GHOST TOWN BRITAIN

THE THREAT FROM ECONOMIC GLOBALISATION TO LIVELIHOODS, LIBERTY AND LOCAL ECONOMIC FREEDOM

new economics FOUNDATION

FIVE BROTHERS 2

CONTENTS

EXECUTIVE SUMMARY

We used to be a nation of shop-keepers. We have become a nation of shop-busters. Local shops and services – including corners shops, grocers, high-street banks, post offices, pubs, hardware stores – are fast disappearing. The change is happening most visibly in villages and market towns, but just as dramatically in many larger urban and suburban areas.

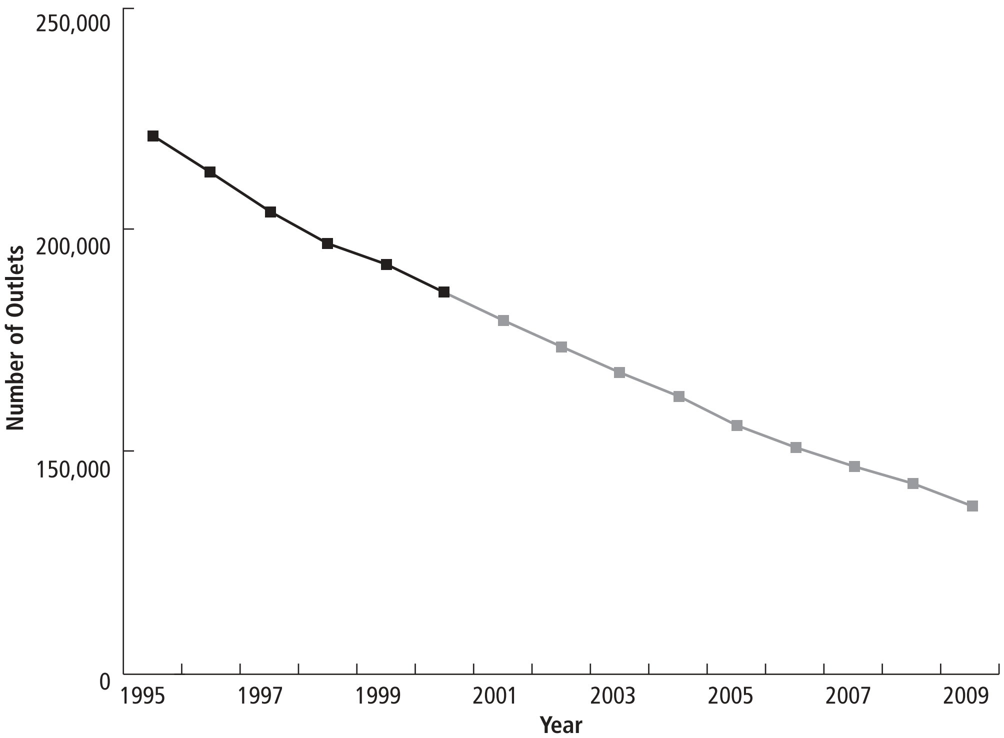
Between 1995-2000, we lost roughly one-fifth of these vital institutions – the very fabric of our local economies (see Figure 1). If current trends continue, we will lose a third of the tattered remains of that fabric over the next ten years. The result is Ghost Town Britain – an increasing number of communities and neighbourhoods that lack easy access to local banks, post offices, corner shops and pubs that provide the social glue that holds communities together.

If you combine the decline in the number of banks, post offices, pubs, food retailers and general non-specialised stores (usually corner shops), *what emerges is a cumulative loss of over 30,000 local economic outlets in the five years to the year 2000 alone.* Applying a 'best-fit' forecast to that trend suggests the likely loss of a further approximately 28,000 shops over the subsequent five years. And if current trends continue, the number of local shops will fallen by nearly one-third between 1990 and 2010.

If this trend is correct, many communities in the UK of 3,000 people and less will *no longer have any such institutions by 2010*, sounding the death-knell for essential elements of the local economy. In a few low-income neighbourhoods, that fatal moment has already arrived. Over the next ten years, it will become commonplace.

Figure 1: Ghost Town Britain – Loss of Local Retail 1995-2000 and projected to 2010

This graph is based on analysis of data from disparate sources combining trends over the last decade for five key local economic institutions: banks, post offices, pubs, grocers, and corner shops (confectioners, tobacconists and newsagents).



But does it really matter? After all, modern consumers are well-informed and if they choose to patronise the big multiple retailers, so why should anyone object? The problem is that consumers themselves lament the loss of local shops, yet are caught in a vicious circle where choice and price, work and travel patterns, brands and advertising, all conspire to undermine the desire for a vibrant local economy. No individual consumer feels they can reverse this trend, despite feeling a sense of loss as long-established local institutions disappear one by one. In this way, the emergence of Ghost Town Britain is contributing to much more than a sense of powerlessness and nostalgia. It is creating a nation where:

- Neighbourhoods become food and enterprise deserts with poor nutrition and ill health (eg. diabetes, heart disease and mental health problems)
- People lose financial literacy because they no longer trade on a daily basis in the community
- The poor fall prey to unscrupulous money lending practices and overpriced, low quality consumer goods
- The unemployed lose informal routes back into work as part-time jobs disappear from the locality
- Local entrepreneurs lose valuable local outlets for their products and services
- Communities suffer a rapid loss of 'social capital', and become victim to vandalism and more serious crime
- The cultural and retail environment loses diversity and becomes impoverished
- The environment and people's health suffer as people are forced into car-based shopping even for relatively short journeys.

There is talk of a local retail renaissance. The government has made a commitment to improving shopping access for poorer people, with action teams and taskforces aplenty. Most of the high street banks have declared a moratorium on bank branch closures, while the Post Office said it won't close rural branches for the next five years. The supermarkets, in turn, are racing to set up convenience stores in high streets, leading to a so-called local retailing renaissance. Meanwhile, farmers markets, organic vegetable 'box schemes' and car boot sales are evidence of a groundswell of popular resistance to the standardisation of how we shop.

Unfortunately, all of these worthy initiatives and 'pilot' projects are failing to counteract the far greater economic forces that are driving Ghost Town Britain. Despite the government's rhetoric in favour of sustaining small businesses, and well-meaning work by community activists, action teams and taskforces, there is no let-up in the destruction of the local economy. As yet, there is no willingness to tackle the real reasons why Britain's towns are dying on their feet: increasing market domination by – and preferential policy treatment of – supermarkets; the failure to halt the 'downsizing' of banks and post offices; transport systems that encourage car travel; weak planning controls on out-of-town stores, and a lack of support for truly local enterprise.

There is even alarming evidence that the current closure rate could accelerate rather than continuing or levelling out. The report warns that the UK retail market could be close to a 'tipping point', where the numbers of shops could crash dramatically, rather than following the steady trend of decline.

Why? It's a question of brutal economics. When the number of local retail outlets falls below a critical mass, the quantity of money circulating within the local economy will suddenly plummet sharply as people find there is no point trying to do a full shop with an impoverished range of local outlets. This is particularly true if people can no longer withdraw cash because of bank branch or cash point closure.

The likelihood of hostile 'corporate actions' – mergers or acquisitions – means that the best intentions of organisations that manage large branch networks could be undone by newcomers with no commitment to local economies.

Nor is the highly successful new 'convenience store' format the salvation of the local retail fabric. In fact, the growth of such outlets is likely to undermine it still further by competing with independent shops in the same location, while providing all services under one compact, identikit roof, with no link between supplies and the local economy.

It will not be easy to slow, halt and reverse the trend towards Ghost Town Britain. But the disappearance of our local economic institutions is by no means an inevitable fact of life. The report identifies the following steps that could end the decline:

- Local authorities should grant planning permission for supermarkets with conditions that a significant percentage of what they sell should be sourced locally.
- Government agencies and public sector bodies should review and reform their procurement polices and practices to include clauses that encourage local purchasing and employment creation.

- Local authorities should be given the right to veto any major retail development, as they do in France – or to veto theme or chain restaurants as some towns do in the USA.
- Local strategic partnerships, Home Zones and Business Improvement Districts should include local retail plans, and local authorities should set up neighbourhood retail managers as a counterbalance to town centre managers.
- Tougher competition legislation should be introduced outlawing predatory pricing strategies, particularly selling food at a lower price than it was bought.
- Government agencies (local authorities, regeneration bodies, RDAs, etc.) need to measure local money flows in order to better understand how the money they spend impacts on poor communities. This information should be used in discussions with potential recipients of government funding and in planning decisions.
- Banks should be required to reveal the geographical areas where they are lending money, along the lines of the Community Reinvestment Act – which expects banks to meet the credit needs of areas where they are prepared to accept deposits.
- Banks, along with the government, should commit to a network of community banks in which the main banks share facilities and the costs of offering banking services in local areas.
- Sustained public and private investment in the growth and development of Community Development Finance Institution, to provide financial services to those without access to mainstream banks.
- Tax credits should be introduced to encourage the production of local, organic food.
- Rate relief should be extended to more small stores in towns or villages where the local economy has been in decline. Rate relief should also be extended to pubs and community pharmacies in areas where the local economy is in decline, and should be discretionary rather than applying the mandatory 50 per cent to all cases.
- Experimental local currencies should be encouraged in regions, cities and towns to support local production – especially if we join the euro, and interest rates are forced to suit a continent rather than just a nation.

INTRODUCTION

This report says that the fabric of communities across Britain and the local economies they depend on is being pulled apart. It argues that the future economic health and well-being of people in Britain depends on a new process of economic localisation. But it begins here by saying what it is *not* about. Critics might claim that by focusing on the 'local', we are turning our back on the world and, worse than that, pulling up the ladder of economic development from poor countries.

But that would be fundamentally to misunderstand both the proposals, and what is happening in the increasingly shaky global economy. Localisation is not an absolute. Like globalisation, it is a dynamic process. Instead of encouraging the economics of large and remote organisations, it promotes an economics of nearness and human-scale in which people have more control over their lives.

We believe this is part of a new economics capable of delivering human and environmental well-being internationally. It has common themes everywhere, but will look different wherever it grows. And, like an idea whose time has come, it is emerging all over.

