

Growing Pains

A Mayor for Manchester could revitalise the region as well as the city

There was a time when Manchester inspired not just its immediate environs but the world. The stone figures of Bright and Cobden, who stand today in Albert Square outside Manchester town hall, are the heroes of a battle won for free trade against protectionism in the city that lent its name to a school of economic liberalism.

A decade and a half after Manchester's revival after a bomb attack by the IRA, the question is whether the city's great tradition of commerce can spread out beyond the city borders and trigger an economic recovery in the surrounding region.

The regeneration of Manchester has been a triumph for a potent combination of imaginative political leadership and ingenious private investment. There is now the prospect, if the idea of a mayor for Manchester takes hold, of using the dynamic power of the city to revitalise a region that has been a long time in recovering from the industrial collapse of 30 years ago.

For all the many shiny new buildings and expensive restaurants that have greatly improved central Manchester, there are large parts of the city that have yet to feel any great benefit. Manchester

is home to 86,000 people without work, and parts of the city do not look and feel as if they are neighbours to prosperity.

This is because Manchester and the surrounding region retains some deep-seated problems that it would be the mayor's task to address. The biggest problem is productivity. Business in Manchester works at a significantly lower productivity than business in London and the South East. This can be partly explained by a difference in the mix of those regional economies, but not wholly.

The biggest single contribution to low productivity is that the local population lacks the skills for growth. Though the population of Manchester is better trained than its counterparts in other cities in the North of England, its skills are still a long way short of what is needed.

It is also a problem that transport links between Manchester and other urban centres in the vicinity are not yet good enough. There is still, after a decade of urban regeneration, a shortage of houses in places where people would like to live and a plethora of houses in places they wouldn't.

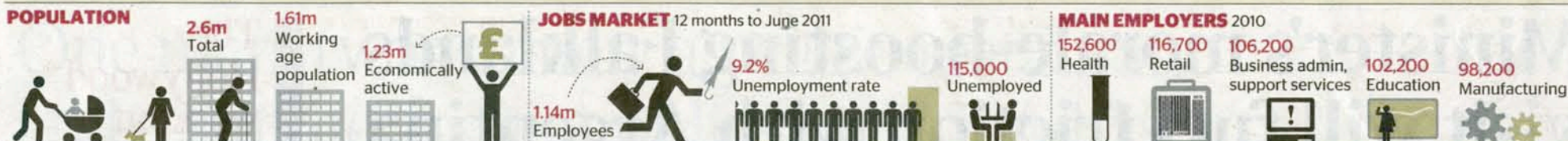
High-profile projects, such as the Airport City

enterprise zone, an £800 million development by the Co-op and the BBC's move to Salford Quays are all welcome developments but Manchester's long-term future rests on improving its infrastructure. Peel Holdings, a local property company that traces its lineage back to the former Prime Minister, Robert Peel, is seeking backing for a scheme to increase the flow of transatlantic trade by reviving the Manchester Ship Canal, the expressway of the city's original growth.

There are plans for a new dock at Salford, a "northern hub" rail project to connect the city with more residential areas and Manchester University should be aided in its objective of becoming a leader in the technology around the advanced material graphene.

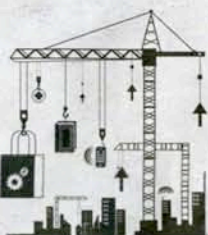
Manchester has become, both by economic advance and cultural contribution, Britain's second city. Outside London it is the place best equipped for growth. Britain is still too heavily weighted towards its capital. A big figure governing Manchester, tackling the problems of skills and transport, could yet find him or herself immortalised in stone alongside the heroes of a previous era.

News Economy



A city not united: Manchester needs help to bridge the economic divide

The hunt for growth
MANCHESTER



Can Britain's great metropolises create jobs — and do they need stronger voices to help them to compete? **Sam Fleming**, Economics Editor, reports on Manchester's efforts to transform itself into an engine for growth in tough times

When the credit crunch gripped the City of London, James Eden took voluntary redundancy from his job as a banker and headed back to his home city of Manchester to become a partner in the textile factory where his great grandfather once worked.

