However, there is significant potential for local government to focus on areas like social care and public housing, for example, as part of a foundational economy strategy. Policy will depend on the context of local assets (physical, financial and social) and supply chains, around which socially innovative enterprises can be supported.

3. Build local infrastructure that supports thriving towns

It matters how you design your infrastructure. For instance, if you build a 'hub and spoke' train or metro infrastructure, you tend to simply draw labour in from outlying town centres into a large city hub, sending them home with most of their pay packets already spent in the city centre and on the transport itself, which ends up starving the local economy and high street outside of the city centre. For towns to thrive, the infrastructure that sustains them must be focused on drawing people into the town and not out of it; creating connections between economic sectors in a town and economic sectors in other places, rather than siting economic activity out of town centres or in neighbouring bigger cities. Much of the work in building local infrastructure can be supported by building local supply chains and improving foundational economic sectors. These policies should be designed in ways that maximise value for the locality. For example, a public and community-led local housing policy would discourage speculative housebuilding and be responsive to the needs of residents and not of private capital.

4. Develop more decentralised political institutions

The health of our local politics and democracy reflects the weakness of local government – which has been gutted of capacity and initiative by succeeding governments since the 1980s. This often leads to local government reticence to empower local residents and communities, as it becomes protective of the powers it has got. Moreover, centralised oversight and accountability regimes established since the 1980s have led to a culture

of dependence upon, and deference to, central government that leaves local communities and residents out of the equation. The localist rhetoric of successive governments was mirrored in good ideas like 'double devolution' and 'local planning', but largely thwarted by a reality of central control, and, lately, harsh austerity from which local government suffered the most.

Genuine devolution needs to occur. But this can only come from the centre letting go, which would then create opportunities for local government and local institutions to engage citizens in meaningful and innovative ways. These could include participatory and deliberative policymaking processes like participatory budgeting, which can connect the social justice agenda with democratic renewal.

CONCLUSION

Place is increasingly central to the UK's economy and its politics. It is crucial to peoples' identities, their everyday lives and how they see and encounter their fellow citizens. Yet the nature of our current economic model means that places are experiencing wildly different trajectories of economic development – which is impacting on material affluence and opportunity but also on cultural experiences and how people perceive their identity and community. Britain's experience is far from unique, with similar patterns observed in other countries where economic and political divides are in evidence. But as we have shown, uneven patterns of internal economic development are at the heart of today's divided politics. Many places that were once proud and thriving are struggling to find a place in the 21st century economy, and changes in politics reflect this.

This report has set out the nature of the political and electoral divide between cities and towns, and put forward the outline of a policy agenda which would serve to ease some of that division. We hope that this agenda will be relevant to all those seeking to build a better economy in places which desperately need it, whether they are national-level policymakers, local leaders, businesses, community groups or individuals. Above all, we hope that when addressing England's varied economic performance, towns are not forgotten.