In Johannesburg in August 2002, at the tenth anniversary of the Earth Summit, NEF organised a parallel conference attended by civil society groups from 43 countries. It was part of the 'People's Earth Summit.' The largest contingent of participants was from Africa, followed by a mixture of people and organisations from Europe to South Asia, North America, Latin America and a number of small island states.

Those present drafted a statement that said they were joined by a belief that international negotiations were "failing to provide real alternatives to the current unsustainable pattern of development."[1] They went on to make a number of proposals that shared as a common theme: "The idea that we must move away from the current model of globalisation, dominated by the finance sector, and move towards a genuinely internationalist agenda." Most important of all was what lay at the heart of that agenda. It was: "The rights of local communities to determine their economic path and protect their cultural and environmental heritage."

There followed a long list of measures designed to address the imbalances, systemic risks and increasing chaos of the global economy. It covered finance, trade and reform of monetary systems. It spoke of natural resource management, education and government accountability. It was a set of proposals entirely in the spirit of this report, but with an international scope. A huge majority of the people present were from so-called 'developing countries'. Their voices are a cold shower for critics who find it comfortable to believe that anyone opposed to globalisation is already rich and simply 'anti-development'.

Here is an illustration from the experiences of the Bangladeshi development organisation UBINIG. It shows what localisation might mean in the context of a poor country in the Southern hemisphere. Farhad Mazhar promotes *'Nayakrishi'* which means 'new agriculture'. This is a form of ecological farming that attempts to undo the damage and declining returns of the so-called green revolution, whilst avoiding the economic traps and scientific uncertainty of GM crops. Apart from the complexities of farming theory, Farhad makes a point of elegant common sense about trade and globalisation that displays a pragmatism and logical set of priorities typical of groups too often written-off as merely 'anti-globalisation'. Farhad says:

"I'm not against the market, or even international trade. It's just that trade should be non-exploitative, and local needs should come first. Now we've found that Nayakrishi agriculture is more economically viable than conventional modern farming, many households are beginning to go into cash crops for the market too."[2]

Economists, too, are questioning economic integration as a panacea for global poverty. Dr. Nigel Poole of Imperial College supports the idea of 'selective market integration'. He says, "targeting local development rather than global integration may… bring significant benefits to communities who's livelihoods can best be enhanced not by costly investments aimed at overcoming almost insurmountable geographical, economic and technological barriers to market access, but by investments in local assets and initiatives: a 'targeted local economy'".

NEF believes that a defining characteristic of economic globalisation has been the 'vacuum cleaner effect' – the way that wealth is sucked up from the economy's local roots and concentrated in the hands of a wealthy global elite. This is a process which effects rich and poor countries alike. Ghost Town Britain demonstrates how, even in the most sophisticated industrial economies, this process of damaging erosion, a kind of hollowing out from below can follow as the unintended consequence of a particular kind of economic logic.

Through the lens of farming, the predicament can be seen in Britain. There is a battle in the countryside between the abstract economics of globalisation, and the experiences of real life. The biggest recent blow to Britain's rural local economies came in 2001 as a result of the government's response to an outbreak of foot and mouth disease. After the killing of millions of farm animals and the closure of by-ways and footpaths, rural towns and villages and the fields around them literally went silent. They became, in a way, real ghost towns. The over-riding motivation for the slaughter of farm animals was to preserve the integrity of the intra-European meat trade. Local economies all over Britain were effectively sacrificed on the altar of the free trade theory underpinning the European market. But was it worth it?

Britain earns some income from its heavily subsidised meat trade with Europe. Yet the economic cost to farming, tourism and the country as a whole from the handling of the foot and mouth outbreak was far more damaging. For the meat export market to pay back the cost of what was done in its name will take decades, and allowing for how little of its earnings are genuine profit, possibly centuries. A report by the National Audit Office put the combined cost of the outbreak to the public and private sector at over £8 billion.[3] The Institute of Directors put the cost higher at around £20 billion, and said it could go potentially higher still and possibly double.[4] At the same time, according to the National Farmers Union, Britain's meat and dairy export trade is worth between £500-600 million per year.[5] In a painful, almost unbearable irony, the draft of a recent European Parliamentary report into foot and mouth has now suggested that the killing of 6.5 million animals may have been pointless and ineffective in controlling the disease.

The tortuous episode of the 2001 foot and mouth outbreak is deeply symbolic of a much wider problem. It is an example of how dogmatic approaches to international integration can be based on flawed economic theory and fly in the face of common sense. In different but similar circumstances, other bastions of our urban and rural local economies, ranging from local banks to small independent shops and post offices, are being allowed to die out without proper consideration of how much is being lost. There is always a superficial reason why. Banks are consolidating and cost-saving in response to pressures of international competition, the Post Office is being restructured and core business being taken elsewhere, or maybe a new supermarket has opened nearby.

Now, a more realistic assessment of what is lost through the death of the 'local' – in rural and urban communities alike – is called for. Ghost Town Britain begins that process.

This report is also produced at a time when the meaning of 'local' is changing. The images conjured up in the minds of economists and planners by the local have for years been those of twitching net curtains, crummy corner shops, small mindedness and parochial obsessions. But that is quietly, and radically changing. 'Local' is becoming to economics what organic has become to the food industry. It is beginning to represent greater connectedness, authenticity and, in a phrase, the truly modern way to do business.

What else could explain the image makeover of the giant and controversial international bank HSBC? In many ways, HSBC is the very image of finance-driven globalisation. It has 7,000 offices in 81 countries, assets of nearly £500 billion and half yearly profits of over £3.5 billion. Like many other global corporate players, it has been a lightening rod for criticism from those opposed to orthodox globalisation and was heavily caught-up in Argentina's economic troubles. They point to the bank's involvement in funding environmentally damaging dam projects and its role as personal banker to the former Nigerian dictator Sani Abacha and Ferdinand Marcos in the Philippines. The bank's operations are even shadowed by a dedicated freelance newsletter *The HSBC Watch.*

Yet this paragon of globalisation clearly thinks something is missing. It wants to send a quite different message to its potential customers – something warmer and more human scale. That's why one of the biggest international operators in financial services, in search of the feel-good factor, says: "Welcome to HSBC – the world's local bank."

Ghost Town Britain looks at why local is good and why it's under threat.

PART I – THE LOSS OF LOCAL SERVICES

Trouble in store

"One ordinary morning last winter," wrote the urban planner Jane Jacobs 40 years ago, "Bernie Jaffe and his wife Ann supervised the small children crossing at the corner [on the way to school]; lent an umbrella to one customer and a dollar to another; took custody of two keys; took in some packages for people in the next building who were away; lectured two youngsters who asked for cigarettes; gave street directions; took custody of a watch to give the repair man across the street when he opened later; gave out information on the range of rents in the neighbourhood to an apartment seeker; listened to a tale of domestic difficulty and offered reassurance; told some rowdies they could not come in unless they behaved and then defined (and got) good behaviour; provided an incidental forum for half a dozen conversations among customers who dropped in for oddments; set aside certain newly arrived papers and magazines for regular customers who would depend on getting them; advised a mother who came for a birthday present not to get the ship-model kit because another child going to the same birthday party was giving that; and got a back copy (this was for me) of the previous day's newspaper out of the deliverer's surplus returns when he came by."[6]

Jane Jacobs was writing about the bustling sidewalks of early 1960s New York, but the range of tasks would sound familiar to many of the UK's remaining small retailers, as would the fact that most of these activities – while plainly adding to economic vitality and social capital – fall way outside the 'core business' of most small shops. Yet the integral function that these local economic institutions currently play in our daily lives could soon be a thing of the past. The number of communities with a local shop is already on a steep downward curve, and the decline could well accelerate in the next few years. From 1980 to 2000, VAT registered retail outlets have fallen from 273,000 businesses to 201,000, a steady decline in the 1980s that accelerated in the 1990s. Because of demographic changes over this period, the change per thousand adults was even more dramatic, from over six shops per thousand adults in 1980 to just over four today. Following current trends, Manchester School of Management predicted that there might not be a single independent food store left in the whole country by 2050.[7]

But specialist food shops are not the only local economic institutions disappearing from the nation's high streets. Britain has lost a quarter of its bank branches since 1988, with the heaviest losses coming in small towns and villages. Our post office network remains one of the biggest in the world, but it too has contracted by 10 per cent in the last ten years. Rural areas have been particularly hard hit, while urban post offices – which provide essential public services – have been left to compete unaided with the big supermarket chains. Even the pillar of community social life – the local pub – is under threat. In rural areas, the problem is so bad that six village locals are closing every week across Britain, and 6,000 are expected to close by 2006.[8] At every turn, Britain is systematically failing to meet the needs of small retailers.

We have blithely allowed our town centres to fall into terminal decline. Shops have been boarded up, banks have withdrawn, pubs and post offices have closed. At best, the buildings have been converted into yuppie flats and brasseries. At worst, they remain boarded up and unoccupied for years, covered with a growing incrustation of fly-posters and graffiti. As a result, an increasing number of communities are left with just one local business, often a pub or general store combined with a sub-post office.

When the next swathe of shops go, Britain will inherit a whole generation of ghost towns – communities that have lost a vital part of their economic or social fabric. Places such as this are appearing throughout the country, but are particularly prevalent in coastal areas, market towns and certain urban neighbourhoods, where the retail economy played a particularly vital role in the community that has been left unfilled by other manufacturing or service industries. This void can be manifest in several ways. In some ghost towns, the symptoms are evident through the job losses and economic decay resulting from the slow death of local shops, pubs, post offices and bank branches. In other areas, the decline of local services may have had no impact on the overall prosperity of the community, but will have created a sense of isolation, loss of community, higher crime and social exclusion.

This is not a sentimental plea for the preservation of Britain's cultural identity, or a warning about the decline of Olde England in the face of a world converging towards a single market and a single set of cultural, political and economic values. It is a wake-up call to remind ourselves about the real value of what is being lost. Every ghost town represents a missed opportunity to maximise the social capital, skills and economic contribution of an area. Furthermore, local services and small retailers represent the backbone of the community in many of Britain's market towns, villages and urban neighbourhoods. The demise of local shops, post offices, bank branches, pubs and even transport services is also disastrous because of the role they play in maintaining our connection to our neighbours, as well as in providing the social space for sharing of news and information – particularly for groups such as single parents, the disabled and the elderly.

