

DIVIDED AND CONNECTED

REGIONAL INEQUALITIES IN THE NORTH, THE UK AND THE DEVELOPED WORLD – *STATE OF THE NORTH 2019*

Luke Raikes, Arianna Giovannini and Bianca Getzel | November 2019

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SUMMARY

2019 has exposed the country's regional divides more than ever. Economic uncertainty, exacerbated by the tone of the Brexit debate, has permeated every region, town and city. But even as the Brexit debate raged in Westminster, the major parties remain distracted from the task of addressing its root causes, and people across the UK feel more disempowered than ever.

The UK is more regionally divided than any comparable advanced economy. Our analysis finds stark regional differences in productivity, income, unemployment, health and politics. We are not the only country to have regional divides, but our regional inequalities in productivity, income and health are far worse than in any comparable country. These divides are not straightforward and they defy simplistic interpretation: the 'North-South divide' omits high poverty in London and the South West; the 'cities versus towns' debate ignores affluent towns and stagnant cities.

Centralised governance is a major cause of economic problems in all regions. The UK is the most centralised country of its size in the developed world and this has led to many flawed policy choices: instead of developing sustainable and resilient economies across the country, central government has prioritised short-term economic returns in London and the South East – which often fail to benefit even the people living in these regions, let alone those living in other parts of the country. This is especially a problem in England – which is the largest, but also the most centralised and unequal of the UK nations.

But these severe divisions result from our ever-increasing interdependence. Our regions are connected to each other and to regions across the world. Businesses' supply chains stretch between regions; people move between regions and live and work in different places at different times; regions also trade with one another and with the global economy in important ways. Perhaps most importantly, climate change has brought into sharper focus the interdependence of the world's regions. Understanding and developing the connections between all of our regions – not just with the capital – is more important now than ever before.

More devolution can help the North thrive and support the whole country's future prosperity. The north of England's economy¹ is larger than the economies of most EU countries and it has a significant inheritance of economic assets – from its thriving cities and towns, to its natural assets, ports and windfarms off its coasts. Already, the North is showing what it can do with limited powers that have been passed down to metro mayors and through devolution deals. But the North will need more clout, more funding and more fiscal autonomy to reach its full potential.

2020 must be the year when power is returned to the North and to all of England's regions, towns and cities. For many years to come, the government will remain focused on addressing Brexit – whatever happens in the coming months. Regions, towns and cities across England must be empowered to tackle the severe regional divides our centralised governance has created.

1 Our definition of the North includes the North East, the North West and Yorkshire and the Humber.

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