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Spatial Economics Research Centre

Thursday, 14 August 2008

Are Policy Exchange Insane?

Policy exchange have [caused controversy](#) with their [report on urban regeneration](#). [I should declare an interest - one of the reports co-authors, [Tim Leunig](#), is a SERC affiliate]

The report actually contains a lot of thought provoking material. So, why the extreme reaction? Because, to stylize grossly, it suggests that some place have lost their reason d'etre, that economic regeneration isn't working and that we should build houses so that people can move to places with more economic opportunities. A stylized reaction then goes: I am from [insert name of place]. It's a lovely place to live because [insert something nice about the place / the cost of living is low]. Also, if you want to see the future just look at the development of [insert name of nice new buildings].

These reactions are important because they remind us that people and places are different and that amenities and cost of living matter as well as economic opportunities. Many policy discussions and proposals forget this, but it will be central to SERC's [research on spatial disparities](#).

What is lost in the storm that has been created, however, is a focus on the much more serious question: what should society do if the economy works in such a way that jobs are created in places different from where people live? The traditional response is to bring jobs to the people. This has been government policy for a long (i.e. decades) time. Policy exchange claim that this isn't working and suggest that instead we should help people move to jobs. Getting the answer to this question right matters a lot more than whether I think my town is better than yours.

Posted by [Prof Henry G. Overman](#) on [Thursday, August 14, 2008](#)

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