This report uncovers for the first time the story of the decline of local shops and other local economic institutions. It sets out the best available data and compelling case studies for each key institution in turn, covering shops, pubs, post offices and banks. It goes on to examine some of the structural causes behind the demise of local services, including policy biases, tax regimes, infrastructure development, planning structures, changes to the regulatory system that discriminate against small shops and the behaviour of large-scale corporate retailers. It then highlights some of the many ways in which local communities are fighting back. We conclude with a snapshot analysis of the challenges that lie ahead to reverse the trend towards Ghost Town Britain.

Shutting up shop

"The very small 'mom and pop' shops are in permanent decline and offer little or no opportunity for the U.S. exporter."
The United States Department of Agriculture's curt assessment of the 'Traditional Markets' retail sector in Britain.[9]

Grocery distribution represents 48 per cent of all retail sales in the UK and accounts for just under 11 per cent of the country's gross domestic product by expenditure. Yet the evidence suggests that small independent food retailers are in deep trouble. The stock of VAT registrations, logged by the Office of National Statistics, shows that the number of businesses selling food, tobacco and beverages fell by 37 per cent between 1994 and 2001 (see Figure 2). Should this decline persist, another 10,000 businesses will have vanished by 2005, and the total number of local shops selling such items will have been halved in just over a decade.

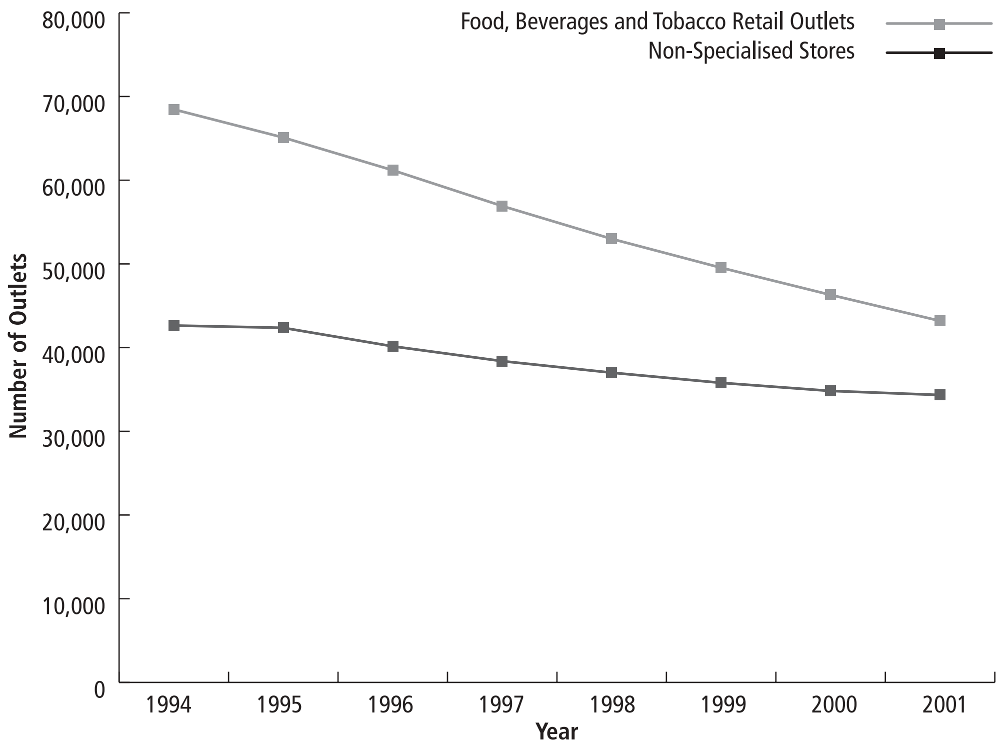
Non-specialised, independently owned convenience stores have also suffered. Consolidation in the retail market as a whole, and the rise of supermarkets which provide multiple goods under one roof, have meant that the UK has seen a net loss of over 8,000 non-specialised retail shops over the last six years, nearly 20 per cent of our total stock in 1994. Carrying this trend forward would imply a loss of a further 4,000 general stores by 2005, translating into a 25 per cent reduction in such businesses over eleven years.

VAT registrations are one means of assessing decline, but they do not get anywhere close to representing the whole picture for food retail. Small or micro-enterprises often do not qualify for VAT, and thus their loss fails even to register on the official radar screen. To get a more complete picture, we must therefore turn to other sources of information. Though less reliable, the evidence from such sources is no less compelling. For example, AC Nielsen has estimated that between 1994 and 1999, the combined number of independent food stores and co-operatives fell by 17 per cent.[10] Another report by the Institute of Grocery Distribution (IGD) revealed that there were 953 fewer convenience stores in the UK in 2001 than there were in 2000, a drop of 1.7 per cent. The IGD expects to see this trend continue, with another 3,700 shops to go over the next five years.[11]

The demise of local shops has been most pronounced in small towns and villages, and few people now doubt that Britain's rural communities are seriously under threat. The Rural Shops Alliance estimates that there are fewer than 12,000 rural shops left in Britain, and, according to *The*

Figure 2: VAT Stock of Local Retail Shops

Source: National Statistics Office, Small Business Service. Statistical Bulletin.



Grocer magazine, we are losing them at a rate of 300 a year.[12] The Countryside Agency claims that seven out of ten English villages have been left without a shop. As Margaret Clark, director of The Countryside Agency, said: "Villages which lose their shops quickly lose their identities. Those in lower income brackets who do not have cars cannot get to the nearest shopping centre to do their business. They are forced to move into towns. The danger is that villages will become the preserve of the well-off and that threatens the very fabric of rural life."[13]

But the problem extends beyond the countryside. A survey of shopkeepers conducted by NEF in late 2001 revealed that prospects for small businesses in urban London are equally grim. Nearly one in three of the shopkeepers interviewed said they were worried over the prospects for local retailing, while one in four felt the outlook was 'disastrous'. Only six per cent felt highly confident about the future of retailing in their local area. This sentiment was also reflected in responses to questions regarding the owners' future plans, with one-third of shopkeepers intending to retire or close in the next five years.[14]

A comprehensive study by Thames Valley University reveals the dramatic nature of the decline of small shops in villages, market towns and district centres up and down the country. Since the 1940s, around 100,000 small shops have closed, and every year their number drops by approximately 10 per cent. Between 1995-2000, independent fresh food specialists – including bakers, butchers, fishmongers and greengrocers – saw their sales drop by 40 per cent, as supermarkets consolidated their grip over the food retail sector. Fifteen years ago there were 47,068 independent grocery retailers in Britain. Today that figure has been reduced to just 28,319. Figure 3 highlights the changing profile of food retail between 1950 and 1990.

Butchers have suffered similarly. In 1985, there were over 23,000 butchers in Britain's high streets. By 2000 that figure had dropped to just 9,721 – a loss of nearly 60 per cent of independent outlets. Between 1990 and 2000, supermarkets share of the fresh fish market increased from 21.4 to over 66 per cent, whilst fishmongers' market share has fallen to only 20.3 per cent.[15]

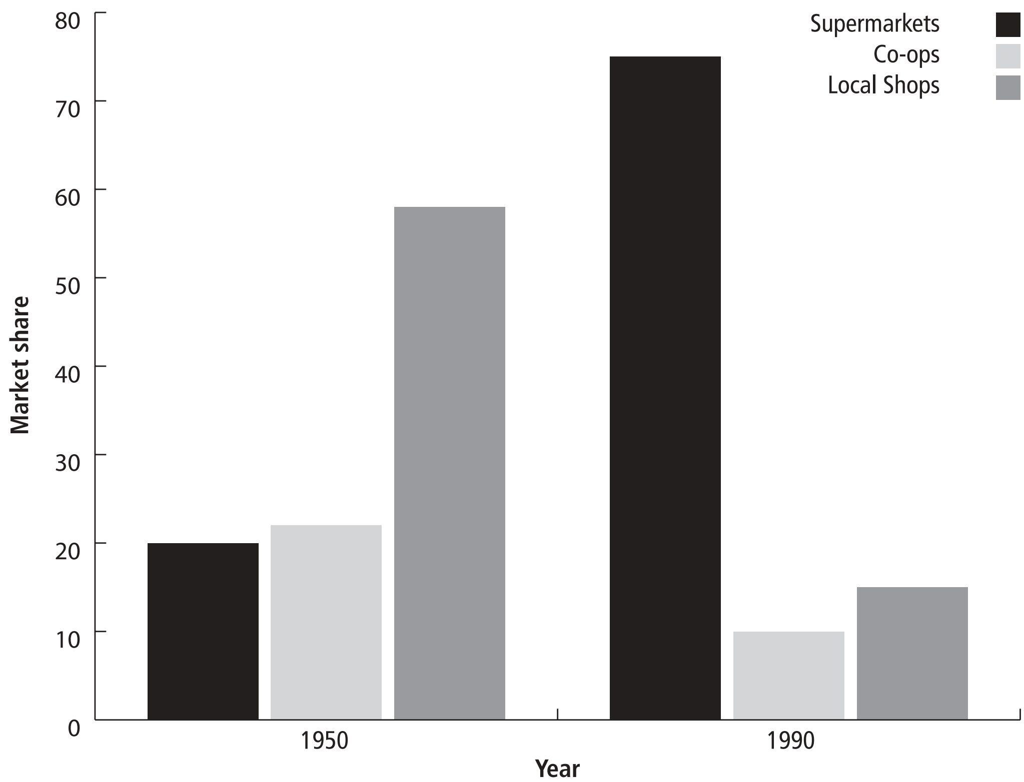
Nor was the contraction of the independent retail sector limited to speciality food shops. Research by AC Nielsen shows that even the number of corner shops selling confectionery, tobacco and newspapers (known collectivly as CTNs) slumped nine per cent between 1997 and 2000. Last year alone, net closures among smaller newsagents totalled 356 – almost one a day.[16]

The reasons for this decline are varied, but include:

- The growth of large supermarkets and out-of-town superstore developments.
- Increased mobility of shoppers and growing dependence upon cars.
- Difficulties in matching the economies of scale afforded to large supermarkets – for example, investments in large industrial ovens or new labour-saving technologies.
- The decline of the industrial and agricultural economies that once supported businesses in Britain's market towns and villages.
- Expanding layers of food safety regulations that have been comparatively onerous to small shopkeepers.
- High property prices, especially in the south of England, which have encouraged mass residential conversions.
- Planning, policy and tax incentives that have favoured large-scale business over smaller retailers. These are explored in more detail in Part III.

