



## Making an impact

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## Letters to the editor

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### **Making an impact: reply to Overman**

Dear Editor

In his response to our critique of the work of the LSE (London School of Economics) Growth Commission and aspects of recent research in the Spatial Economics Research Centre, including some of his own, Overman accuses us of misreading, misinterpreting, and misrepresenting his work, providing some detailed comments to back up his view (Haughton et al, 2014; Overman, 2014). We will deal quickly with some of Overman's arguments, which seem to us to be based on a misreading, misinterpretation, and misrepresentation of our own argument. We will end with a short section in which we try to make clear once again why these debates matter, both in terms of their academic merit and how they are translated into wider political debate.

Part of Overman's response challenges our interpretation of his views on the UK planning system, in the process helpfully setting out his position. We are very happy to accept that there are places in his work where Overman does indeed acknowledge the benefits as well as costs of the planning system. As our commentary noted (pages 267 and 268), however, the problem is that these benefits are then said to be widely accepted, which allows the remainder of the argument to fall squarely on the costs of planning. It is this unbalanced rendition of the costs and benefits of planning that informed our critique [see Adams and Watkins (2014) for further discussion of this point]. The result can be that researchers acknowledge only fleetingly and in the broadest of terms the benefits of planning, while devoting more detailed discussion to conceptual and methodological questions about how best to measure costs. Simply saying that it is for academics to make costs apparent to decision makers so that politicians can make better judgments is a sleight of hand when the benefits are not addressed in similar detail or evidenced in similar terms. As we note in our initial commentary, many of the benefits of the planning system are not readily quantifiable or cannot be converted straightforwardly into meaningful monetary values, but that ought not to deter academic efforts to enumerate in a more disinterested way its positive and negative consequences. Our concern was that the veneer of technocratic neutrality resulting from an economic attempt to quantify costs concealed an imbalanced and one-sided argument that paid insufficient attention to the benefits of planning. Overman provides a detailed attempt to justify the 'regulation tax' approach, without getting to grips with the core of our concern regarding the rhetorical labelling of costs as a 'tax'.

The core of our disagreement centres on Overman's use of Zipf's law as part of a wider case for concentrating public policy resources on a small number of urban areas. There may be a case for this in terms of the efficiency of investment in improving national productivity, but picking winners, or investing in opportunities, also risks exacerbating imbalances in the national spatial economy. Targeting resources towards selected large cities could conceivably reproduce London-style problems of acute intraurban inequality alongside intense economic overheating and a host of scale diseconomies. By contrast, the notion of prioritising need and spreading opportunity to all parts of the country is presented as somehow unrealistic and outmoded. Yet little is said about the implications that picking winners has for other places—for the areas whose taxes will be used to help fuel this continuing pattern of imbalanced growth or for the future prospects of places bypassed by the growth-first agenda. Our case is that national policy should instead do more to promote economic and sociospatial equality

and ought to be much more circumspect about the large-city-first mindset that—contrary to Overman’s protestations—increasingly constitutes the orthodoxy in urban and regional policy.

This argument matters in the UK at the moment. It is one propounded by powerful alliances of the political leaders of England’s largest cities, notably the Core Cities group. In a recent two-part BBC television programme, *Mind the Gap*, on which Overman was credited as academic advisor, Zipf’s law was introduced to present the argument that the best way to provide a counterbalance to the distorting effect of London on the rest of the English economy is by channelling more resources towards a second city.<sup>(1)</sup> The large cities of the north are employing the kind of arguments presented by Overman to lobby the British government for more investment in infrastructure, taking a lead from Chancellor George Osborne’s commitment to build a northern powerhouse economy, linking its major cities. At one level, this is laudable in that it begins to redress the disproportionate share of government money directed towards London (see, for example, Lever, 2014). But we need to be more critical about the territorial distribution of tax and spending or cost and benefit, for the danger of the large-cities-first argument is that smaller cities and towns pay the price for this spatial reallocation of resources. The promotion of a balanced national spatial economy should be a core objective of government, one that is driven by recognition of needs and rights in struggling areas as well as large successful cities. Presenting a partial case based on productivity and regulatory costs and saying it is then up to politicians to decide could be viewed as an abdication of responsibility. Academics as well as politicians need to endeavour to see the bigger picture here.

Graham Haughton, Iain Deas, Stephen Hincks, School of Environment, Education and Development, University of Manchester

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<sup>(1)</sup> See <http://www.bbc.co.uk/programmes/b03xp6x7>. The programme’s presenter also uses Zipf’s law in his accompanying BBC article, “The case for making Hebden Bridge the UK’s second city”, 9 March 2014, <http://www.bbc.co.uk/news/business-26472423>

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**What ‘should’ urban policy do? A further response to Graham Haughton, Iain Deas, and Stephen Hincks**

Dear Editor

In the conclusions to their original comment on “Making an impact” Haughton et al (2014; henceforth HDH) raise two dangers that arise from “perfectly laudable [attempts] to try to use academic research to influence policy ... . Firstly, there is a risk of becoming a cipher for wider political agendas ... . Second, and related, in this febrile policy and intellectual environment there are potential dangers for researchers of being seduced into providing provocative analyses in order to gain the attention of policy makers” (page 269).

