

# PHD APPLICATION SERVICE

## ELEMENT THREE



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# COMPLETE PHD PROPOSAL

**Title:** Place, Productivity, and Persistence: Regional Economic Inequality in England, 1980-2020

## Introduction and Research Rationale

A sustainable regional economic disparity in England is one of the long-standing issues of British political economy. Through several surges of policy interventions, such as the Regional Development Agencies of the New Labour years and the present government of the day, the Conservatives, with their Levelling Up agenda, the productivity and wage gaps between London/South East and the rest of the country have simply refused to narrow, proving difficult to mobilise at all. In this research proposal, the researcher intends to research the origin of regional inequality, as it has been so stubborn against policymakers over the four decades (1980-2020), especially on productivity gaps, being the number one cause of disparities in prosperity in the long run.

The study that will be proposed is academically relevant as well as policy-relevant. Academically, it will add to the discussions with regard to issues of path dependence and spatial lock-in effects on economic geography. Policy-wise, it reaches a crossroads, with the renewed levels of commitment to the concept of place-based interventions by the UK government in the context of the Levelling Up agenda. The 40-year period enables the analysis of the various policy regimes across the long-term economic trends in the economy, and this will answer the gap in the current literature, which mostly looks at shorter periods.

Personally, my motivation is due to my experience as a professional at the Institute of Regional Futures, where I was able to experience the effects of spatial inequality and the difficulties of creating policy constructively in a region. This PhD would be a continuation of my MSc dissertation that focused on analysing productivity gaps in Northern England, but extended both methodological levels, with more complex spatial econometric techniques and also employing qualitative policy analysis.

### Research questions and objectives

This research will answer three main research questions as follows:

- \* In what ways have the productivity levels of the regions within the country of England advanced, or regressed, since the year 1980, and what trends of divergence/convergence can be revealed when investigating them in space in the NUTS1/NUTS2 regions?
- \* In which ways (which structural mechanisms of regional productivity—industrial composition, human capital, infrastructure; institutional mechanisms of regional productivity—governance structure, policy continuity) can the persistence of regional productivity differences be explained?
- \* To what extent have large-scale place-based policy initiatives (Enterprise Zones, RDAs, LEPs, Towns Fund) performed in supporting productivity gaps, and how has this variance manifested?

The purpose of the research is to:

- \* Build a new spatial database on regional productivity indications (GVA per worker/hour) from 1980 to 2020.
- \* Determine structural breaks and points of non-linearity in convergence/divergence trends in regions.
- \* Estimate the spatial econometric model with consideration of the inter-regional spillover effect.
- \* Test policy effectiveness by using the difference-in-differences analysis.
- \* Develop policy suggestions on enhancements in place-based interventions.

### Literature Review

The empirical evidence concerning UK regional productivity differences has experienced substantial revisions in the past several decades. The in-depth examination regarding the

analysis of McCann (2020) shows that, over the years, the productivity difference between London/South East and the other regions in England has been growing ever since 1980, overturning the general predictions of the conventional neoclassical convergence projections. As the Industrial Strategy Council's (2021) regional breakdowns show, it is a trend that has been increasing even more rapidly since 2008, with just a few non-London city-regions continuing to grow in productivity. This definition of geographical polarisation advanced is key to understanding that, in London, a process of financialization led to self-reinforcing agglomeration in the city and cumulative decline in deindustrialised regions (Newman & Hoole, 2024). This evidence undermines the previous positive evaluations of regional convergence and points out the necessity of spatial analysis being more subtle. This literature will be expanded in my research through the use of a longer time series (1980-2020) and the use of a finer-grained analysis focusing on NUTS2/NUTS3 level data in order to capture the intra-regional differences. Particular attention in the study will be paid to the existence of structural breaks in productivity trends and how significant economic shocks (1980s deindustrialisation, the 2008 financial crisis, and Brexit) have disparately influenced regional trends. This spatial and time resolution will offer fresh knowledge on the dynamics of regional divergence.

Abstract accounts have since been developed to explain long-run regional inequality since the classical paper of Krugman (1991) on core-periphery models (Chandra, 2021). Although Krugman focused on the costs of transportation and economies of scale, the current version of economic geography contains institutional and evolutionary approaches. The concept of institutional thickness emphasises the ability of regions with strong governance systems and knowledge networks to respond more easily to the shock of the economy (Tilley et al., 2023). The concept of spatial hysteresis allows a potent explanation of why certain areas are unable to leave the state of low productivity even after being addressed with the help of policy, with the focus on the motion of cumulative causation in regional growth (Trippel et al., 2024). Such theoretical developments have led to the demotion of the strictly market-based explanation to the context of institutional and historical factors. The topics that I will test with these theoretical frameworks include English regional data, specifically, how initial conditions in 1980 influence successive developmental outcomes. It will also focus more on the

relationship between economic structures and institutional factors to determine whether some institutional arrangements will aid in the countering of spatial hysteresis. Such theoretical testing is going to add to current discussions concerning the relative significance of structural mechanisms versus the significance of institutional mechanisms in regional development.