Three years later Cooper & Stollbrand, housed in a ramshackle 19th-century building on the River Irwell, is humming with activity as it churns out coats and jackets for Aquascutum, Thomas Pink and Mr Eden's own Private White VC label.

Speaking above the noise of clattering sewing machines the 28-year-old entrepreneur says that with the world's attention focused on this summer's Olympic Games there is a growing appetite for British-made products, especially those with a "Made in Manchester" crest.

"I have gone from making a lot of money doing very little work in the City, to working like a dog here for very little. But there's much more substance to it, emotion to it," he says.

Politicians are counting on more locals like Mr Eden to spurn the South East and build businesses in the North, as David Cameron points to cities such as Manchester as a key to unlocking growth in Britain's lopsided economy. Manchester's city elders are negotiating to win greater autonomy from Whitehall as they try to make Greater Manchester and its 2.6 million population the region's growth engine.

Even the city's most fervent defenders, though, admit that the challenges are formidable. New findings from the Greater Manchester Economic Advisory Panel to be presented in Westminster next month point to the social inequality that was exposed in Manchester in the August riots. The report is expected to say that despite two decades of regeneration, large numbers of people have yet to feel a tangible improvement in their fortunes.

Jim O'Neill of Goldman Sachs Asset Management, who chairs the panel, said: "You can look back to 20 years of



Changing faces: sewing coats at the Cooper & Stollbrand factory in Salford to meet demand for "made in Manchester" products; reflections of a modern city; and

smoking chimneys in 1840. Despite the downturn, projects going ahead include an Airport City enterprise zone and an £800m development by the Co-op

central Manchester being sprightly and regenerated, as many Northern cities have, but does it really benefit all the citizens of Manchester, in terms of employment, hope and opportunities?"

The answer, according to many local people, is an emphatic "no". Five minutes' drive north from the bustling city centre, Jeremy Engineer, who runs Cheetham Hill Advice Centre, a local charity, is struggling with the volume of cases after the council cut its publicly funded advice services.

More hotels in the area are being asked by the council to serve as homeless hostels, and the drop-in centre across the road is feeding 200 people a week. Across Greater Manchester the number of jobless claimants has risen by 10,000 in the past year to 86,240 as of January, according to yesterday's of-

ficial figures. "It's much, much tougher to get a job right now, and it wasn't exactly great before," Mr Engineer said.

Sir Richard Leese, the longstanding Labour leader of Manchester City Council, insists that "real inroads" have been made into pockets of deprivation amid the regeneration efforts that followed the IRA bombing of 1996. The population in the centre has grown, after decades of decline, he points out.

The city has reoriented itself towards professional and financial services after the industrial collapses of the 1980s and 1990s. Despite the downturn, projects including a new Airport City enterprise zone and an £800 million development by the Co-op in the city centre are going ahead. Manchester is also investing in research activities concentrated around its world-

class university, where a hub for the development of graphene, an advanced material, is being set up.

"Over the past 20 years the economy of Greater Manchester has diversified and a result of that it has been more resilient than it was," Sir Richard said. "We are not purely dependent on two reasonably successful football clubs."

Neil Gibson, director of regional services at the Oxford Economics consultancy, agrees that Manchester was proving that unlike some other cities it is "not a one-trick pony". He said: "Nobody is getting by unscathed but Manchester has had a number of real successes."

Down-at-heel Salford, for example, convinced the BBC to move 2,300 staff and its Philharmonic Orchestra to a new development at Salford Quays. ITV's *Coronation Street* will soon follow after leaving its historic home in central Manchester.

