

## Relocation, relocation

**Chris Webber, June 2010**

Iain Duncan Smith recently argued that it should be made easier for people living in social housing to move to areas where it's easier to find a job. Labour politicians jumped at the chance to label his comments as a return to the 1980s, arguing that it's deeply unfair to suggest that people might have to move to access work.

Frankly, their criticism is a bit rich. Labour knows very well that limited mobility in the social housing sector is a brake on opportunity. During its time in power, it commissioned an [independent report](#) which told it just that. Caroline Flint also [raised it as an issue](#) during her stint as Housing Minister, but failed to make any progress.

Facing up to the reality that some places aren't able to provide enough jobs for the number of people currently living in them – and helping people who want to, move to places that can – is an important part of solving the long term unemployment problems afflicting many of our urban areas.

The truth is that the geography of jobs growth in our economy shifts gradually over time, and that people need to move to access work. This isn't a new idea. In fact, it's a very old one that we just seem to have lost sight of.

During the industrial revolution the populations of places like Manchester, Liverpool, Glasgow, Birmingham and Sheffield surged as people moved into urban areas to find work. As the traditional industries that these economies were based on have declined over the past half century their populations have also shrunk. People have either moved out of the UK altogether or moved to other areas – particularly in London and the South – in order to find work.

This kind of natural "population rebalancing" is a normal part of the adjustment process in all economies. Policy makers should not see it as something to be avoided. In fact, they should recognise that population movements and high house prices are signals about where people want to live. The response should be to enable that movement; not to block it. It's about giving people the freedom to choose where they want to live instead of limiting their opportunities by blocking them out of high performing jobs markets.

Population movements do signal the relative economic decline of some places, but they also mean that the people themselves are finding better jobs and higher pay elsewhere. This freedom to move is good for the individuals who move, and good for the city economies that benefit from the new skills that they bring.

Politicians like to claim that they can solve the jobs deficit in cities like Middlesbrough and Barnsley by conjuring up lots of private sector jobs in underperforming economies. All parties are guilty of that, including the Conservatives and Lib Dems. The problem is that they simply don't have the power to buck the major long term trends that determine where jobs are going to grow.

For example, Labour spent billions trying to stimulate private sector growth in the North and Midlands over the past decade, but the results were hugely disappointing. **Our research has shown that for every extra private sector job created in the North and Midlands over between 1998 and 2008, there were ten created in London and the South.** That trend is very unlikely to be reversed, no matter what the new Government might say or do to rebalance the economy.

The big problem we have in the UK is that a whole range of policies – not just social housing constraints – restrict people’s mobility. That means people haven’t been able to take advantage of shifts in the geography of opportunity in our country as they might otherwise have done. Even before the recession began, this meant that between four and five Jobseekers Allowance claimants were chasing every single vacancy in places like Hull, Hastings, Middlesbrough, Birmingham and Liverpool.

To start dealing with long term unemployment and increase opportunities for people we need a new approach that works with the tide of economic change in our economy instead of against it.

Iain Duncan Smith has highlighted one policy change that might help with this, but it’s quite a small part of the overall solution. The key challenge for the new Government is to create a system which greatly increases the supply of housing in areas of high demand – such as Brighton, Reading and London – that have become the key centres for private sector growth in our economy.

The price of housing in these cities is ludicrously out of step with what it should be because demand for houses has been increasing and successive governments have failed to increase supply to match it. This restricts mobility among home owners and those living in the private rented sector as well as putting added pressure on an already overburdened social housing sector.

It’s time for some calm and informed debate about labour mobility in this country. If it wants to be a credible Opposition, Labour should come up with some reasonable alternative ways forward. For its part, the new Government is right to identify a mismatch between people and jobs – and now needs to tackle the bigger issue of overall housing supply as well as improving flexibility in the social rented sector.

Chris Webber is a Senior Analyst at Centre for Cities.

Contact Chris on [c.webber@centreforcities.org](mailto:c.webber@centreforcities.org) / 020 7803 4314

*Private Sector Cities: A new geography of opportunity*, by Chris Webber & Paul Swinney, is available to download at [www.centreforcities.org/privatesectorcities](http://www.centreforcities.org/privatesectorcities)