

regions to be fearful?



The UK government's impact assessments on the economic consequences of leaving the EU¹ have considered three scenarios – staying in the Single Market, a trade deal with the EU, or no deal. They show that in all these scenarios economic growth over the next 15 years is expected to be less than if the UK were to remain fully within the EU. Aside from the effects at an aggregate UK level, the figures also project – as already suggested by academic studies² – that the impacts will be varied across different parts of the UK.

They additionally suggest – again like previous studies – that some of the areas that will fare the most badly will be those that voted to leave the EU in 2016, as they have economies that are more integrated with, and thus more dependent on, EU markets than a place like London.³

These questions have been largely neglected in public debate during and since the EU referendum in 2016 – the potentially differential territorial impacts of leaving the EU being more on the radar of local leaders and policy-makers and some academics and particular sectors than headline news. As Cliff Hague has commented, 'I doubt that the phrase 'territorial cohesion' was ever uttered in the thousands of speeches and pamphlets' during the EU referendum.⁴

The aftermath raises questions such as: what can be done to anticipate and if necessary mitigate any potentially negative impacts; and what kind of regional policy (if any) may take shape if the UK leaves the EU? Reflecting on these issues involves considered evaluation of any potential regional impacts of leaving the EU, and of how to try to foster spatial cohesion in an unevenly developed state like the UK, in which some territories are already 'more equal than others' due to the natural functioning of the spatial economy, differentiated levels of public funding, and variable levels of devolution.

These questions are given added salience by the important role played by the EU's regional 'cohesion policy' in UK regions since the country joined the

then EEC in the 1970s. And there is an irony here too in the fact that the UK was instrumental in the foundation of a European regional policy,⁵ working alongside Ireland and Italy to place the idea firmly on the European agenda. This was one of the many influences that the UK exerted over the direction of the EEC/EU, and this contribution is well recognised and appreciated across Europe.

The creation of such a policy at European level was particularly timely for the UK's economically depressed areas, as from the late 1970s regional policy fell out of favour under the governments of Margaret Thatcher, which were more inclined to let regions fend for themselves. However, the EEC/EU and politicians like Michael Heseltine still believed that state and targeted public investment had a role in giving places suffering economic, social and environmental challenges a fighting chance to regenerate themselves.

Against this backdrop,⁶ Merseyside presents one of the most striking examples of how the EU's concern for 'territorial cohesion' – the idea that all regions and their people should have a chance to grow and enjoy a good quality of life, and that nobody and no place should be left behind – could foster the regeneration and renaissance of places. The EU dimension also gave greater autonomy to cities and regions, who could use three-way negotiation between themselves, the UK government and the European Commission to demand and achieve better outcomes for their places and people.

By contrast, the 'proto-Brexit' state is almost by definition 'nationalist' in its spatial imagination and scope. Not just in the fairly obvious political sense, but in what geographers would call a 'scalar' terms too, in that it privileges an overwhelming focus on how the UK is doing 'overall' at the aggregate national level – as this is the level at which leaving the EU must be seen to be a success for the advocates of this change in the UK's circumstances.

The recent Industrial Strategy White Paper⁷ largely seeks to pick certain 'winning' sectors that can be fostered to become 'world class', rather than looking more at place-based issues. As a result it may reward some places (which have the 'right' sectors for investment) and leave others in the shadows. This may well do little to address the



Merseyside residents pictured with the 'Brexit Facts Bus' which toured the UK in February to draw attention to the government's projections of the economic impacts of leaving the EU

regional imbalances that are often held to be partly responsible for the EU referendum outcome in 2016 – and could potentially make them worse by diverting away scarce resources in an approach which breaks with the European model of fostering strengthened territorial cohesion. All this risks both neglecting the fact that the UK is diverse and compounding the impacts of any exit from the EU, which are likely to be felt disproportionately in different places.

The spatially uneven impacts of leaving the EU on the UK economy appear set to collide with a highly centralised UK state in which an authentic, meaningfully resourced regional policy and the institutional frameworks required to administer it have been progressively weakened or dismantled, leaving only a highly uneven patchwork of powers and institutions at the city-regional scale outside the devolved territories.