The local property giant Peel Group, the developers of Salford's Media City, has plans to expand the develop-

Rooney: but football is only half the story

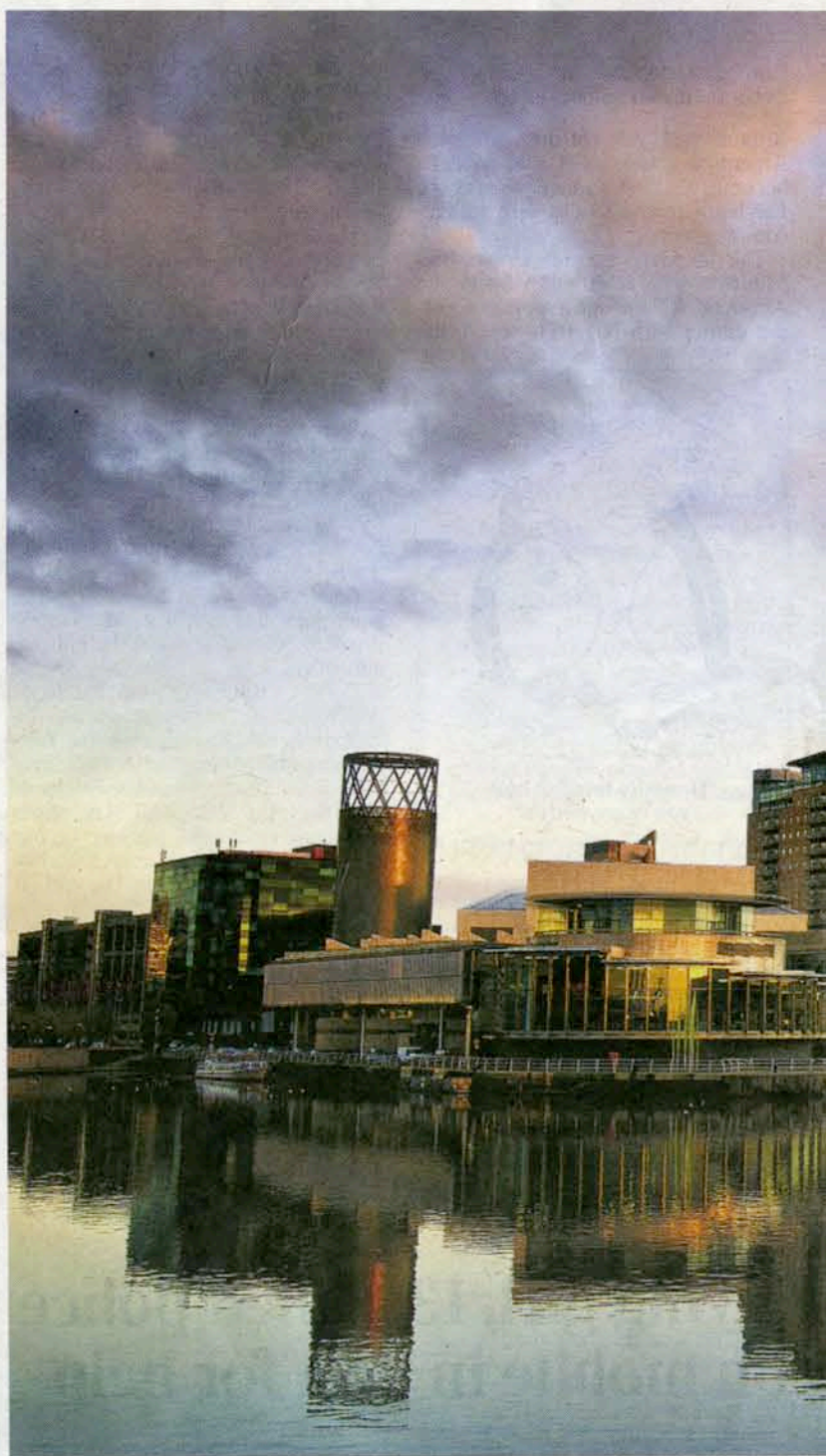
ment. The company, led by the tycoon John Whittaker, is also championing an ambitious scheme to open up the North West to more transatlantic trade and to revitalise the 36-mile Manchester Ship Canal which was a key artery during the region's industrial heyday a century ago.