Figure 3: Decline in Local Grocers 1950-1990

Source: Barton et. al. 2000. Shaping Neighbourhoods.



Small shops did receive some good news in 1998, when the government created a rate relief scheme that gives 50 per cent relief to the sole general store or post office left in a village. But the scheme has been criticised for not being extensive enough in its coverage, and many local businesses have complained about the "geographically patchy support" provided by both the rate relief scheme and the village shop development scheme.[17]

People care about their local shop closing. A survey commissioned by Spar found that people thought a local general or convenience store is more essential to the local community than a church, policeman or pub. Eighty per cent of people felt that it was important to have a general store within 10 minutes' walk. For the most vulnerable people in society – the elderly, the disabled and parents with small children – or those who simply do not have access to a car, the shop is more than just a convenience. It is a basic local service.

The Town Centre Health Check[18]

Planners have developed a variety of indicators to provide an insight into the vitality and viability of a local economy. These include:

Footfall: **measures the number and movement of people on the streets. Footfall is a critical indicator for prospective retailers.**

Rental value: **provides a measure of the desirability of different locations within and between retail centres. But rental prices often display a lag of several years, reflecting historic expectations rather than current realities.**

Vacancy rates: **street level vacancy in a prime retail area is a good indication of local economic vitality.**

Retail representation and intentions: **as evidenced by regular maintenance, window display, developments, etc.**

Commercial yield: **generally, the lower the net yield (reflecting high rental costs), the higher the level of investor confidence in the area's long-term prospects.**

Consumer surveys: **to assess their views, attitudes and priorities.**

Supermarket sweep

The main drivers and beneficiaries of this massive shift in the nation's shopping habits have been large supermarkets. Through an aggressive strategy of mergers and acquisitions, the leading supermarkets have managed to flex growing monopolistic muscle in the food retail sector. A report by industry analysts Keynote estimates that in value terms the retail sale of food through supermarkets will increase by 16 per cent between 2001 and 2005.[18] By this time, the leading four supermarkets – Sainsbury's, Tesco, Asda and Safeway – are expected to control half of the UK's £100bn grocery distribution market.

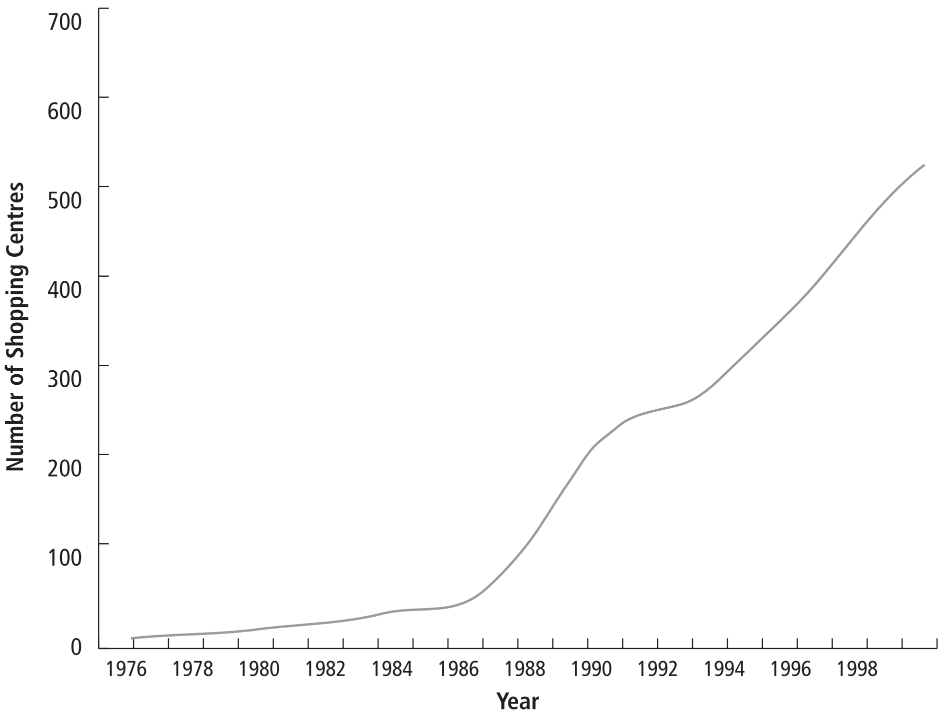
Much of this expansion has been achieved through the construction of huge superstores, often exceeding 1,000 sq metres. In the period 1986-1997, the number of superstores rose from 457 to 1,102. As Figure 4 shows, many of these stores were built on out-of-town, greenfield sites. In 1998, a report released by the then Department of the Environment, Transport and the Regions (DETR) revealed that the development of these non-central food stores had led to a decline in the turnover of town centre shops, resulting in the closure of some food retailers.

For example, in Fakenham, the opening of an out-of-town food store was followed by a 33 per cent increase in retail vacancies, a drop in the number of convenience retailers from 18 to 13 and "a noticeable deterioration" of the built environment of the town centre.[19] Edge-of-town developments in Fakenham and Warminster were accompanied by market share losses amongst town centre convenience stores of 64 per cent and 75 per cent respectively. A government report also noted that the opening of one Tesco store on the edge of Cirencester, Wiltshire, led to the market share of town centre food shops declining by 38 per cent, as well as causing a severe decline in the market share for town-centre convenience stores. Out-of-town superstores also cause transport congestion and pollution problems as people turn to cars to do their shopping. The distance travelled to shops increased by 60 per cent between 1975 and 1990, and now three quarters of supermarket customers travel by car.[20]

Nor do supermarkets contribute to local economies in the same way as local shops. Very little of the wealth that supermarkets generate actually stays in the communities in which they operate. For example, Tesco's payroll makes up just seven per cent of its total turnover. The great bulk of the company's retail profits flow from the stores back to the head office, and ultimately to the corporation's shareholders around the world. Meanwhile, the construction of out-of-town superstores creates a vacuum that sucks resources from the town centres, strangling the heart of the local economy.

FIGURE 4
Growth in Out-of-Town Shopping Centres: 1976-2000*

***Represents shopping developments, retail warehouse parks and factory outlet centres.**



Another problem is that very few of the products on supermarket shelves are sourced locally. In a study conducted by NEF's Plugging the Leaks team, Tesco reported that local purchases represented no more than about one per cent of turnover. Asda, which at least has a policy on local sourcing, are still only aiming for a modest two per cent of turnover coming from locally-sourced goods. In contrast, a survey by the Green Party in Ludlow found that 81 per cent of town centre food shops and market traders sold some local produce, and 55 per cent of these sold more than 70 per cent local produce.

Sourcing locally does more than just support local farmers and traders – it also cuts down on the environmental damage caused by long-distance transport. Food haulage has doubled in the UK over the last 20 years. That means more congestion on the roads, more lorries thundering through what were formerly quiet towns and villages, and more bypasses being built to shift them elsewhere. As South East Cornwall MP Colin Breed put it: "Vibrant local and sustainable economies are undermined by current supermarket sourcing and distribution policies."

Local employment is affected too. In a study commissioned by Boots the Chemist, the National Retail Planning Forum concluded that there is strong evidence that new food superstores have, on average, a negative net effect on retail employment. They estimate that a community can expect to see a net loss of about 276 jobs when a supermarket moves into its area. Most of this will be from the small locally-owned food shops. Research on market towns and district centres shows that following the development of large edge or out of town superstores, local speciality shops and convenience stores lose anywhere from 21-75 per cent of their market share, forcing many to lay-off staff or close down entirely.[21] In Southwick, East Sussex, campaigners found that 18 local shops in the town's main square had lost an average of 23 per cent in trade since the construction of the nearby Holmbush Centre two years earlier. In neighbouring Shoreham, three shops closed within two months of Tesco opening in December 1992.

When these shops close, other local businesses are affected too. Accountants, solicitors, window-cleaners, carpenters, decorators and plumbers all lose a client. Virtually all local shops employ fewer than 50 people – the minimum that requires a business to report to the Department of Employment. This means that when they close, it does not even register as a blip on the country's employment figures. Fundamental changes to the UK's commercial landscape are going unrecorded by central government.

When positive feedback leads to negative change

Suppose a supermarket opens on the outskirts of a town and half the residents start to do one-third of their shopping there. These people still do two-thirds of their shopping in the town centre, while the other half of the population continues to do all its shopping in the centre. Although all the residents still patronise the town centre, its retail revenue drops about 16.7 percent – enough to start killing off shops.

This is a perverse market dynamic: a loss to the entire community that not a single person would have wanted. It is also self-reinforcing: once the downtown starts to shut down, people who preferred to shop there have no choice but to switch to the supermarket. What begins as a seemingly harmless ripple becomes a powerful and destructive wave. Systems theorists explain this kind of unwelcome, coercive and extreme outcome as the result of a 'positive feedback loop'. That is, the output of a process – some residents opting occasionally to shop at the supermarket – feeds back into the original process as input (a smaller, less diversified local economy), generating more output (more people compelled to use the supermarket). It is an example of how reasonable individual actions can together add up to a socially irrational outcome.

The Village Store and Post Office, Treverva, Cornwall

Treverva is a small village of about 180 people, just outside Falmouth. For Mike Buttel and his wife, the beginning of the end for their business came in 1996, when the by-pass from Penryn to Falmouth was opened. His used to be the first shop holiday visitors passed on their way in and out of Falmouth, but now they were being redirected elsewhere. The end came when Asda built a supermarket on the by-pass about a mile from the village. In March 2000, Mr Buttel closed up his shop – and the post office attached to it – and moved on.

The decline of small independent retailers is not an inevitable consequence of modern society – it is a process that has been allowed to happen through inappropriate planning and policy measures. As Tim Lang and Toby Peters say in their report *The Crisis in UK Local Food Retailing*, retail spending within even small communities is enough to support micro-economies and neighbourhood-based shops. The real problem is that public policy is still built around the rise of supermarket culture. The authors note that other European countries were quicker to spot the damage that unrestrained expansion of supermarkets was having on local communities.