ENDNOTES

- 1 Jennings, Will and Gerry Stoker. (2017). 'Tilting towards the cosmopolitan axis? Political change in England and the 2017 general election.' *Political Quarterly* 88(3): 359-369.
- 2 Jennings, Will and Gerry Stoker. (2016). 'The Bifurcation of Politics: Two Englands.' *Political Quarterly* 87(3): 372-382.
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- 7 Jennings, Will and Gerry Stoker. (2016). 'The Bifurcation of Politics: Two Englands.' *Political Quarterly* 87(3): 372-382.
- 8 Pike, Andy, Danny MacKinnon, Mike Coombes, Tony Champion, David Bradley, Andrew Cumbers, Liz Robson and Colin Wymer. (2016). *Uneven growth: tackling city decline*. York: Joseph Rowntree Foundation.
- 9 Pike, Andy, Danny MacKinnon, Mike Coombes, Tony Champion, David Bradley, Andrew Cumbers, Liz Robson and Colin Wymer. (2016). *Uneven growth: tackling city decline*. York: Joseph Rowntree Foundation.
- 10 Our category of large towns includes both of what Pike et al. (2016) call 'overshadowed' and 'freestanding' cities.
- 11 The measure of employment in 'cosmopolitan sectors' is constructed, following Jennings and Stoker (2017), using data from the Office of National Statistics (ONS) (QS605UK), using the following the set of categories: financial and insurance activities; 'professional, scientific and technical activities; public administration and defence; compulsory social security; education; human health and social work activities; arts, entertainment and recreation; other service activities. The measure of 'precariat' occupations is constructed from ONS data using categories based on Savage et al. (2013): road transport drivers; other drivers and transport operatives; sales and customer service occupations; caring, leisure and other service occupations; elementary cleaning occupations; elementary security occupations; elementary sales occupations.
- 12 The constituencies selected are Birmingham Edgbaston, Birmingham Selly Oak, Bristol West, Cardiff Central (North 1955-83), Leeds North East, Leeds North West, Liverpool Wavertree (Broadgreen 1983-97), Manchester Withington, Newcastle Central (North 1955-83), Sheffield Hallam.
- 13 Pike, Andy, Danny MacKinnon, Mike Coombes, Tony Champion, David Bradley, Andrew Cumbers, Liz Robson and Colin Wymer. (2016). *Uneven growth: tackling city decline*. York: Joseph Rowntree Foundation.
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- 15 Hanretty, Chris. (2017). 'Areal interpolation and the UK's referendum on EU membership.' *Journal of Elections, Public Opinion and Parties* 27(4): 466-483.
- 16 Gest, Justin, Tyler Reny, and Jeremy Mayer. (2017). 'Roots of the Radical Right: Nostalgic Deprivation in the United States and Britain.' *Comparative Political Studies*. doi: 10.1177/0010414017720705
- 17 Clayton, Naomi and Henry G. Overman. (2017). *Brexit, trade and the economic impacts on UK cities*. London: Centre for Cities.

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- 19 The notable outlier in Figure 10 is Crawley, where the projected economic impact of hard Brexit is projected to be far lower (-1.1) but which saw Labour nevertheless make a 12.1 point gain in its vote in the 2017 election.
- 20 The correlation between the projected economic impact of hard Brexit on change in vote share between 2015 and 2017 is stronger in terms of both the coefficient and statistical significance for the Conservatives (Pearson's $r = 0.49$, $p = 0.00$) than for Labour ($r = -0.35$, $p = 0.01$).
- 21 See <http://neweconomics.org/2017/03/understanding-devolution/>
- 22 <https://academic.oup.com/cjres/article-abstract/doi/10.1093/cjres/rsx016/4097652/The-grounded-city-from-competitiveness-to-the>
- 23 <https://www.jrf.org.uk/report/uneven-growth-tackling-city-decline>
- 24 <http://hummedia.manchester.ac.uk/institutes/cresc/workingpapers/wp131.pdf>
- 25 See <http://www.manchestercapitalism.co.uk/foundational-economy>

APPENDIX

CITIES

Birmingham
Bristol
Leeds
Liverpool
London
Manchester
Newcastle upon Tyne
Nottingham
Sheffield

LARGE TOWNS

Aldershot
Barnsley
Bedford
Birkenhead
Blackburn
Blackpool
Bolton
Bournemouth
Bradford
Brighton
Burnley
Cambridge
Cheltenham
Chesterfield
Colchester
Coventry
Crawley
Derby
Doncaster
Eastbourne
Exeter
Gloucester
Grimsby
Hastings
High Wycombe
Huddersfield
Hull
Ipswich
Leicester
Lincoln
Luton
Mansfield
Medway
Middlesbrough
Milton Keynes
Northampton
Norwich

Oxford
Peterborough
Plymouth
Portsmouth
Preston
Reading
Rochdale
Salford
Southampton
Southend
Stoke
Sunderland
Swindon
Telford
Thanet
Torbay
Wakefield
Warrington
Wigan
Wolverhampton
Worthing
York

SMALL TOWNS

Basingstoke
Bath
Burton Upon Trent
Cannock
Carlisle
Chelmsford
Chester
Crewe
Darlington
Grays
Harrogate
Hatlepool
Lancaster
Leamington Spa
Maidstone
Nuneaton
Redditch
Scunthorpe
Southport
Stevenage
Tamworth
Weston Super Mare
Worcester

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