This will include attracting more container traffic via Liverpool docks and building a new port at Salford. "The Ship Canal was the Channel Tunnel of its day," said Ed Burrows, a property director of Peel Group.

"It lasted 100 years and there's potential for it to have new life."

Barbara Spicer, chief executive of Salford City Council, says that such schemes show Greater Manchester's potential to provide a counter-balance to the economic dominance of London. Local leaders, however, are quick to point out the bias towards the South East in Westminster decision making.

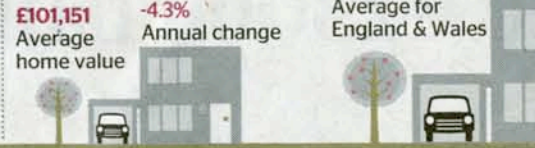
Asked, for instance, whether the North is receiving enough public invest-



ECONOMIC BREAKDOWN 2010



HOUSE PRICES



SOCIAL DEPRIVATION 2010

Ranking in national list (1 = most deprived)

Manchester (4)	Oldham (46)	Stockport (167)
Salford (26)	Bolton (48)	Trafford (190)
Rochdale (29)	Wigan (85)	
Tameside (34)	Bury (119)	

Sources: ONS, Land Registry, DCLG, New Economy



A reason to be cheerful

A researcher inspects flakes of graphene in an atmosphere-controlled "clean room" on the University of Manchester's campus (Sam Fleming writes).

The substance is the world's thinnest material, which scientists say could one day replace silicon in computer chips and revolutionise the world of electronics.

Manchester is aiming to lead the global race into graphene by building on the work of two of its academics, Andre Geim and Konstantin Novoselov, who in 2010 won the Nobel Prize for Physics for their ground-breaking research into the substance.

Comprised of a single layer of carbon atoms packed into a honeycomb lattice, graphene is very strong, and scientists are excited by the products it could revolutionise, allowing for super-light mobile phones, better solar panels and stronger composites.

The Government is providing a £38 million grant towards a graphene hub at the university, which aims to bring together academics and businesses with the goal of commercialising graphene-based products.

"It's made in Manchester, and we are proud of it," said Aravind Vijayaraghavan, an academic at the university. "High-tech manufacturing means lots of high-tech jobs and that's what we are aiming at."

Economy on right track at last, says Bank chief

Continued from page 1

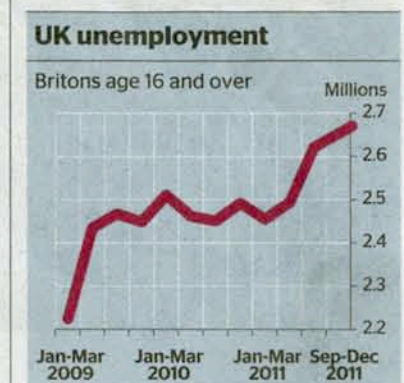
interest rates was holding back incomes. An increase to interest rates at this stage would drive the economy into recession, he said. This fuelled market expectations that the Bank would not raise rates until 2014.

"We all want to return to a world with a more normal level of interest rates, but if we were to raise interest rates to such a level now that would serve only to turn a gradual recovery into a recession, put more people out of work and cut the value of assets on which many savers depend," Sir Mervyn said.

Some economists claimed that the Bank's growth forecasts were too optimistic and that it may have to further expand its money-printing scheme, which is already headed to £325 billion.

"We do not agree with their central premise that the economy is only a few quarters away from a strong recovery," Michael Saunders, UK economist at Citi, said.

