



MANCHESTER, “IF ONLY...”

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“IF ONLY...

- ...Manchester was a bit more like London, everything would be great”.
- Core focus on:
 - Agglomeration effects
 - Connectedness
 - Talent



A MORE SCEPTICAL TAKE...

- Focus on agglomeration and connectivity ignores questions about distribution & extraction:
 - Connectivity might improve allocation of labour & create some new jobs, but won't necessarily create agglomerative effects, produce multipliers or change GVA or GDHI per capita radically
 - Why? Because agglomeration requires investment, not just skills overspill - to hold onto talent & embed growth. Agglomeration is often actively built.
 - Much depends on ability of Gtr Manchester region to hold onto surpluses, for reinvestment etc



EXTRACTIVE 'AGGLOMERATIVE' CENTRES & THE ACTIVE STATE

- Global cities like London *attract* capital, but they are also extractive:
 - London is a kind of conversion machine, extracting national & international assets; converting them into revenue streams from which well positioned elite workers take a clip.
 - Can be seen in IB, PE, asset/contract management companies, infrastructure funds etc.
- Extraction often requires an active state who funds/subsidises/underwrites corporate profit:
 - In the infrastructure 'asset class', capital relies on the expansion of public sector investment directly or indirectly.
 - Similarly the State assumes many risks to encourage bids from prospective investors, just as it underwrites risk in other financial services.
- Implies the centrality of the state to the growth of some of London's most prosperous sectors.