The possibility of creating the sub-national institutional arrangements necessary for decision-making in policy areas relating to economic development, as a way of accounting for differential local and regional conditions, seems likely to be reduced by an already highly centralised state's desire to control policy and funds following any UK exit from the EU. Even before the projected potential economic effects of leaving the Customs

Union and Single Market begin to take effect, the present government's disposition towards decentralisation – evident in the virtual excision of the sub-national dimension from the Industrial Strategy in its Green Paper form, before its publication as a White Paper – points to a future in which the enthusiasm to address spatially uneven growth in Western Europe's most spatially unbalanced major economy may be muted.

A change of government domestically may alter this context, but the present vision of the future, with a narrow economic and governmental focus, demonstrates a sharp divergence from mainstream European views on territorial cohesion and place-based development, in which all regions matter and economic policy is tailored to local and regional conditions. The sense of political and cultural dislocation felt by many as a reaction to the result of the UK's EU membership referendum and the course its politicians have subsequently put in train has material consequences that manifest themselves in the distancing of UK policy from the knowledge and expertise of several decades' worth of experience in the design and monitoring of the cohesion policy.

The domestic political dimension is also very significant here, for, despite the dominant media representations, and as Danny Dorling⁸ reminds

us, the geography of so-called 'Brexit' is as much a geography of privilege as one of disadvantage. The future of regional policy in any post-EU UK will effectively hang on the extent to which domestically there is an appetite for some form of redistribution – in other words how far the former geography will wish to support the latter in a UK floating free from EU (and historically British) principles of territorial cohesion and inter-regional solidarity.

Meanwhile, as the EU steps up attempts to mitigate tax avoidance by major transnational corporations,⁹ the Brexit elite in the UK see the opportunities to be gained from leaving the EU as largely residing in (de)regulatory competition across a range of sectors and reduced tax burdens. It is hard to contemplate the future of regional policy in the UK without taking into account such contextual factors and the characteristics of the UK as a polity.¹⁰ In light of the latter, leaving the structure and partnership of EU cohesion policy is perhaps unlikely to offer a propitious moment to redesign regional policy and make a case for expanding its resources.

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As noted above, the future prospects for UK regional policy will also hinge on the articulation of the relationship between aggregate growth versus redistribution/territorial balance, as gauges and symbols of the success of any post-EU UK.

Conclusion

The EU has played an important role in supporting reinvestment in UK areas needing regeneration – either directly through EU regional funding, or indirectly (because the UK was in the Single Market), by offering an attractive context for big foreign investments in sectors like the car industry. So a key question now is: what kinds of mechanisms might replace the EU support structures which have served UK places like Merseyside so well? Yet there is still precious little clarity on the shape and extent of any replacement regional policy. There are also further questions, such as:

- Will regional policy be able to play an effective role in suturing a fragmented and divided nation

within a potentially challenging context of diminished aggregate growth and strained political consensus?

- Which political calculations and trade-offs is it possible to envisage emerging to underpin such a policy and make its delivery possible?

UK territories face all these questions and uncertainties just as the new EU cohesion policy is taking shape and the aggregate growth which makes such a policy easier to agree politically, resource, and deliver is returning to the EU.¹¹

In reflecting on the potential regional consequences of leaving the EU, we should remember that projections are not predictions and that there are analyses which take a more optimistic view of prospects for future growth.¹² At the present time there are also powerful interests and lobbies who cultivate the idea that it is not really possible to engage in meaningful assessment of future trends and conditions, and that when such assessments are undertaken by people like civil servants, or those who are apparently (to quote a recent comment received by the authors in response to their work) 'existentially dependent on the EU' (for example academics), then the findings are inevitably biased.

Yet bearing in mind Peter Hall's view that one definition of planning might be 'a set of processes whereby decision-makers engage in logical foresight before committing themselves', then on the basis of economic fundamentals (notably the forecast regional impacts of leaving the EU), and the continuing opportunities that could be offered to UK regions by a post-2020 EU cohesion policy, there remains a strongly credible case that the interests of the UK's cities and regions (especially the economically weaker ones) would be best served by continued full EU membership.

There is surely a bittersweet irony, as we enter the last years of the UK's/England's 'regionally sceptic' decade, in the fact that it has been the revelation of the government's own assessments of potentially negative impacts of leaving the EU on many of the UK's *regions* which may finally start to focus minds on what could really be at stake if the UK leaves the EU.

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Notes

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