

# State of the Art Review

## Levelling Up and Rural Areas – A Review of Lessons from Rural and Regional Development

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### Non-technical abstract

This review examines the new focus on 'Levelling Up' from the perspective of non-metropolitan areas. Because the British economy is so unbalanced, it has produced a deep divide between advantaged and disadvantaged places. The 'Levelling Up' agenda currently lacks coherence as an economic development strategy. For sub-national economic development to be inclusive, any approach to addressing *inter*-regional disparities should not deepen disparities *within* regions. This requires a sensitivity to the distinctive characteristics of local economies beyond the main urban areas and their particular opportunities and challenges. The scale, diversity and untapped potential of rural economies make them too important to ignore in the national effort to 'Build Back Better'. A stronger appetite for innovation, sometimes out of necessity, means that local rural economies ought to be able to play an active and significant contributory role in 'Levelling Up' within all England's regions and across the UK.

## Summary

In debates about sub-national economic development, the scale and economic development potential of non-metropolitan areas beyond the cities is little understood and often actively marginalised – a national 'blind spot'. Yet most of the population of the UK live outside the main metropolitan areas, and around a fifth are in areas classified as rural. In order to 'Level Up' and 'Build Back Better', a more geographically sophisticated approach to sub-national economic development will be required. An inclusive vision for Levelling Up will need to ensure that intra-regional gaps are not deepened by a crude and simplistic approach to addressing inter-regional imbalances. Such a vision would need to recognise the substantial and active contribution that rural firms and local rural economies can make to local and regional development across the UK. This contribution is not just a function of the number of firms and employees based in such areas, but also because of their significant unrealised potential and particular aptitude for innovation.

## Background

That Britain is the most geographically unbalanced of the world's advanced economies has become a public controversy and so of interest to politicians and policymakers (McCann, 2020; Buffy *et al.*, 2021; Cavendish, 2021). What was once a technocratic matter for economic geographers working in regional science now comes with the label 'the geography of discontent'. Even before the 2016 Brexit referendum, social scientists were pointing to the so-called 'left behind' as a potent force in British politics (Ford and Goodwin, 2014). And since that shuddering shock, social scientists and think tanks have focused their attention on the social, cultural and economic drivers and consequences of this deep divide in our country (Goodhart, 2017; 2020; Rodriguez-Pose, 2018).

The British Government has committed to tackling inequalities in the economy with the need to "Level Up" and "Build Back Better" becoming the Prime Minister's animating slogan (Cavendish, 2021). Levelling Up implies addressing inequalities by raising economic development in poorer performing areas. Building Back Better implies that economic development will be qualitatively different – growth will be both greener and more inclusive. This agenda remains a largely rhetorical one and is under-conceptualised (Tomaney and Pike, 2020; Giovannini, 2021). There is, as yet, no clear plan and the ideas from Government remain sketchy. Commentary has tended to focus on the dominance of London and the south east compared to the rest of the country, and on the 'red wall' seats of the north and midlands. The Covid-19 pandemic has further exposed stark inequalities and so has prompted new debates about social justice and more balanced economic development. For example, what might a respiratory-borne viral pandemic mean for our previous faith in larger cities as engines of economic growth? And what does past experience of sub-national economic development mean from the perspective of 'non-metropolitan' areas?

## Evidence

Over 60% of the UK population live outside the largest cities and metropolitan areas of more than 250,000 people. Evidence suggests that local economies beyond the large cities can make an important contribution to growth and innovation (Commission for Rural Communities, 2008; 2010; National Innovation Centre for Rural Enterprise, 2021). However, within Government and among think tanks, a commonplace assumption has been that economic development efforts are best concentrated in large cities. This is not just because large cities are home to more people but also because they are widely thought to function in an inherently more innovative and productive way. This view often casts the rise in urban economies as something inevitable (e.g. Florida, 2010). A powerful lobby works to promote the case for focus and investment in cities. London has an Assembly and Mayor. Core Cities UK represents 11 large cities outside London. The Centre for Cities promotes the economic development of the largest 63 cities and larger towns, and the Key Cities Group champions the cause of a group of mid-sized cities across the UK. There is no counterpart and no national voice for non-metropolitan areas or rural economies. It is therefore not surprising that the scale and economic development potential of non-metropolitan Britain is little understood and often forgotten (Cox *et al.*, 2017). In many ways, rural economies are the archetypical 'left-behind'.

In England, what are classified as 'predominantly rural' and 'urban with significant rural' areas make up over a quarter of national Gross Value Added (Defra, 2020, p.52). Rural areas represent around a fifth of the population, with over half a million enterprises and 3.5million employees in all sorts of economic sectors. Rural economies are characterised by higher levels of employment and more home-working. There is also evidence of considerable untapped potential, with rural firms more likely to be exporters of goods and services and more likely to have introduced innovations compared to their urban counterparts (Phillipson *et al.*, 2019). Notably, agriculture, forestry and fishing make up only 15% of rural businesses (Defra, 2020, p.62), and beyond these primary industries, the sectoral composition of rural economies broadly resembles the urban.

The geographical context for rural firms – characterised by sparsity and distance – requires that national, regional and local economic development strategies must be tailored and sensitive to their particular challenges and opportunities. This has not been the experience of recent decades where sub-national economic development has been highly urban-centred, not only under the 'city-regions' approach of the last 10-15 years, but also previously when economic development was co-ordinated by Regional Development Agencies charged with responsibility for both urban *and* rural (Lowe and Ward, 2007). Without tailored interventions, the most marginal rural economies risk being caught in a low-skill/low-wage trap (Defra Rural Economics Unit, 2005), leaving Levelling Up as an empty promise.

## Final overview

In summary, a simple focus on the 'north-south' divide, measuring success by *inter-*regional disparities, and concentrating efforts in the largest centres of population in the hope of maximising the 'bang-for-buck' would be naïve and damaging. This would not

only be a missed opportunity to harness the real and positive potential of an archetypical 'left-behind' part of the economy but would also have the perverse effect of widening more divides within the north and within the south. Forty years of a strongly city-centric approach to sub-national economic development has not addressed Britain's geographical imbalances, and if anything, they have worsened.

To Level Up and Build Back Better will require a more geographically sophisticated approach to sub-national economic development than we have seen to date (Mackinnon, 2020). Integrated and inclusive regional strategies need to recognise, be sensitive to, and actively harness the interrelationships and interdependencies between local rural economies and their urban counterparts. Truly inclusive growth cannot focus exclusively on city-regions and needs to be driven by a positive vision of the contribution that all types of places can make.

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