Economists referred to the jobless figures, which continued to paint a worrying picture about the economy. Data published yesterday showed the



Business calls for Greater mayor

Businesses have warned that Manchester could lose out in the dash for elected mayors, amid concerns that coalition plans are ill-suited for the city (Sam Fleming writes).

Bosses want a leader to speak out for the entire Greater Manchester region and not just one part of it. However, ministers are only asking for a referendum in Manchester city, not the broader conurbation of 2.6 million people. Greg Clark, the Cities Minister,

said that it would take years to put in place the legal mechanisms needed for a mayor representing the entirety of Greater Manchester. "There is a case for that but there is also an imperative to get on with devolution of powers," he said.

Chris Fletcher, of the Greater Manchester Chamber of Commerce, said: "I would love someone at the Greater Manchester level to have the voice and influence to speak up for the city. If you are an English city, you are caught between Boris Johnson in the south and Alex Salmond in the north."

Co-ordination between the region's ten local authorities could be damaged if the plan goes ahead, the chamber has warned Whitehall.

The coalition Government has told ten



Greg Clark, Cities Minister

English cities to hold referendums in May on whether they want directly elected mayors. The situation in Manchester has been complicated by a recent referendum in Salford in which local voters opted for their own mayor.

This has triggered concerns that politics inside Greater Manchester could become more fragmented.

Liverpool is forging ahead with its own plans for a mayor, raising concerns that Manchester's rival will

have a stronger voice nationally. Birmingham is also expected to say "yes" to the idea. But Sir Howard Bernstein, the chief executive of Manchester City Council, said: "Whatever anyone might say about Manchester, it's fair to say it doesn't lack leadership."

The ten local authorities in Greater Manchester are "bound by the hip, economically and socially" and were working closely together under the new combined authority structure, he said. "What's right for Liverpool is not necessarily what's right for Manchester."

Sir Richard Leese, the Labour leader of Manchester City Council, expects voters to say "no" to the idea of an elected mayor. However, Mr Clark said that the idea was gaining momentum.

ment, Sir Richard responds dryly: "Count the money. London and the South East is where the money is going." He is particularly anxious that the Northern Hub rail project, which will reduce bottlenecks across the region, goes ahead in its entirety rather than in pieces.

The £500 million hub is part of a plan to make it easier for people living outside central and southern Manchester to commute to where the jobs are, something next month's report from the Economic Advisory Panel will highlight as a priority. If Manchester can't pull this off, it will struggle to achieve its goal of being a London-style economic force for the broader region.

As things stand, the divide between prosperous parts of Greater Manchester such as Stockport, and economically listless areas north of the centre such as Bolton, is stark. Residents complain that glitzy developments such as MediaCity have offered few extra jobs.

"There are an awful lot of people here who had nothing in the good times and still have nothing in the bad times," said the Rev Daniel Burton, who is based in Cheetham. "The inequality is in your face. It isn't a matter of North versus South, it's right here in Manchester."

number of unemployed young people stood above the significant one million mark for the second quarter in a row. The Office for National Statistics said that there were 1.04 million unemployed 16 to 24-year-olds, 22,000 more than in the three months to September.

Claims for jobless benefits across all age groups rose by 6,900 in January to 1.6 million.

Labour urged the Government to get a grip and called for a tax on bankers' bonuses to fund 100,000 jobs for the young. "This Government is creating a jobless generation," Liam Byrne, the Shadow Work and Pensions Secretary, said.

But Lord Freud, the Minister for Welfare Reform, said that the latest figures showed some encouraging signs of stability despite the challenging economic climate.

Sir Mervyn endorsed George Osborne's austerity measures and plan to reduce public borrowing. "More than any other advanced economy, we are in the position that we've put in place the conditions that are needed to make that big adjustment," he said. "There is a credible medium-term fiscal plan to put our deficit in shape and to get back to a point where the ratio of national debt to GDP can begin to fall back."