

# Responding to COVID-19 in the Liverpool City Region

## Building Back Better: What Role for the Liverpool City Region Economic Recovery Panel?

*Professor Pete North*

## Map of Liverpool City Region Combined Authority (LCRCA) boundary (in red) and constituent local authorities



Data sources: Westminster parliamentary constituencies (December 2018 - ONS), local authority districts (December 2018 - ONS), and combined authorities (December 2018 - ONS)

# Building Back Better: What Role for the Liverpool City Region Economic Recovery Panel?

## Key takeaways

1. The economic impact of COVID-19 on the Liverpool City Region (LCR) is unknown and still cascading, but is likely to be severe. Jobs and businesses will be lost. The hard work of rebuilding after the crises of the 1970s and 1980s could be undone.
2. After a shock of this magnitude, previously accepted common sense may no longer provide answers. Ideas not taken seriously before, now are. The present crisis provides an opportunity to question assumptions about how to secure inclusive and sustainable economic prosperity.
3. The Metro Mayor has announced the creation of an LCR Economic Recovery Panel. It is proposed here that this panel should: (a) bring together social and economic intelligence on how COVID-19 is affecting the City Region, (b) help us to understand how the City Region comes out of lockdown, and, crucially, (c) use the present moment to think differently about the economy and “build back better”.
4. To provoke and catalyse new thinking to inform the Economic Recovery Panel, a number of “ethical co-ordinates” are elaborated to help explore these emerging, more hopeful economic agendas; to mitigate the severe impact of the pandemic; and to enable a fairer, greener and more inclusive economy in the longer term.
5. How can we address problems that the “old normal” did not address – lingering poverty, homelessness, fuel poverty, and exploitative and insecure work? How can we support people and families? How can we prevent climate catastrophe and generate green jobs and businesses? These ethical co-ordinates will help us to think more about what we want out of the economy, beyond growth at any cost.

## 1. Introduction

After a shock when what was the previously accepted common sense no longer works, the famous “Overton window” – that space that governs what ideas are credible – moves, and perhaps enlarges. Ideas once dismissed are now taken more seriously.

Entering the COVID-19 crisis, Liverpool City Region (LCR) was in good shape in some ways, but vulnerable in others. The last few years have been relatively good for the tourist and hospitality industries, arts and culture, as well as the knowledge economy. The LCR has new devolved regional institutions, and a wealth of community-based and neighbourhood organisations. It also has that famous Liverpool spirit of social solidarity, rooted

in collective experiences of hard times, that means people stick together rather than turning against each other.

But the City Region is also on the wrong end of ten years of austerity. Public services are often not there when people need them. Too many residents suffer from food and fuel poverty, live in damp housing, rely on food banks and Universal Credit, and are in debt. They are also disproportionately impacted by the economic fallout from COVID-19.

Those in work are often reliant on the hospitality and tourism sectors, which are likely to be the last to come out of lockdown. The universities have been badly hit too, and graduates may struggle to find work. In short, the City Region almost certainly will not easily bounce





*Mutual aid networks have sprung up all over the Liverpool City Region (Credit: the author)*

back from COVID-19. But neither, clearly, was the “old normal” good enough.

The COVID-19 crisis presents an opportunity for us to think and do things differently. To make the most of this opportunity, this policy briefing proposes that the LCR Economic Recovery Panel recently announced by the Metro Mayor (LCRCA 2020) should: (a) bring together social and economic intelligence on how COVID-19 is affecting LCR, (b) help us to understand the severity of the damage and the extent to which the City Region can bounce back, and (c) use the crisis as an opportunity to think about what we want our City Region to look like. This does not mean reverting to “business as before”, but “building back better”.

## **2. An agenda for the Liverpool City Region Economic Recovery Panel**

The impact of COVID-19 on the City Region is unknown and cascading. The UK Government hopes that the economy will quickly bounce back – but this seems increasingly unlikely. In these uncertain times, it is understandable that those who

remember the struggling Liverpool City Region of the past are terrified that its hard-won renaissance is again threatened. Jobs and businesses may be lost. It has taken decades of hard work to rebuild after the crises of the 1970s and 1980s. Yet, just as it once “took a riot” to shake people out of outdated ways of thinking, the response to COVID-19 means we need to prepare for the old assumptions about how to secure inclusive and sustainable economic prosperity no longer being fit for purpose.

But new ideas do not emerge fully formed; they are developed through dialogue and bold experimentation. Some may dismiss or ridicule these ideas, or try to “translate” them into something more like what they know, thereby reducing their effectiveness. However, now is not the time for short-term thinking or reactions based on failed paradigms, but a chance to think more long-term.

The LCR Economic Recovery Panel should maximise the opportunities to bring the City Region’s stakeholders – public, private, trade unions and community – together to gather intelligence about how

COVID-19 is affecting LCR and chart a course to its emergence from lockdown. However, it should also use the shock of COVID-19 to think about how we “build back better” – creating a more inclusive, clean and green LCR in which people can live well for the long term. Depending on the severity of the crisis and the availability of resources and ambition, this newly-established panel can be both an “ideas” and a prospective “delivery” agency under the auspices of the Metro Mayor.

