

BAE job losses highlight the weaknesses of the Coalition's growth strategy

British manufacturing suffered another blow yesterday with the announcement that 3000 jobs are set to be lost across the UK, the biggest cuts coming at sites in Lancashire and East Yorkshire. [Ed Cox](#) argues that such developments lay bare the problems inherent in the coalition's economic strategy as it fails to appreciate the impact of public sector cuts on the private sector supply chain and has no clear plan for boosting the economic prospects of northern industrial areas.



The [job losses at BAE Systems](#) represent a local disaster for the people of Warton and Brough. There may be clear and specific reasons for the job losses but they will devastate the economies of yet more small northern towns and dampen the optimism for a revival in British manufacturing. Above and beyond the local tragedy, however, they highlight some more fundamental problems with the Coalition government's approach to economic recovery and growth.

The public sector has not displaced private sector job growth, it has supported it. Ed Balls has been afforded a lot of credit for predicting that cutting too deep and too fast would damage economic recovery but he has not been a lone voice as many at the Labour party conference this week like to suggest. [PricewaterhouseCoopers conducted research in 2010](#) which estimated not only the job losses that would be caused by public sector cuts but also those in associated private sector supply chains. [IPPR North reckoned](#) this multiplier effect would cost the North of England nearly four per cent of its workforce. Far from picking up the slack, as BAE Systems clearly demonstrate, in the short term private sector jobs are adversely affected by falling public sector demand.

Economic policymaking has become spatially blind. Despite all the rhetoric around 'rebalancing the economy' – a phrase initially used by David Cameron on a visit to the North East – in recent times it has come to mean a rebalancing between public and private investment, between manufacturing and service sectors and between imports and exports. Rarely is it now used in the context of north and south. This is rooted in HM Treasury's deeply held antipathy towards old-style regional policy hand-in-hand with the neo-liberal commitment to allowing capital to flow freely and agglomerate around the hubs of economic growth. The skilled workers of Warton and Brough may ultimately get on their bikes (in the absence of any better local transport infrastructure!) but the wider local economy and 'sense of place' will be devastated.

While very few hold out any hope of a 'bail-out', even damage limitation is being hindered by the lack of institutional infrastructure available to facilitate any kind of strategy for job transition or worker support. This was once clearly in the ambit of the regional development agencies (RDAs) and – whether or not they all made a good job of it – in many cases those organisations helped to manage the impact of such tough decisions. After their abolition, many RDA functions were returned to Whitehall and it is unsurprising then that the BAE announcements caught Cable on the hop, but it also raises questions as to whether local enterprise partnerships, or LEPs – the only local economic intermediaries now – have the clout or the scope to deal with such situations. Ironically, the LEPs for Lancashire and East Riding were the last to form in the north, after much wrangling as to their composition.

These job losses demonstrate once again a lack of vision for the economy. Very few would advocate a return to picking winners or initiating expensive bail-outs (other than for banks!), but there is a stark difference between a centrally planned economy and an active industrial strategy. If it is clear that the defence industry is changing then government must push industry and other local players to adapt. Questions must be asked about the kind of economy we are moving towards and the kind of economy we want; comparative advantages must be identified and strengthened, and skills and infrastructure built to facilitate development. This is both a science and an art, but without vision neither will flourish. The demise of BAE's fighter jet production represents a 'swords-to-ploughshares' moment that needs prophetic imagination, not simply the wringing of hands.

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