In France, for example, local authorities were given the right to veto the construction of supermarkets over 1,000 square metres back in 1973. Between 1993 and 1996, all authorisations for large supermarkets were suspended, while in 1996, a law was introduced which requires a public enquiry for the construction of any outlet exceeding 6,000 square metres, in order to protect "the social and economic cohesion and the fabric of society".[22]

But in the UK, court decisions have continued to favour the supermarkets against the small traders. In 2001, the legal opposition to the scrapping of the resale price maintenance (RPM) on over-the-counter medicines collapsed in court after the judge made it clear that he did not believe there was enough evidence to show that significant numbers of small businesses would be affected. The supermarkets immediately slashed their prices on a range of basic medical supplies. By offering price promotions on a narrow range of best-selling lines, they will force pharmacies – just like the local grocer, butcher, baker and fishmonger – off the high street, to the detriment of many local communities.

Local pharmacies now face a struggle for survival. Zaffer Mukhtar, a chemist in Streatham, south London, said: "It is not a bright future for the independent pharmacies. They are going to suffer. We just can't compete with the supermarkets, and jobs will go if we can't compete. Some big companies that manufacture their own brands can now sell them at a very, very cheap price. If we bought the same medicine, our cost price plus VAT would be more than their retail price."[23] We can now expect the local pharmacy, like countless other local shops before them, to gradually disappear from the Britain's high streets and villages.

Encouragingly, there have been signs that shoppers are beginning to turn away from out-of-town centres and head back to the high street. In 2001, a ranking of 650 shopping locations – called the Retail Prospects Index – showed that out-of-town giants like Meadowhall, near Sheffield, fell 26 places to a ranking of 69, while Bluewater in

Kent dropped 64 places to 102.[24] Meanwhile, recent industry research from the Institute of Grocery Distribution shows that the convenience store sector has shown sales up 3.8 percent in 2000 over 1999.

But the gradual move away from out-of-town shopping centres to high street and edge-of-town convenience shops does not necessarily herald a resurgence in the fortunes of independent retailers. The main beneficiaries of this shift in consumer shopping patterns have been urban convenience stores such as Tesco Metro, Tesco Express, Sainsbury's Local, Sainsbury's Central, Somerfield's Gateway and BP Connect.

The traditional convenience store operators are still declining in number as the new formats from large supermarket operators enter the marketplace. By maximizing the benefits of the largely compact and metropolitan UK market, the larger food retailers have leveraged their distribution strength to create convenience formats. The supermarkets also command larger properties. While traditional UK convenience stores cover approximately 2,000 to 3,000 square feet of sales area, some new formats aimed at the convenience market are significantly larger. Sainsbury's Central format and Tesco's Metro are in the 10,000 to 12,000 square foot range, with estimated weekly sales of more than 20 times that of a traditional UK convenience store. As the American National Association of Convenience Stores notes in its report on the British food retail sector: "Today's convenience store in the UK is more likely than ever to be a unit of a major supermarket chain with worldwide reach."

Meanwhile, a further 17 per cent of the convenience grocery market has been cornered by the so-called 'forecourt' retailers, which are operated either by the large supermarket chains or by the major oil companies of Esso, BP, Shell, Texaco and TotalFina Elf.[25]

Thus, despite the growth in business made by convenience stores as a sector, the actual number of stores has been declining. Figures provided by local authorities suggest that the total stock of VAT-registered retail outlets is declining at an alarming rate. Verdict Research, which specialises in the retail sector, believes that the new generation of convenience stores is going to replace the local shop over the coming years.[26] This is especially worrying for deprived urban areas, where independently-owned stores constitute the backbone of the local economy. NEF research indicates that on average a quarter of all local businesses in low-income areas are retail businesses.[27] Their gradual disappearance indicates a trend towards the further economic exclusion and marginalisation of people living in these areas.

Last orders: pubs in decline

The local pub has long been a central feature of community life. To many people, 'the local' still means just that. A recent survey conducted by the Campaign for Real Ale (CAMRA) found that as many as 84 per cent of all adults thought that a pub was essential to a rural community, with 81 per cent agreeing that it was as important as a village shop or a post office. It is a place to meet informally and relax, but it also serves important economic functions as a source of local employment and information.

But the village pub is under threat like never before. Business analysts Key Note reported that the number of pubs in the UK has fallen by 6.5 per cent since 1990. In a report launched by Prince Charles in December 2001, the Countryside Agency revealed that more than half of England's villages are without a reliable source of cheap drink "for the first time since the Norman Conquest". The report estimated that England's remaining country pubs were closing at the rate of six per week, figures supported by research conducted by CAMRA. The stock of VAT registrations for bars has fallen by around four per cent in the last six years. On current trends we can expect the number of registrations to fall by another 1,700 over the next six years. CAMRA warns that within a few years, pubs in rural communities may be things of the past.

Worst affected have been traditional pubs and inns, which have lost customers due to young drinkers' preference for large, urban theme pubs and wine bars. While the former tend to be owned and run by landlords, wine bars are usually corporate-owned and run by professional managers.[28] In Norwich, the recent increase in chain pubs has accelerated the demise of the town's once-vibrant pub-life. Martin Ward, chairman of Norfolk and Norwich chapter of CAMRA, says: "There used to be a pub for every day of the week in Norwich. Now there are probably just over 200."[29] Meanwhile, research in Suffolk established that more than a third of the county's 500 parishes are now dry, and more than 10 pubs are closing every year.

Many of the pubs that have called final orders on their businesses are being turned into houses, partly to meet the growing demand for countryside homes from urban-based middle-class buyers. Others are selling their property to chain stores and franchise restaurants. One pub in Hinchley Wood, Surrey, once patronised by Mikhail Gorbachev, is being converted into a McDonald's outlet.[30]

Iain Loe, research and information manager at CAMRA, said: "What's happening here is closure in rural areas and the back streets of towns. It's the decline of the rural more generally that's involved with that. People use their houses just at weekends. They buy at a hypermarket out of the village, the post office goes, the village shop goes, the pub goes. The fact is that many landlords deliberately run them down because they can get up to three times the price if they convert their use to residential and sell them. Rural pubs are at the tail end of pubs. They have little investment and decreasing trade. It's a downward spiral."

The picture for the British brewing industry is equally bleak. It is a perfect example of the kind of changes that the country has been exposed to over the last 20 years due to short-term economic thinking. Consolidation has meant that just three main breweries now produce about 80 per cent of Britain's beer. Over 130 regional and national brands have been lost since 1990. Apart from the 350 very small brewers – collectively responsible for one per cent of the market – there are just 250 beers still in regular production. CAMRA predicts that, if current trends predict, over 90 per cent of the UK beer market will be in the hands of just two global brewers by 2020.

Village pubs received a major boost in April 2001, when the government announced that mandatory rate relief was to be extended to village pubs. Sole pubs in settlements with fewer than 3,000 inhabitants and with a rateable value of less than £9,000 can now claim a 50 per cent reduction in business rates, putting them in line with village shops and post offices. The government estimated that 8,000 pubs would benefit from the change.

CAMRA has argued for a more flexible system of discretionary relief. This demand was at least partially met in the Chancellor's latest budget announcement. Since June 2002, brewers who produce less than 3,000 barrels a year have had their duty cut by half – a saving of about £40 a barrel. Brewers producing up to 18,000 barrels will get a graded discount on duty that could save them £120,000 a year.

"This is excellent news," said Nick Stafford, spokesman for the Society of Independent Brewers. "It's great – you can't say otherwise. We actually argued for the limit to be set higher, but the Treasury wasn't having any of it. Still, we are finally going to reap the rewards of years and years of campaigning, and it will make a significant difference to the chances of survival and growth for hundreds of small breweries."

The Manor, Hinckley, Leicestershire

The Manor in Hinckley was converted into a pub from an old hosiery in the 1950s. By the late 1970s and 1980s, it was a thriving business, drawing in many of the visitors to nearby Mallory Park. It stands in the midst of several acres of land, with 20 or more trees subject to preservation orders. "To sit in the grounds on a warm summer evening is truly a pleasure," said one local resident. "And the Manor is just about the only place in the town where families with small children can go for a drink whilst the children play in safety in the grounds."

More recently, however, the Manor has suffered from under-investment at the hands of a series of brewery owners. In May this year, a familiar story began to unfold when the current owner Scottish & Newcastle announced that they were putting the property up for sale. Two property development companies submitted plans to the local council that would convert the pub into 36 three-storey houses and flats. Not only will they loose valued social space, but residents are concerned that the new development would attract more traffic to what is at present a quiet residential area.

The Oak, Dewlish, Dorset

Jan Griffin closed up her pub, The Oak, to a storm of local protest in September 2000. Although West Dorset District Council had refused her application to convert the premises in Dewlish into a home for her family, she no longer felt she could devote a 70-hour week to a business that was not making any money.

Ms Griffin found considerable contradictions between local and central government. She said: "The difficulty I have found is that the local government minister, Hillary Armstrong, is saying that village pubs are not vital village facilities, so she doesn't believe the government will give them mandatory rate relief. But I have been refused permission to change the use of my property on the grounds that the pub is a vital facility. If the pub is a vital facility then I should get rate relief just as village post offices and shops do."

She agreed to give the business another go two months later, and reopened the pub in time for Christmas and a Mexican night. But takings remained low, and Ms Griffin complained that her attempts to attract villagers to the pub had failed. With an overdraft of £3,500, she was forced to close down again in May 2001.

Countersunk: the Post Office network

For millions of people across Britain, the local post office branch plays a central role in daily life. Post offices are a focal point for social interaction, information about jobs and community services, financial transactions and advice. A recent survey conducted by ERM on behalf of Postcomm found that almost 90 per cent of rural residents feel that the post offices have an important community role, while 71 per cent said they would be very inconvenienced if their nearest post office closed. The poll found that, in both rural and urban deprived areas, the various services provided by the local post office were especially valued amongst the disabled, those without a car, those over 65, carers and one-parent families. In urban deprived areas, post offices are also the main source of cash and in many cases double as the only store, providing an important source of food and basic items for local people.[31]

Around 97 per cent of post office branches left in Britain are sub-post offices, usually operating alongside a private business such as a newsagent or village shop. Half of these branches serve rural communities, while a further 10 per cent are in urban deprived areas. There about 17,000 sub-postmasters, who in turn employ about 40,000 assistants. The network contains a further 600 branch or crown offices, mostly in urban areas, which transact around 20 per cent of the network's total business.