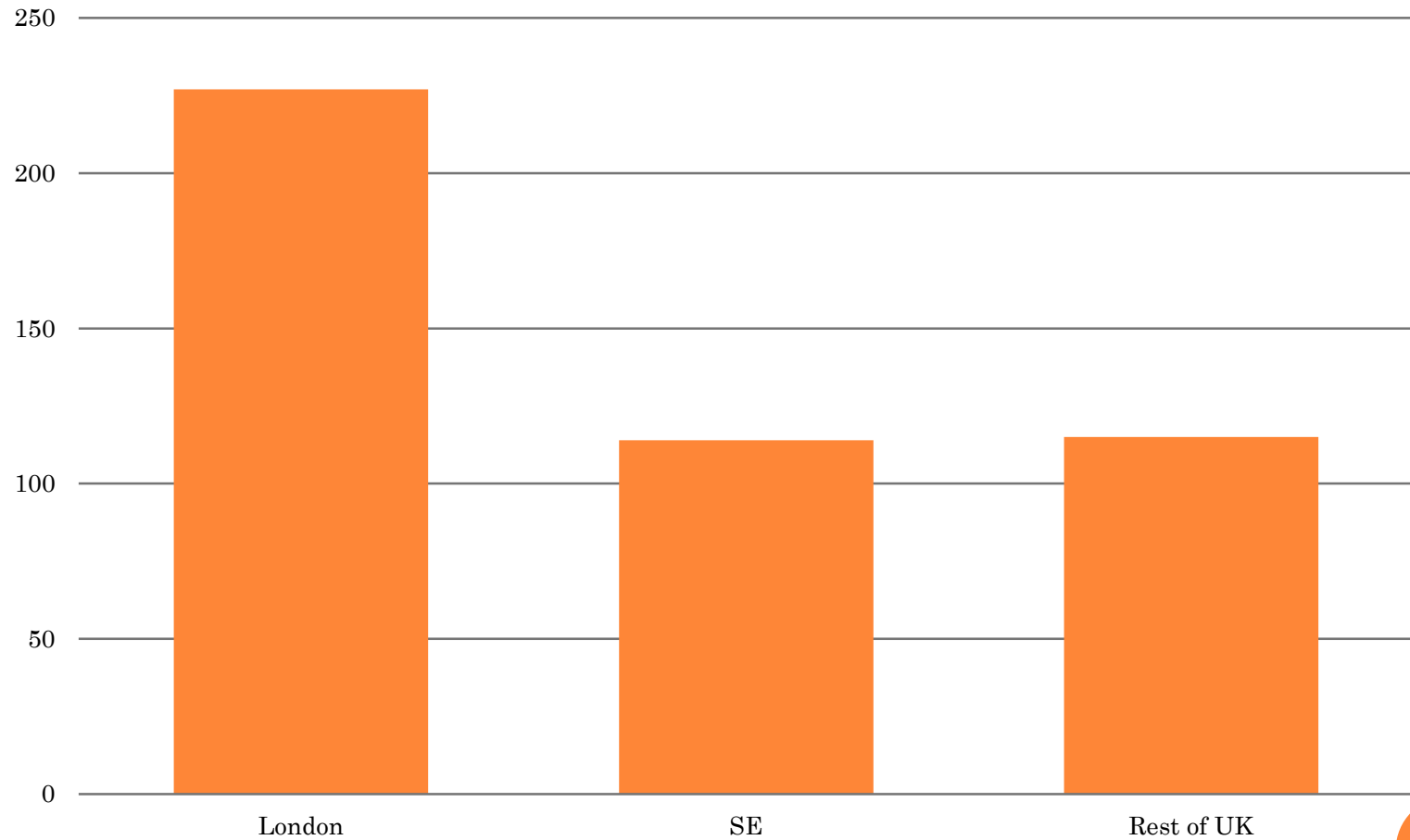


'CORPORATE WELFARE' FOR THE METROPOLIS?

- State sponsored investment projects in the regions may benefit private/para state operators in London & the SE
- Eg with infrastructure investment, it is possible to rethink this activity as state subsidised regional 'extraction':
 - Decomposition of functions/activities, fragmentation of corporations around those functions, re-regionalisation of revenues.
 - privatisation, PFI/PPP has led to a cross-subsidy from North to South East.
- Quick & dirty analysis of 657 UK 'DUOs' involved in PPP or PFI (NB 201 n/a), between 2004-2012.
 - London & SE strongly represented as sites for head office of subsidiaries: 75% of all PPP/PFI subsids operate in London & SE



Head office of infrastructure PPP/PFI subsidiaries, London, SE & Rest of UK



EG ST MARY'S HOSPITAL MANCHESTER (PUBLIC SECTOR PARTNERS)

- Authority/Commissioning Body
 - Central Manchester & Manchester Children's University Hospital NHS Trust
- Public Sector Advisors
 - Addleshaw Goddard (London)
 - PWC (London)
 - AEDAS (London?)
 - Gleeds (London)
 - Faber Maunsell (London)
 - MBM Healthcare (Johns Creek, GA; UK?)
 - Secta (London)



EG ST MARY'S HOSPITAL (PRIVATE SECTOR CONTRACTORS)

- Shareholders
 - Bovis Lend Lease (50%) (Kent); HSBC (25%) (London); Sodexo (25%) (London)
- Private Sector Contractors:
 - Bovis (Design & Build) (Kent)
 - RKW (Contractor) (Dusseldorf/Ger; UK?)
 - WR Adams (Contractor) (GA, US / Bovis subsid)
 - Building Design Partnership (Architect) (Manchester)
 - Anshen Dyer (Architect) (Calif/London)
- Private Sector Advisors
 - Clifford Chance (Legal) (London)
 - Faithful & Gould (Technical) (London)
 - Marsh (Insurance) (London)
- Finance
 - European Investment Bank; Deutsche Bank; Royal Bank of Canada



MANCHESTER, MULTIPLIERS AND WITHERING OF BROAD COMPETENCES

- Agglomeration in London:
 - Concentration of certain functions pulls revenue streams from rest of country
 - Revenue = the pool from which value is skimmed, high pay awarded, with multiplier effects.
- Regional effects:
 - Diminished capacity: withering of broad competences + skills drift
 - Fragmented supply and project chains
 - Result = growing disparities between London, the South East & rest of country.
- Lessons?
 - Gtr Manchester region should think about how to hold onto and recycle surpluses to embed agglomerative effects; zero sum problems when London's gain is someone else's loss
 - Requires pol & fin. devolution, active regional planning with this concern at its heart.