The remainder of this briefing paper sets out some of the issues and priorities that the Economic Recovery Panel should focus on. The crisis gives us an opportunity to think a little differently. We need to resist the call for easy answers, for attempting to quickly reactivate a suspended “old normal”. We can think a little more slowly and deeply about what could be. Rather than just reverting to business as usual, what should the Economic Recovery Panel think about? What should its “ethical co-ordinates” be?

### **3. Think about what we want out of the economy**

While some within LCR have lost loved ones as a result of COVID-19 and are worried about their jobs and businesses, others have had a better lockdown. They have benefited from spending more time with family, enjoying a slower pace of life with more socially distanced time getting exercise. They have watched nature bouncing back and breathed cleaner air.

The lesson from this is that we should not focus uncritically on growth for its own sake, but on growing a clean, socially inclusive economy. We all want good, well paid, secure jobs. We want graduates to stay in the City Region. We want companies people will be proud to work for, with good conditions and sustainable and ethical work practices, which pay their

taxes. Now is the time to consolidate and build upon this more nuanced understanding and recognition that GDP and GVA are not good models for judging progress if that means generating exploitative or unsustainable forms of growth.

If lockdown is extended and reimposed in response to a second wave of COVID-19, we may see the return of the mass unemployment last seen in the 1980s – a different problem to that of insecure contracts and low wages. If this happens, we should draw on the City Region’s rich experiences of job creation, including the Merseyside Task Force and the Community-Based Economic Development approaches, and prepare new neighbourhood job creation programmes based locally. We have the legacy of these community organisations and, more recently, community interest companies, community businesses and the mutual aid networks that have sprung up across the City Region to build on. During an extended crisis, these organisations should focus on supporting household incomes rather than getting people into paid work with an employer. The jobs might not be there, at first. We might need to create them again, on a large scale – which means we can think about what kind of jobs we want.

### **4. Think about enterprise differently**

There is evidence that people work better when things are hard if they have a stake in the result. In “building back better”, feelings of ownership and having a say – rather than just being expected to do what you are told – matter. Workers recovering otherwise fundamentally sound companies after financial crashes work with considerable self-sacrifice and self-exploitation in difficult situations to build something new. The benefits of co-operatives, social and solidarity





*During the crisis local shops have proven more resilient than supermarkets, but will many of them reopen? (Credit: the author)*

enterprises, social traders and mutual societies should be recognised in this context, and these models explored if companies that do not survive lockdown need to be reactivated (see, e.g. North and Cato 2017). Former employees should have a stake in what is rebuilt with public support, perhaps in the form of a worker-owned share fund, as a payback for the solidarity we have shown to businesses in their time of need.

### ***Value and nurture the foundational economy***

We should fully recognise the value of the “foundational economy” upon which all else stands (e.g. Foundational Economy Collective 2018). These are the businesses that provide the things we need every day: food, power, transport, care, the arts, making clothes, growing food, looking after kids, cutting hair and so on. We need to invest in and nurture this economy, not ignore it in favour of high growth sectors. We should judge this

sector not in terms of its contribution to GDP, but to living well, social solidarity and vibrant communities – especially through an extended crisis.

### ***Support a social value ethos***

We should evaluate enterprises not just by their profitability, growth potential or employment generation but, for now, by the extent to which they support families, communities and individuals through an extended crisis. Of course, in the long term, businesses need to pay their way, but they also need to provide social value, solidarity, community and sustainability.

We need more socially responsible and inclusive types of business. Our business development programmes and those “anchor institutions” who buy services should build community wealth, support and incubate locally committed, co-operative, and social and solidarity enterprises and be prepared, if necessary, to help them develop in physically distanced but socially solidaristic ways.

## 5. Think about money and debt differently

Has our financialised, debt-based economy fallen over, and is that an entirely bad thing? Many people are currently unable to pay their car loan and mortgage, and are unlikely to be able to do so for some time. Local banks that issue credit to support local businesses are common in Spain and Germany. After the financial crash in 2008, borrowing was cheap and local authorities missed the chance to create municipal banks, but now might be the opportunity for a rethink. If the crisis lingers, we might also consider piloting a universal basic income (UBI) scheme locally so that people know their bills will be paid, that they can eat, and will have time to innovate safely.