The efficiency of place-based regional policies is a geographical topic of heated debate between academicians and practitioners. Harsh judgment points out continued implementation obstructions, such as the short-term funding regime and the absence of local capacity (Wardley-Kershaw & Schenk-Hoppé, 2022). The evaluation of Local Enterprise Partnerships (LEPs) shows that there exist notable limitations associated with the governance of such partnerships, as numerous partnerships fail to coordinate adequately across local boundaries (Westwood et al., 2021). According to recent examinations of the Towns Fund (National Audit Office, 2021), a mix of political factors usually corrupts the allocation decision-making process. My study will also add to the body of new evidence, as it plans to assess several policy generations (RDAs, LEPs, and the current levelling-up agenda) in a systematic manner, relying on a uniform set of metrics. Policy persistence and principles of governance design will also be the primary matters on which the study will centre, and the difference between developing policies top-down and locally chosen policies (El Bilali et al., 2021). Through the comparison of policy outcomes in various regional settings, the study is expected to determine when place-based initiatives will work and when they will not, which can be put to useful purposes in using levelling-up initiatives at present. The systematic assessment will cover a major gap in policy literature.

### Research methodology

The study has a mixed-method sequential design:

#### Quantitative Component

##### Data Collection

\* ONS Regional Accounts based on GVA per worker/hour and GVA per employee proxy variables used in GVA-based statistics

- \* Annual Survey of Hours and Earnings (ASHE)
- \* Business Structure Database (sectoral make-up)
- \* Infrastructure data of investment (DfT, BEIS)
- \* HM Treasury archives policy intervention timelines.

### Analytical Techniques

Spatial econometric modelling:

To consider the inter-regional spillover, the spatial Durbin model is used.

Structural breaks test via spatial regime analysis

Moran I the spatial autocorrelation test is done using Moran's I.

1. Policy evaluation:

The major interventions analysed by the difference-in-differences analysis

Policy announcements as an event study

Synthesis control when feasible

2. GIS mapping:

Productivity dispersion heat maps

Overlapping policy intervention is applied.

Diffusion patterns of space

### Qualitative Component

#### Case Selection

Three geographical areas that are opposite:

- \* Greater Manchester (intervention-intense policy)
- \* Tees Valley (post-industrial complications)

- \* West Midlands (on average) (mixed performance)

### Data Collection

#### 1. Semi-structured interviews—40-50:

- \* Local decision makers (LEPs, council)
- \* Business leaders
- \* Civil servants

#### 2. Documentary analysis:

- \* Local Economic Strategies
- \* Reports about policy evaluation
- \* Meeting minutes

### Analytical Framework

- \* Thematic analysis using NVivo
- \* Process tracing of the behaviour of policy implementation
- \* Institutional approach to governance planning

### Methodological Integration

Quantitative data will be used to select the case studies and formulate the interview protocols, whereas qualitative data will be of assistance in the interpretation of the econometric results. Triangulation shall take place through:

Model comparison of predicted data and perception of stakeholders

Testing quantitative hypotheses through qualitative data

Forming policy scenarios involving the two types of evidence.

### Anticipated contributions

#### Theoretical Contributions

Develops new economic geography models by institutionalising them

Put the theories of path dependence to the test on long-run English data

Creates a model of spatial hysteresis analysis.

### Empirical Contributions

Resorts in the compilation of the most extensive spatial productivity database in England

First critical assessment of 40-year regional policy

Locates turning points in the trends of regional divergence.

### Policy Contributions

Place-based policy design recommendations made on the basis of evidence

Space evaluation framework of the spatial policy effect

Advice on the governance forms of policy delivery.

### Methodological Contributions

Increase spatial econometric methods of policy evaluation.

Illustrates the combination of methods used in the study of regions

Compose GIS-based tools for policy analysis.

### Timeline of Research

Year 1

Months 1-3: Literature review 2-month literature review

Months 4-6: Data cleaning and collecting

Months 7-9: The numbering up of qualities of space in database format

The months 10-12: Pre-econometric analysis



Year 2

Months 13-15: sophisticated spatial modelling

Months 16-18: evaluation of the impact of the policy

Mon 19-21: Fieldwork of the case study

Months 22-24 Observational research: collection of qualitative data analysis

Year 3

Months 25-27: Results integration

Months 28-30: Writing a draft of the thesis

Months 31-33: Preparation of policy report

Months 34-36: Last revisions and submission

Year 4

Journal article write-up

Further policy interaction

Conference presentations

### Conclusion

This study will offer the first detailed study of the long-run productivity differences across regions in England. It will create both academic and practical recommendations that combine spatial econometrics of an advanced quality with analysis of the policy decisions. The mixed-methods methodology will guarantee that the findings are solid and appeal to academicians and policymakers. This project not only brings together my current interest in regional research but also creates new skills and knowledge in spatial econometrics and policy evaluation. Finally, the findings of this study will help to make a better policy for the place-based approach, which is capable of dealing with the geographical imbalances in England.

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