

# thinking: new economy

## **BRIEFING 01**

### **STRENGTHENING ECONOMIC LINKAGES BETWEEN LEEDS AND MANCHESTER: FEASIBILITY AND IMPLICATIONS**

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**THINKING NEW ECONOMY:  
BRIEFING 01**

**Strengthening Economic Linkages between Leeds and Manchester: Feasibility and Implications**

*A new study funded by the Northern Way and undertaken by the Spatial Economics Research Centre (SERC) at the London School of Economics explores the linkages between Leeds and Manchester, providing a strong empirical analysis of the relationship between the two places. The study pushes the evidence base much further than existing research findings, which are largely based on qualitative studies and not on quantitative economic research.*

**SOURCE:**

**Northern Way**

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**SUMMARY**

- Commuting between Manchester and Leeds is around 40% lower than expected given the characteristics of the cities and their relative close proximity (40 miles). The transport costs of commuting and the industrial and occupational structure of the cities are suggested as primary reasons for this.
- Cultural or social factors play little role in explaining commuting patterns and so dealing with transport costs through transport investment and a focus on the economic factors that influence the economic structure of both cities can help to increase integration between the cities and this may improve their economic performance.
- Closer integration of industrial and skills structure is likely to increase the extent of interaction between the two cities.
- Closer integration between Manchester and Leeds (from a 20 minute reduction in journey time) could increase wages by 1.06 – 2.7%, dependent upon induced changes in the industrial structure, composition and skills levels of the population.
- The wage impact on workers that do not change their personal skills sets/occupations will be much less (0.2-0.5%). Therefore, the effects on Manchester and Leeds will be bigger if policy interventions such as improved transport links induce structural economic change by changing the composition and skills of the workforce.
- If the aim of policy is to address the economic underperformance of the North relative to other regions then the economic effects identified are potentially significant. Although, as they are likely to come about through the attraction and retention of skilled workers at the expense of other places, from a national cost-benefit perspective they would not be counted as additional.
- Intra-city transport schemes favour Manchester, whereas inter-city transport schemes favour Leeds.
- Improving Leeds-Manchester links would concentrate more benefit in the North, and generate a greater impact on the gap in economic performance between the North and the South, than improving the links between Manchester and Leeds and London.
- Better connecting Manchester and Leeds to London (through a 40 minute reduction in journey time) generates larger overall gains, although with larger aggregate increases in London, but larger percentage gains in the North.