

UK: What is the “Northern Powerhouse”?

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Liverpool and the West Midlands are the latest combined local authorities to sign a devolution deal with the government of Conservative Prime Minister David Cameron.

Just 18 months ago, Chancellor George Osborne announced his project for a “Northern Powerhouse”, devolving finance and accompanying powers from central government to the Labour-controlled Greater Manchester Combined Authorities (GMCA).

The Northern Powerhouse is presented by the government and the six participating Labour Party-run local regions as a means of bringing prosperity to all. But behind the glitz and hype, its real purpose is to enforce massive and permanent spending cuts on top of the billions already imposed. The end result will be to consolidate metropolitan centres in the north of England into cheap labour platforms for the global corporations.

Since the Manchester deal was signed, devolution, through “City Deals” has gathered apace. As well as Liverpool and the West Midlands, Sheffield, the North East and Tees Valley have agreed in principle to take over services previously administered from London.

Authorities in other areas of the UK have expressed interest in developing their own regional “powerhouse”. Northamptonshire, Buckinghamshire and Oxfordshire have dubbed their devolution proposal, “England’s Economic Heartland”, while Suffolk and Norfolk are in discussion on their own devolution plans. Stephen Crabb, the Conservative Secretary for Wales, which has its own devolved assembly, said the idea would be good for North Wales.

There is no democratic mandate for the Northern Powerhouse, which is conditional on local authorities electing a mayor to preside over a never-ending race to the bottom in which workers’ living standards and livelihoods will be decimated. Three years ago, Manchester residents voted “no” by 53 to 47 percent in

a referendum on whether to replace local council cabinets with an elected mayor. In a recent BBC-commissioned survey of North West residents, 44 percent said they had not even heard of the Northern Powerhouse.

The Tories have been able to enlist the Labour-run authorities as partners in their plans, based on their long record of collaboration in imposing every cut demanded to local services over decades. These have been enforced with the vital assistance of the trade unions.

The Greater Manchester Combined Authority will be the first region to gain control of its £6 billion health and social care budget next April, a measure heralding the breakup of the National Health Service (NHS). Monitor and the Trust Development Authority, bodies that oversee the NHS, reported recently that the NHS is facing the worst financial crisis in a generation, with a deficit of £2 billion looming by the end of the year.

In response, the *Guardian*, an avid supporter of the Northern Powerhouse, stated, “[M]any politicians and council managers are angered by the way the NHS trusts run up uncontrolled deficits—something that is not tolerated in town halls. ... Perhaps local government will have the courage to take decisions that seem so difficult for the health service.”

Since 2010, central government has slashed local authority budgets by a fifth, or £18 billion. A further cut of £9.5 billion is expected by the end of the decade. The 10 councils (nine Labour-run) of Greater Manchester alone are responsible for nearly £1.5 billion in cuts since 2010. By 2016, they are committed to increasing this to £1.7 billion.

Newcastle City Council has slashed £191 million in the last five years and expects to reduce its spending by £100 million in the next three, pulverising services such as libraries and street cleaning. In nearby Gateshead, the council has collaborated in slashing services by

£110 million, with its overall budget reduced by nearly half.

After decades of deindustrialisation, and manufacturing now accounting for just 10 percent of the economy, the once great northern industrial centres of Britain lag far behind London and the southeast as a source of profit—a deficit that the Northern Powerhouse aims to redress. At the moment, London, with its vast financial sector and population of 8.5 million, or 13 percent of the UK's total, generates almost a quarter of the UK's total Gross Value Added (GVA). The region within the Northern Powerhouse accounts for 16.7 percent of the UK population, but a miniscule 13.3 percent of GVA.

According to the script of the Tories and Labour authorities, by creating one economic region of 10.7 million people, centring on the cities of Liverpool, Manchester, Leeds, Sheffield and Newcastle, the north will be better able to attract investment and compete with the most competitive regions in Europe.

According to the Labour Party-aligned Institute of Public Policy Research (IPPR), “The economy of the three northern regions—North West, North East, and Yorkshire and the Humber—is worth £289 billion. This is twice the size of Scotland's, and bigger than all the devolved nations' economies combined. If it were a national economy, the north of England would rank as tenth largest in the EU.”

In his speech introducing the Northern Powerhouse, Osborne said, “in a service based economy, what investors are looking for ... is a deep pool of human capital.”

High-speed trains would connect the cities, from Liverpool through Manchester to Yorkshire and the North East, creating a single labour market. On this theme, Manchester City Council's chief executive officer, Sir Howard Bernstein, said improved rail links will “have the potential to create a single labour market,” able to compete globally.

Under the control of the Labourites, each city and region within the Northern Powerhouse is involved in a cutthroat struggle for investment, with inducements offered to big business and a slashing of wages and workers' living standards.

The newly-elected mayor in Manchester will be granted a devolved welfare-to-work budget of £100 million to extend the pool of cheap labour, by forcing

an initial 50,000 off benefits and into low-paid jobs.

In a comment on the Northern Powerhouse, Eddie Copeland of the Policy Exchange, described as “Cameron's favourite think tank”, stated the government should “not shy away from healthy competition between cities ... whether they like it or not, all urban centres must now compete with regions around the world and need to find ways to stand out.”

To this end, in his autumn budget statement yesterday, Osborne announced the abolition of the uniform national business rate. He stated, “By the end of the parliament local government will keep all of the revenue from business rates. *We'll give councils the power to cut rates and make their area more attractive to business.*” [Emphasis added]

Last year, Osborne visited China touting for business. Accompanying him were Labour Party leaders from the northern councils, including the leader of Manchester City Council, Sir Richard Leese. For Osborne and the Labour leaders the visit was a success, resulting in £40 billion of reciprocal trade.

Chinese Premier Xi Jinping reciprocated last month, being wooed on his state visit to the UK in both London and Manchester.

The Northern Powerhouse project underlines the changed role of local government and those upper middle class layers that administer it. From administering albeit limited reforms, conceded to a combative working class after the Second World War, the local authorities now function to destroy or privatise essential services on behalf of central government.

Scottish and Welsh separatism, “English votes for English laws” and other proposals for regional devolution are the means for this privileged layer to obtain for themselves a greater share of the wealth secured through driving up the rate of exploitation of the working class.



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