Britain still has one of the most extensive post office networks in Europe, and 94 per cent of people live within a mile of one of them. The UK has 30 per cent more post offices per 100,000 population than Germany, and 10 per cent more than France.[32] The Rural Services Survey of 1997 showed that only pubs had a greater level of coverage across England's parishes: 57 per cent had a post office, while only 30 per cent had a general store, and nine per cent a bank or building society branch.[33] The Post Office serves an average of 28m customers a week, who average 45m visits.

Yet despite such impressive figures, the number of post offices in the UK has been in steady decline for the last ten years – falling at an average of two to three per cent a year. In 1981, there were 22,000 post offices in Britain. By April 2001, that figure had dropped to just 17,846. According to the *Financial Times*, Britain lost 547 post offices in 2001 alone, 112 of which were urban.[34] The National Federation of Women's Institutes 1999 survey on the 'The Changing Village' picked up a longer-term trend in rural areas. Only around three-quarters of correspondents had post offices in their village, down from 85 per cent in 1950.[35]

Almost all the closures in recent years have been in rural areas, especially East Anglia, Lincolnshire, North Yorkshire and parts of south west England. In most cases, sub-postmasters retire or die and the Post Office is unable to find a suitable replacement. Every year, about 10 per cent of post offices change hands, as resigning sub-postmasters sell their businesses on. This figure looks likely to increase as the people currently running small branches retire. A report issued by the National Federation of Sub-Postmasters revealed that only 30 per cent of those running our local post offices are under the age of 45.[36]

Post office closures have been accelerated by the financial squeeze on small shops. In 1997, it was estimated that about 20 per cent of rural post offices were also the last shops in the village. When supermarkets draw away shoppers, the post office goes too. If one end of these businesses comes under threat – either the retail or the post office – the community risks losing both institutions for good. Rural post offices are also threatened by the loss of 'benefits and bills business' – now being done by bank transfer and direct debit – fear of burglary or armed robbery and the sale of stamps at other outlets. The Countryside Agency also cites long working hours, poor remuneration, increasing job complexity and the difficulty of taking holidays as significant reasons behind sub-postmaster resignations.[37]

A number of post offices in more remote areas do not make a profit. If the Post Office closed all its loss-making outlets, it would save up to £60m a year. But they are subsidised for a number of good social and economic reasons. They are providers of support for vulnerable people, especially the elderly and disabled, many of whom pick up benefit payments from the post office, and rely on it for social interaction and help with government paperwork. They are central sources of local news too. Local authorities, the police and tourist attractions all use the local post office to display information.

Post offices also play a critical role in maintaining local economies. As many as 90 per cent of businesses with under 10 employees use local post offices, usually for a Girobank account. Very often the post office is the only place in the community for cash withdrawals. As with banks, once people have cash in their hands, they will often choose to spend it in local shops (an issue discussed in more detail in the following section). The Countryside Agency found that each post office closure in a rural area caused an estimated 15 per cent drop in trade for local shops. The average contribution of a post office to a local economy of between 500 and 5,000 inhabitants was found to be nearly £18,000 a month, or more than £200,000 a year. In villages where the post office had recently closed, six out of eight businesses claimed that the closure had affected their business negatively. The closure of a post office is often the thin end of the wedge for a struggling local economy.[38]

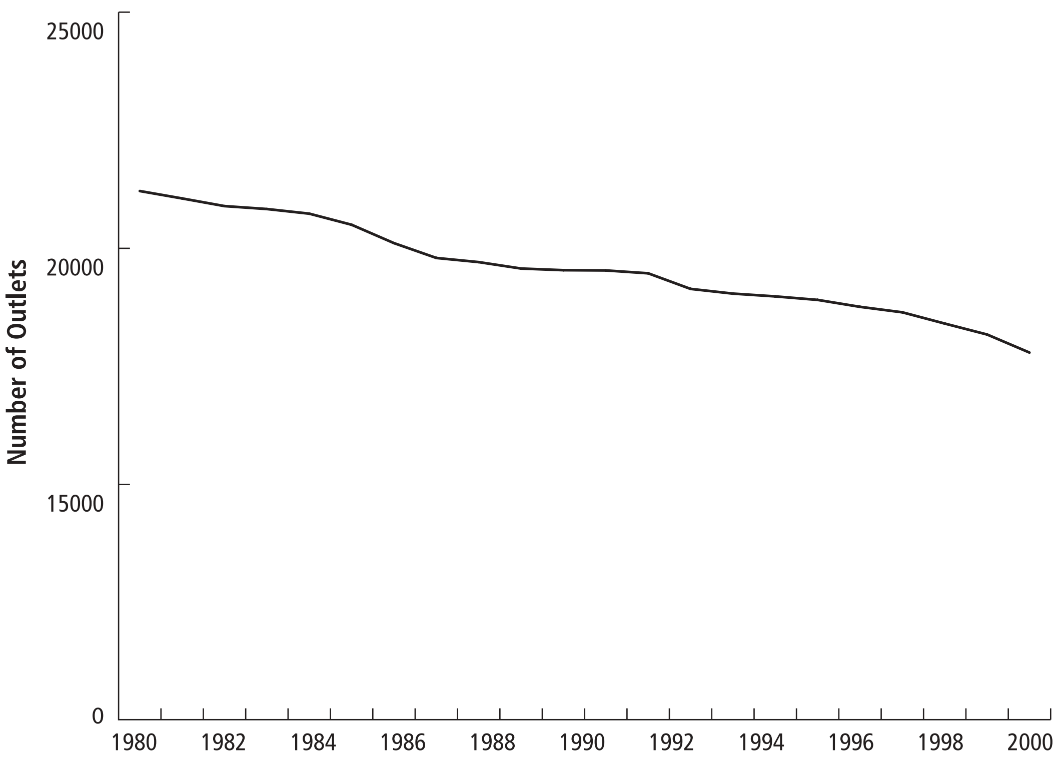
In July 1999, the government published its white paper on the modernisation of the Post Office. Reforms included the Horizon project, which – at a cost of £1bn (end 2001) – has seen the automation of all post offices. From 2003, the government will send benefits to the 16 million claimants through their bank accounts. Although saving money for taxpayers, this new system will cost post offices £400m a year.[39] By using an electronic card system, the government estimates each transaction will cost a penny to process, compared with the 49p needed to cash an order-book payment or the 79p required to process a giro.

Utility companies also prefer their customers to pay bills through direct debit for the same reason, and even often offer a discount if they are prepared to do so. The result will be a drastic reduction in post office revenue from handling fees, which currently comprise between 30-50 per cent of the income of average small sub-post offices. Although the automation process may well make life easier for both customers and post office staff, the resulting loss of income will need to be replaced or supported in some other way. Otherwise, more sub-post offices can be expected to close, especially in poorer areas, where benefit handling has made up as much as 70 per cent of income.

In April 2001, after protracted discussions, the government and 11 financial organisations agreed to establish universal banking services. The scheme, which will cost the banks a total of £36m a year, aims to provide basic services through the Post Office to the 3.5m people in the UK without a bank account. While providing a valuable source of new revenue for post offices, the amount falls some way short of £400m deficit left by the Horizon smartcard. Colin Baker, general secretary of the Post Office, has admitted that without a multi-million pound investment from somewhere, the country can expect to lose another 5,000 post office branches "very quickly".[40]

In December 2002 the goverment announced a package of financial support totalling £150 million per year. Yet both the government and industry observers said this would not prevent further closures.

Figure 5: Number of Post Offices in Britain 1980-2001



A typical day at the post office

Haroldswick*, *Uist, Shetland Isles was formerly Britain's most northerly post office before closing in November 1999 when the sub-postmistress retired. Despite the best efforts of the Post Office, the local authority and the local MP, no suitable replacement was found, possibly because there was no living accommodation attached to the premises. The village still has a shop, but residents now have to travel five miles to get to the nearest post office.

In ***Checkley, Staffordshire,*** the post office was owned by the community, and ran from a converted pig-sty, attached to the sub-postmistress' house, until she retired in April 2000. The premises were not offered for continued use, and no applicants came forward to take over.

In ***Willingham, Lincolnshire,*** the post office closed in 1997 after the sub-postmaster retired and did not offer up the premises for continued use. A likely candidate was found to replace him, but problems arose with the local council, who refused permission to change the use of the new premises. The application fell through.

For three generations, the post office in ***Dallowgill, North Yorkshire*** was run from the living room of the same family. But after 92 years, the Sidgwicks decided to shut up shop in August 2000 because they did not believe that modernising the office in order to process benefits payments over the Internet was worth the investment for its tiny community. Residents of the settlement now face a five-mile journey to Kirkby Malzeard to get to the nearest post office.[41]

Early closing: the bank branch network

More than anywhere else in Europe, banking in the UK has become highly concentrated amongst a handful of institutions. The 'Big Four' of Barclays, Lloyds/TSB, HSBC and RBS/NatWest together account for over two thirds of all private current accounts in Britain, and have a virtual monopoly (89%) over small business accounts. Customers have therefore become highly dependent on the services that these four companies provide, and often rely heavily on the accessibility of high street branch or cashpoint services provided by the Big Four.

During the 1990s, the number of high street bank branches fell dramatically. Britain lost over a quarter of its branch network between 1990 and 2000. The Campaign for Community Banking Services (CCBS) report that the big four banks alone have shut 4,000 local branches since 1990. Although there has been a temporary pause in closures since early 2000, Deloitte Research has estimated that the termination programme will ultimately continue, with a further 3,600 branches shutting up shop by 2005. CCBS has calculated that this would leave a total of 1,600 communities in England and Wales with no bank, and another 800 places clinging onto a single remaining branch.