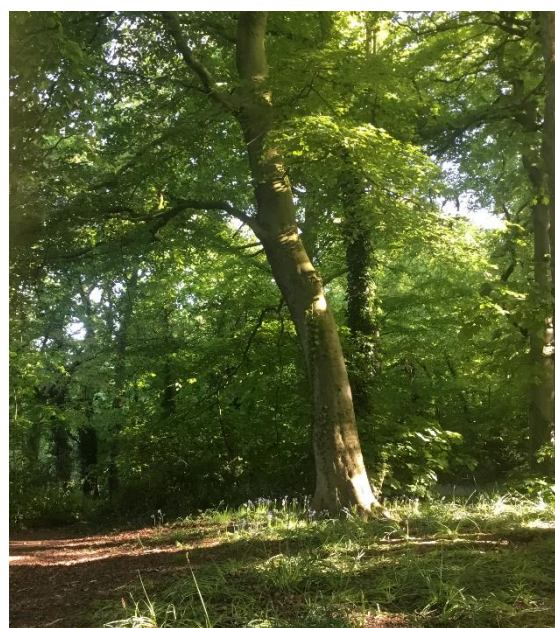
We should also examine innovative financial mechanisms like Initial Coin Offerings and the possibilities presented by local and crypto-currencies, without recreating the more dubious elements of crypto-currencies like Bitcoin. After economic crises, millions have been helped using complementary currencies and time banks (both community-based mutual aid networks that enable the exchange of goods and services between people), and there are robust regional and electronic models here that we can learn from. We might need to think of these ways of lubricating the economy as it comes out of hibernation, especially if the banking sector fails to repay the solidarity received after 2008.

## 6. Think about what we have, what we pay for, and what we get for free

Karl Polanyi and feminist economists (see, e.g., Waring 1990) have long pointed out that the economy is more than that “formal” sector comprised of paid work for an employer or businesses – the monetised economy. Much of what we do each day, especially within households, is

not monetised or paid for. Cooking, washing clothes, cleaning the house, decorating, or growing food on the allotment, is as much a part of the actual, “substantive” economy as the “formal” paid part. People share things all the time, as neighbours, friends, and as members of churches, community groups, clubs and societies. They contribute to our quality of life and wellbeing. This sharing, unmonetised economy provides value and is resilient: it is going on through the lockdown. Perhaps we will need to recognise and value these sharing practices that we rely on much more.

We should also recognise and value that which the planet provides for free – green spaces, clean air, the view across the Mersey and out to sea, allotments, streets where kids can play rather than for cars, an evening walk watching the sun go down. We should value how people have adjusted to a slower pace of life, seeing how much value is created outside of paid work. We should see this as being just as important as the paid economy when calculating our economic welfare and write this into our strategies.



*The welfare benefits of a quiet walk in the woods are well known, but offer no benefit to GDP (Credit: the author)*

## 7. Think about working within planetary limits

We need to think more about how we can work within the capacity of the planet to provide us with resources and absorb wastes, while providing space for other species and future generations – or what Kate Raworth (2018) calls “donut economics”. JK Gibson-Graham and Gerda Roelvink (2010) ask not “what is profitable”, but “what does it mean to live well” within planetary limits? What do we need to do to ensure that production is organised in equitable and non-exploitable ways; maintain the natural spaces we all enjoy and have access to for free – parks, woods, streets, beaches; and generate new green jobs by retrofitting energy inefficient buildings, developing clean green power, and growing more food locally?

### *Adjusting to a smaller, more local world*

Our global just-in-time economic model, based on the exploitation of distant others and cheap fuel (which should be left in the ground), is under strain as a result of the COVID-19 crisis. We cannot expect people not to fly when it is so cheap, easy, and enjoyable. Perhaps it is not a bad thing for the planet that we cannot do that now.

An extended lockdown that includes significant restrictions on travel and social distancing will often be slower and more local than our accelerated just-in-time globalised economy. Perhaps time-space compression has ended; and activities that were once profitable in one economy will no longer be profitable when done more slowly and locally.

If this becomes the “new normal”, we will need to think a little more about how we create economic value in slower, more local ways. We may find ourselves flying and travelling less, and supporting our

local cultural and hospitality offer more. We may see a renaissance of local economies, and the work that they generate, rather than a reliance on visitors and tourism. We may need to do far more locally. Can we envisage a City Region in which we can live our lives fully within 15 minutes of home?

## 8. Taking the next steps

None of the ideas presented here are quick fixes or concrete policy prescriptions for today, but ways of thinking about how the LCR moves forward with justice and solidarity. The establishment of the LCR Economic Recovery Panel, and its aim to “to build back better in the aftermath of the pandemic”, offers early promise in this direction (LCRCA 2020).

Given that the impact of COVID-19 is evolving and fast-moving, here is not the place to detail in advance what the Economic Recovery Panel should do. That depends on the extent to which the virus continues to circulate and the extent of the need for social distancing; its impact on the economy and society; the political will to do things differently or try to return to business-as-usual (or even use the crisis to drive through changes that would not otherwise be contemplated); and on resources allocated either locally or from the centre.

The panel could be like the Merseyside Taskforce, disbursing government money – but this time involving a wider group of local stakeholders. We could have significant funds to spend on reconstruction, like the Community Programme or Future Jobs Fund. Or it could be that the City Region, as in past, has to go it alone amid continuing austerity. We do not, and cannot know. What we can do is provide a place in which these conversations can take place, working on the basis that no one has all the answers, and that many people can



bring ideas and resources to the common task of building back, better.

For now, what matters is whether there is imagination and commitment to do things differently, so as to avoid the costs of the crisis being offloaded onto the poorest; or will the world pause and then carry on as before, allowing future generations to suffer through a new austerity? The choice is ours, if we take it.

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