As their original comment drew widely on some of my work (and that of my colleagues at the Spatial Economics Research Centre) I assume they think it highlights both of these dangers. While there may often be little one can do about the first of these, the second is something over which a researcher has more control. Indeed, it was the insinuation that I provide provocative analysis simply to gain the attention of policy makers that eventually decided me that HDH deserved a response. I provided this in Overman (2014).

Haughton et al have now provided a response to that response (2015; hereafter HDH2). HDH2 start by thanking me for setting out my position—a process which involved little more than quoting from my publicly available writings. Despite these clarifications, HDH2 continue to raise a number of objections.

The first is to my suggestion that the benefits of the planning system are widely accepted which justifies my decision to focus more on costs. They argue that “it is this unbalanced rendition of the costs and benefits of planning that informed [their] critique” (page 243). Yet again, however, a reading of the pieces that I cited in my response to HDH would clarify that the original paper on costs of planning was written in reference to a wave of articles and reports that focused *only* on the benefits of planning (we cite CPRE 2011; Monbiot, 2011; National Trust, 2011; Strong, 2011). Indeed, at the time of writing in 2011, opponents of reforms to the British planning system were suggesting that evidence on the cost of planning *did not exist*.<sup>(1)</sup> So, in my defence, while my public writing may focus on costs, it is in response to a much larger body of writing and reporting that focuses (almost) exclusively on benefits. In my view, raising awareness of the literature on costs makes an important contribution to the public debate precisely because that debate is so lopsided in terms of its focus on the benefits that planning brings.<sup>(2)</sup>

What about the underlying research? Is it OK for that to focus exclusively on costs? Here, HDH2 essentially make a methodological point but disguise it as a concern over the way I present our analysis in my public writings. Economists engaged in the kind of research that we undertake at SERC think it is OK to abstract from some of the complexities of phenomena to try to get at answers to important questions—for example, whether imposing restrictions on the supply of land raises house prices (as in Hilber and Vermeulen, 2014). HDH2, and the Royal Town Planning Institute piece by Adams and Watkins (2014) that they refer to, are right to suggest that the real world is more complex. However, whether the abstraction is a problem depends on whether it systematically biases the estimated effects (something that applied economists spend a lot of time worrying about). Simply pointing to the complexity does nothing to make this case—nor to underpin the more serious charge that a desire to influence debate skews the underlying analysis and the way it is presented.

<sup>(1)</sup>See, for example, the Council for the Protection of Rural England quoted in <http://www.thetimes.co.uk/tto/business/article3168127.ece>

<sup>(2)</sup>In my experience, this lopsidedness in terms of benefits versus costs carries over to advice that ministers and officials receive from academics and others engaged in the development of planning policy.

HDH2 also object to the use of Zipf's law "as part of a wider case for concentrating public policy resources on a small number of urban areas" (page 243). This time, the methodological point (the use of Zipf's law) disguises the more substantive objection. HDH2 worry that picking winners and targeting resources<sup>(3)</sup> to large cities might produce London-style intraurban inequality. They claim that little is said about the implications for other places and conclude that "national policy should instead do more to promote economic and sociospatial equality and ought to be much more circumspect about the large-city-first mindset" (pages 243–244).

At this point I am tempted to admit defeat. All I can do is to, once again, urge HDH to (carefully) read my public writings and the underlying research. As I said in my first response these are *all* issues that I worry about. Indeed, one of my repeated policy 'prescriptions' is to remember that ultimately we care about people *not* places. It's for this reason that my work for the MIER worried about policies for attracting skilled workers and argues for consideration of what this will do for existing residents. It is one of the reasons why I focus on the downside of success—for example, high house prices in areas where planning restrictions limit the supply of land. It also explains my focus on impact evaluation and understanding the extent to which policy achieves its objectives for individuals and firms that are supposed to benefit from those policies. In short, I share HDH's concerns, which is why I urge policy makers to always think about the effects of policy on individual people, households, and communities. The dilemma, as I tried to make clear in my response to HDH, is that improving economic equality may require more not less spatial inequality. To give a concrete example—what if growth in Manchester is the most effective way to improve economic opportunities for individuals across the North West? And, if this is the case, what should we do about individuals who are unable to take advantage of those opportunities? HDH simply assume these problems away and assert that a balanced spatial economy should be a core objective of government. But who says that trying to achieve this area-based objective is the best way of helping individuals and ensuring that the benefits of economic growth are shared by all?

Henry Overman, London School of Economics and Political Science

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<sup>(3)</sup>As evidence that this is already happening they use the hugely misleading IPPR numbers on infrastructure expenditure that I have already criticised elsewhere (<http://spatial-economics.blogspot.co.uk/2014/03/mind-gap.html>).