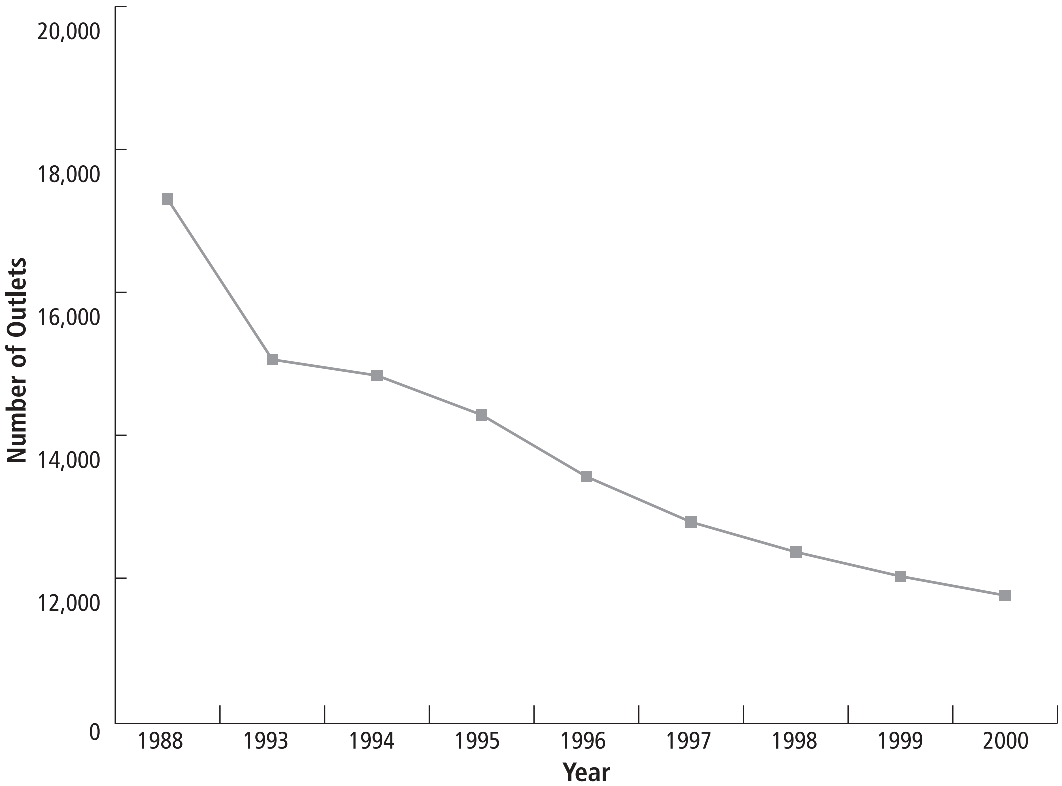
Rural communities are particularly affected by branch closures. The Countryside Agency estimates that 25 per cent of households in England are more than 5km from a bank. Rural areas, like East Anglia, Lincolnshire, parts of the Pennines, the Welsh borders and the remoter parts of Devon and Cornwall, have the lowest concentration of branches, although suburbs often have limited access because services tend to be located in the centre of town.[45] Although only three per cent of the total population live more than four miles from a bank, the CCBS estimates that there are 800 communities with only one branch left.

This situation reflects the major structural shifts that have taken place in the retail financial services industry in the last decade. Technological advances have meant that branches are no longer primary sources of market knowledge, or indeed the places where products are sold to customers. Telephone and Internet banking are becoming increasingly popular, especially with the most valuable higher income customers.

Figure 6: Number of Bank Branches in Britain*

Source: British Bankers Association. Abstract of Banking Statistics, 2001.

*Excludes Northern Ireland. Figures represent annual branch network as of end-December



The big banks face new competition from branchless banks with low overheads, like Virgin One, Egg and Smile. The average cost of a transaction in a branch is twice that of one conducted over the telephone and three times as much as one made with an automated telling machine (ATM). 'Multi-channel banking' means that the branch has declined in importance. Brand management, long-distance product delivery and sophisticated database technology are now the priorities for banks that want to survive.

Since the public relations disaster of early 2000, banks have at last begun to recognise that they have social responsibilities to communities as well as financial ones to shareholders. Barclays was hammered in the media when it closed 171 branches on a single day in April 2000. It has since said that there are no plans for further closures. Lloyds-TSB has committed itself to keeping open "for the time being" the 120 branches that are now the "last banks in town". Acquisition complete, the Royal Bank of Scotland has likewise called a halt to NatWest's branch closure programme, extending a life-line "in the short- to medium-term" to another 140 banks. HSBC's last purge was in the early 1990s, and has since consistently claimed to remain committed to its branch network.

But despite these public overtures, moves by banks to offer services through the UK network of post offices could mean the closure of yet more bank branches. The director of Alliance and Leicester has calculated that banks which offer services through post offices need no more than 700 branches of their own. This could mean the closure of a further 1,600 bank branches by Barclays and Lloyds TSB.[43] Meanwhile, HSBC's market share of the personal and small business banking – the products that are particularly reliant on branches – has not increased in recent years and remains small. Yet the company's branch network is still roughly the same size as the other big banks, and looks increasingly overweight in comparison. Thus, although most consumers who have access to branches still prefer to do much of their banking over the counter, expanding use of ATMs, post office counters, cash-back facilities at supermarkets and virtual banking is continuing to make branches in marginal communities commercially unviable. As the CCBS notes, the economic drivers of branch closure have not gone away.[44]

As local branches are closed, it is the more vulnerable customers that suffer first. Bristol University's 1999 report for the British Banking Association, *Banking without Branches*, found that older people are reluctant to use cash machines in some areas due to the risk of mugging, and the greater distances they are required to travel to make deposits may put them off the trip altogether. Only eight per cent of customers were prepared to trust post or machines as the main way to deposit their money, while 77 per cent of people normally paid in money over the counter at a branch.[45] Help the Aged has warned that the closure of local branches could trigger a return to the "money under the mattress" syndrome of the past. Other groups affected are the disabled, people with limited mobility, the unemployed, women with young children (especially single parents) and people without cars, who have to rely on public transport.

Local economies suffer enormously from bank closures. The Bristol University study found that 94 per cent of people combined visiting their bank branch with shopping. When people come to a town to use a bank, they will often stay to spend. People would have been content to use local shops but said that combining shopping with a visit to a bank was a way of spreading the cost of the trip.

But shoppers are not the only ones who make regular use of high street bank branches. The Bristol study found that some 70 per cent of small businesses visited a bank branch at least once a week, and eight per cent do so every day. This figure rises for shops (78%) and catering businesses (85%), which are particularly reliant on branches because they need small change for the tills and they need to pay in regularly. In rural areas, charity organisations like churches and schools – which collect large sums in small amounts – also need somewhere local to make deposits. When the last bank in town closes, local retailers and charities all suffer a knock-on effect. Local traders report losses of between 10 and 30 per cent when the last local bank closes.[46]

Branch closures in poorer areas also have other social implications. People need to save for the short-term and for the future, pay bills and cash cheques – they also need access to home and life insurance, and a way to raise credit in an emergency. As banking facilities are withdrawn from disadvantaged communities, households with low incomes are increasingly forced to turn to moneylenders, pawnbrokers and loan sharks for credit – often accepting risky loans at unsustainable interest rates. As the chief executive of one of the UK's largest moneylenders said: "The banks are all leaving this market. Every time they close a branch, every time they cut staff, there are more people dropping into my market."

Local economies also need access to enterprise finance for small and micro-businesses that form the backbone of many regeneration activities. In poorer urban areas, branch closures have made it even more difficult for micro-entrepreneurs to get access to capital. Many one- or two-person businesses therefore never get the finance they need. Without them, the local economy loses the income and employment they could generate – as well as the energy and enterprise behind them. The more 'high-risk' a neighbourhood is deemed to have become, the higher the interest rates and the harder it is for individuals to raise money for enterprise. For longer-term investors, such as small business owners, homeowners, landlords and housing associations, investing in disadvantaged areas is increasingly not worth the trouble. As one report put it: "Already in most major cities, there are areas where properties are being abandoned on a large scale." Shops are boarded up, housing deteriorates and small businesses move out along with the employment opportunities they provide.[47] This process exacerbates underlying patterns of poverty and social exclusion, including poor housing, low income and inadequate services.

"There is nothing inevitable about the closure of rural bank branches in Britain," says Derek French, director of the CCBS, "just as there is nothing God-given about our patterns of banking. Other places do things differently – and often with greater success."[48] A glance at European banking bears this out. In England and Wales, there are 150 branches per million inhabitants. In France, there are 400, Germany 600 and Spain 900 per million. In the USA, community reinvestment legislation means that banks have an obligation to meet all the credit needs of the community in which they operate.

US legislation also provides a wider accountability framework, within a context in which the information that is disclosed is of direct use. The closest we have got to such legislation in Britain was a private members bill from Labour MP Tony Colman in 1998, which would have required banks to demonstrate that their deposit facilities served the convenience and credit needs of the communities in which they are regulated to do business. The bill was never passed.

The Social Investment Taskforce have argued for the government to encourage banks to develop local partnership ventures through Community Development Finance Initiatives (CDFIs) in under-invested areas, but cautioned that any government incentives would only be effective if satisfactory information is available about individual bank lending in these communities. They called for greater efforts to collect information at the community level, in order to inform entrepreneurs and others of their lending practices. The task force believe that "the provision of detailed information about individual bank lending in under-invested communities is essential to its vision of an effective community development finance system."

Wheathampstead, Hertfordshire

Barclays closed the last bank in Wheathampstead, Hertfordshire, in September 1999. The village's 5,000 residents have now been left with a five-mile journey to neighbouring Harpenden or a seven-mile trip to St Albans for alternative banking facilities.

Councillor Chris Oxley spoke to the local newspaper in January 2001, after an application to turn a disused shop into a fish and chip shop was turned down by the district council. He saw it as another step towards the degeneration of village life, which began with the closure of the bank: "The problem is that if someone has to get in their car and drive to the bank in town or Marshalwick, for example, they might just as well visit the other shops there. What happens then is there no longer becomes a need to use their local outlets."

The village lost a bakery, a dry cleaners and a newsagents in the months following the bank's closure. The manager of the newsagents reported a big drop in turnover on cigarettes, sweets and newspapers as regulars stopped coming to the bank in the village. Salad Bowl, an independent florist and greengrocer, was put up for sale at the beginning of 2001 because of a slump in turnover for groceries.

