



IE TALKS TO FAISAL ISLAM, ECONOMICS EDITOR AT THE OBSERVER, ABOUT THE CHALLENGES FACING ENGLAND'S NORTHWEST, THE IMPORTANCE OF SUSTAINABILITY TO OUR REGIONAL ECONOMY, AND THE NEED TO SHIFT OUR NATIONAL FOCUS AWAY FROM LONDON AND THE SOUTHEAST AND MAKE THE MOST OF THE ECONOMIC HEADROOM IN OUR NORTHERN REGIONS.

INTERVIEW BY **GARETH CHADWICK**
PHOTOGRAPHY BY **GRAEME COOPER**

THE PROSPERITY MYTH

Manchester-born, Didsbury-raised, Cambridge-educated, Faisal Islam's credentials are impeccable. The economic correspondent for The Observer may only be 27 years old, but his brand of regionally aware, economic realism has won him many fans and holds a few lessons for advocates of sustainable development.

As a northerner based in London, Islam is an advocate for the decentralisation of the country's economic and developmental focus. Part of that, he says, is about decision-makers in the capital basing their policies on a further horizon than the M25, but it is also about the UK's regions, and the Northwest in particular, learning to make their voices heard more effectively both nationally and internationally.

"After five or six years of successful regeneration in places like Manchester, Leeds, Birmingham, Newcastle and Cardiff, these cities have the potential to really take off," he says. "But we are not seeing the sorts of changes that the market would ordinarily dictate. Large PLCs and organisations are not, on the whole, moving their headquarters out of London. There's a pervasive attitude that you have to be in London to be successful.

"It's nonsensical. If you look at the United States, it doesn't happen. It would be absurd if American organisations all felt they had to be in Washington or New York. Take Microsoft. It sprang out of the ground as geographically far away from New York as you can possibly get. The Northwest and other regions need to really work together to get this point across at all levels," he says.

It is a bias which, for Islam, sheds considerable light on many of today's vital political issues such as housing, immigration and transport, which are often discussed from the very narrow viewpoint of London and the Southeast.

He points out that issues such as congestion, overcrowding and lack of housing are major concerns in the South, but in much of the rest of the country, the politics are reversed. Regional cities

are crying out for more people; there are streets of empty houses. Cities are trying to build themselves up against the magnetic black hole of London.

Such an institutional bias isn't just bad for the North, he says, it is bad for the Southeast as well. London is a major world city, sucking in resources from the rest of the country and becoming ever more expensive, congested and unpleasant.

The argument often given by policy-makers, that so much development policy is centred on London and its hinterland because they 'do not want to hold the Southeast back', is given short shrift.

"What exactly does that mean? That a lot of recent growth has been in the Southeast and so let's plan for more in the same place? More Jubilee Lines, more Domes, more housing built on brownfield sites along the Thames? It's a vicious circle. Plan for growth. Growth occurs. So plan for more.

"It's a very pessimistic view of what government can do, the influence it can have," he says. "Is government policy really that powerless? Taken to its conclusion, we'll end up with a super-London stretching from Cambridge to Oxford, maybe even to Bristol and down to the South Coast. Is that good for the country? Do people in those areas want that?"

Islam says that averting such a scenario requires a total change in thinking.

He isn't totally pessimistic, however. He says that the government is slowly realising that there is a massive electoral incentive in leading such a change. Initiatives such as the Lyons Review into relocating many public sector organisations from London are a beginning, but need to be seen to be implemented, not left on the shelf to gather dust like so many previous initiatives.

He believes that the regions, too, have a vital role to play if they are to achieve their potential. There needs to be a strong voice fighting for the regions on a national stage, as a counterpoint to entrenched metropolitan attitudes.

"The North needs a voice. Ken Livingstone says that London is hard done by, that it pays taxes and they all go on subsidising Scotland and the whingers in the North. That's fair enough. It's his job to stick up for his patch. But where's the counter argument? Where's the champion for the North to point out the total lack of balance in the geography of our national politics, compounded by London-centric thinking?

"London has this very strong, charismatic voice battling for it around the world and the North needs someone similar. Arnold Schwarzenegger, the governor of California, is touring the world persuading people to invest in California, trying to change perceptions of the state. He's a champion for his region. We've got no champion, but we need one now more than ever," says Islam.

In the global market, one strong voice has much more chance of being heard than several smaller voices. Different regions, each with their own regional assembly, and each clamouring to make their fundamentally similar messages heard, would achieve little he believes. Cooperation could be key.

"The only way it is going to work in a sustainable manner is if the regions can work together on first of all a national, but also on an international scale.

"Take Malaysia, which has already got a massive labour cost advantage over Britain and a highly skilled labour force. It is developing a multimedia super-corridor stretching dozens of miles from Kuala Lumpur, linking various towns and cities together. There is a hub of power, enterprise, research and dynamism that stretches for miles.

He cites the M62 corridor as one potential opportunity to develop a strong regional 'story' of global significance, as espoused by Professor Brian Robson of the University of Manchester and recently popularised on television by the architect Will Alsop.

The theory is that a great northern city-region stretching the length of the M62 corridor from Liverpool to Hull, incorporating Manchester and Leeds along the way, and maybe even Newcastle up the coast, would be an economic development opportunity of global significance.

"It's a very dynamic economic area stretching from the Atlantic to the North Sea. That could be a great story. The world's first linear city. You can start to see something that is globally exciting, but if you break it down into Liverpool, Manchester, Leeds and Hull, however well those cities are doing, the story is nowhere near as exciting.

"Each regional spatial strategy is fairly similar, but there is nothing at a national level to bring them together. Liverpool, Manchester and Leeds are not that far apart. With the right transport links you could start to build something very impressive, bringing the strengths of all these city-regions together. If you had the same sort of strategic planning around cross-country transport links that there is around north-south transport links, it would be a tremendous success."

Islam also sees a sustainable development dividend in regional economic growth too: "We have the headroom for growth in the regions but without having to trash the environment. We can develop a plan for new transport links, for example, that delivers greater sustainability as well as economic benefit."



He says that making it happen requires vision, courage and commitment at the highest level. One of the most controversial policies he suggests is to introduce a regionally varying taxation regime, making it more flexible to take account of the differing political economies in different regions.

Such policies are implemented in the United States and some European countries, where regions that need to catch up are given tax dispensation. They have different corporate tax regimes, tax incentives and investment incentives to encourage and support their development.

"In the UK it is a question of how we capture the potential of our regions when so much is focused on London. The market will do that if it is working properly, but in the UK at the moment it needs to be helped. A government that was brave enough to consider radical policies such as differing taxation regimes in different parts of the county would be providing that help. But that's a difficult argument to have and I don't think the government is ready for it," says Islam. | ie

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Grim Down South: The Illusion of British Prosperity by Faisal Islam is published in December 2004 by IB Tauris. If you want to feedback your thoughts to Faisal you can e-mail him at faisal@kensalrise.fsnet.co.uk.

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At time of going to press, Faisal Islam has moved from The Observer to Channel 4 News.