Other practical alternatives also exist, in particular the 'shared branch' or 'community bank', which the main banks would operate together, sharing both the facilities and costs of a local branch. The government recently launched the new 'universal bank', which will be available to consumers via the Post Office. But this will only provide services directly to people on benefit. Other basic financial services needed to combat financial exclusion – direct debit facilities, a card to use ATMs, and the ability to prove responsible cash management as a preliminary to applying for credit – are being left to the banks. The Bristol study also found that post offices were not a popular alternative to the local branch, falling some way behind shared and self-service branches.

To open up choice, the British Bankers Association is currently piloting a scheme that will allow customers to make withdrawals and exchange notes and coins through a competitor bank's branch. The scheme, which will run through 2002, is operating in ten communities on an experimental basis. Only customers of Barclays, HSBC, Lloyds-TSB and NatWest can take part, with the costs of running the service borne by the banks.

While a step in the right direction, the CCBS is concerned that the scheme has several serious limitations. First of all, the banks have used a very limited set of selection criteria for the pilot programme, only considering existing branches where there is no other bank within a five-mile radius. This has excluded other deserving communities with no bank branches and those expanding and regenerating areas that need a branch to realise their economic potential. The limited set of criteria has meant that other formats for sharing – including operational partnerships with credit unions, location alongside post office franchises, mobile multi-banks and 'neutral' multi-bank outlets – have all been overlooked.

Derek French believes the latter option, in which communities take full control over the ownership and operation of the branch, could have a particularly crucial role in filling the gaps left by the closure of individual banking outlets. "What banks do not need", argues French, "is the further destruction of customer loyalty where it still demonstrably exists, in villages, small towns and urban communities throughout the country. The neutral branch – the community bank – as a delivery channel for transactional services could be the answer for banks, customers, communities and governments."

Houghton Regis, Bedfordshire

In recent years, the economy of Houghton Regis has been struggling. The Bedfordshire town, with a population of 17,000, suffers from relatively high levels of deprivation, and retailers in the town square were badly affected by the loss of the town's three bank branches. Barclays and Midland withdrew in 1991-92, and NatWest closed the last bank in town in February 1997, despite the fact that 400 people a day were using it right up until the week it closed.

Within just six weeks of the last bank's closure, the local baker, butcher and newsagents all experienced a drop in business. The local chemist reported a drop in turnover of 20 per cent. A shop selling children's clothing closed, along with an off-licence and an independent greengrocer. One business moved its premises to neighbouring Flitwick, with a population of 11,000, only for NatWest to close the last bank there too. Two ATMs have since been installed – one in a petrol station and one in a Londis estate shop – but these have done little to help the town centre's ailing businesses.

Realising that their town's economy was dying, Houghton Regis Council decided to take action. They drew media attention to their plight, with both the Guardian and Mail on Sunday highlighting the effects of the bank closures on the local economy. The CCBS also became involved, and conducted a survey of almost 1,500 people on behalf of the council that showed that 99 per cent of residents wanted a bank branch in the town. The poll also revealed that 34 per cent wanted a NatWest – the last bank to leave the town – while 60 per cent stated a preference for a 'shared bank' open to all customers and 85 per cent saying that they would use such a branch.

After much pressure, RBS Group announced in January 2002 that it would re-open a NatWest branch in Houghton Regis for a trial period of two years – the first time a bank branch has reopened in living memory. But while the town council reacted with pleasure, the CCBS warned that the move may only be a temporary reprieve. By not opening a shared branch, the bank's need to reduce costs has not been addressed. Also, footfall will be limited to NatWest customers, and the bank will not earn any additional 'agency' income from business use by customers of other banks. The CCBS sees the failure of RBS/NatWest and the other major banks to provide a shared service in the town as a missed opportunity, and warns that there is a "distinct possibility" that the NatWest branch will close again in a year's time.

Community cashpoints as a lifeline for local business

Research conducted by NEF confirms the importance of a local cash source. A survey conducted in Ibstock, a rural market town in Leicestershire, showed that bank branches and cash points provide a vital lifeline to local businesses. The study was conducted with Ibstock Community Enterprises (ICE), an innovative social enterprise that arranged with the Bank of Scotland to run a local cashpoint following the closure of the town's last bank branch, as well as providing a small local agency point with Hinckley and Rugby Building Society. The researchers set about tracking where local people spent the money they withdrew from these services to assess whether local businesses were indeed benefiting. The results were striking. For every £10 withdrawn from ICE's cash point, £6.30 was being spent within Ibstock, while £3.80 of every £10 withdrawn from the building society's agency point was spent in the local economy. The study also found that the vast majority of users (87%) lived within Ibstock, and that nearly three-quarters of those surveyed use either of the cash sources at least once a week.

Local retail: reaching the tipping point?

The trends we have identified in this report, and the future forecasts, are all based on a linear analysis – business as usual. But there is a real danger that the next 10 years will not be a straight-line extrapolation of the past decade. Instead, there is the risk that local retail, eroded away over years, may suddenly collapse when it reaches a minimum viable density. This is called a *tipping point.* Figures 7 and 8 demonstrate the difference between a forcast based on linear progression of current trends, versus a possible exponential decline following a tipping point scenario.

The concept of the tipping point is simple. A number of different forces moving in the same direction can have very little impact for years. Then suddenly, everything changes: that's how fashion works. Best-selling US writer Malcolm Gladwell uses the example of Hush Puppies trainers. In 1994, sales were down to 30,000, and holding company Wolverine was talking about phasing them out. Then, one day at a fashion shoot, two Hush Puppies executives were told that the shoes were becoming trendy in downtown Manhattan, and kids were starting to wear them again. The ball started rolling. In 1995, Hush Puppies sold 430,000 pairs of shoes. In 1996, they sold 1.6m. Pretty soon, they were in every mall in every small town in America.[49]

It is widely acknowledged that financial markets work in similar ways. It only takes a few key players to lose confidence in one big investment, and share prices collapse, companies go bust, national economies slump into recession and people lose their jobs and livelihoods. The global economy is now intertwined to such a degree that an unpaid bill in Russia can trigger a full-blown financial crisis in South East Asia. Witness the recent fall in investor confidence and concomitant crash in world stock market values, which demonstrated how fickle the market can be when it comes to assigning value to company shares.

Sadly, the shove across the tipping point for many rural economies in Britain may have come under the guise of the BSE virus. The economic impact of the foot-and-mouth epidemic has yet to be fully calculated. However, preliminary estimates conducted by the Countryside Agency reveal the devastating nature of the outbreak on the rural economy, and has even impacted the urban economy via reduced numbers of tourists.

A sampling from a few of the counties worst effected shows the extent of the damage. In Cumbria, the GDP of the county fell by 10 per cent between 2000 and 2001. The Yorkshire Tourist Board reported a 50-60 per cent fall in income from tourism. Forecasts from the North West showed a cumulative impact as a regional loss of £1.54 billion. Overall, the Tourism and Travel Institute estimated that the crisis would cost the UK tourism industry a total of around £7.5 billion in 2001. Although agriculture, tourism and the service sector have been the industries most directly impacted by the disease, the knock-on effects have been wide ranging. A survey by Department of Environment, Food and Rural Affairs (DEFRA) identified that 25 per cent of businesses nationally have been negatively affected. This figure increases to 30 per cent of businesses in the southwest, rising to 40 per cent in Devon, Cornwall and Cumbria.

The rural economy, especially the agriculture and tourism sectors, will be hit much the hardest by the outbreak. The National Farmers' Union claim that between mid-February and June 2001, farmers' uncompensated losses ran to at least £250m a month, about £1bn in total. This includes losses incurred due to the export ban, increased farm costs and the reduced value of the animals left unsold as they grow too big for supermarket specifications. What is much harder to assess is the number of farmers for whom the epidemic is the

knockout punch after a series of body blows that have hit British agriculture over the last five years. Anecdotal evidence suggests that they may be tempted to use the compensation from the government to retire. And in today's economic climate, they are unlikely to be replaced.

The English Tourism Council (ETC), meanwhile, has estimated that – if nothing is done to help the industry – the domestic market can expect to suffer losses of £5bn in 2001, £2.5bn in 2002 and £1bn in 2003. The epidemic will probably also have a direct impact on the security of 150,000 jobs. The government has so far allocated emergency funding of £3.8m to the ETC for losses in April and May. A further £2.2m was earmarked for the British Tourist Authority, along with another £12m for international marketing.

But, according to the ETC, the government has failed to take into account the importance of domestic tourism. With nearly £4 out of every £5 spent on tourism coming from people who live in England, this is a major oversight. Again, it will be the smaller businesses, independent hotels, bed and breakfasts and pubs, which will be most seriously affected. The Chartered Institute of Purchasing and Supply reported that hotels and restaurants had suffered a sharp drop in sales during March 2001. Despite a solid recovery in April, many businesses that were already struggling to keep their heads above water in fragile rural economies may now sink without a trace.

The foot and mouth crisis demonstrated the vulnerability of already-beleaguered rural economies to shock events. Struggling shops and village inns that depended on the shot in the arm provided by tourist spending were suddenly left without a vital lifeline. Other local businesses catering to the agricultural economy were left without clients as the industry ground to a halt. The exact path of the knock-on effects is hard to trace, but the ripples spread far and wide. The fear is that, rather like an ecosystem effected by a calamitous natural event, many market towns and villages will only make a partial recovery. Meanwhile, other areas that have lost vital local services face an anxious future, as the prospect of some unforeseen blow – a harmful planning decision or international trade policy – threatens to drive them over the edge of the tipping point.

Figure 8 displays the R^2 values for three possible interpretations of the trend in VAT registered retail businesses from 1980 to 2000. The linear and exponential trend forecasts are both plausible, judging by their reasonably high R^2 scores – a test of statistical robustness. If either of these extrapolations is correct, we would approach a situation where there were only about 150,000 retail businesses left in Britain by the period 2015-2020.

But of the three forecasts, the polynomial curve, which starts to dip away sharply, is an even better fit to the data, suggestive of what could happen if retail was approaching a tipping point beyond which it could no longer be sustained. An R^2 value of 0.97 is alarmingly significant suggesting that if nothing changes, the number of retail businesses in the UK could fall below 100,000 by the year 2010.

Note that these trends simply find the most convincing fit to the existing trend and are in no way a model based on estimates of the impact of current or future policy.

Figure 7: Ghost Town Britain 1980-2000 with linear trends to 2010

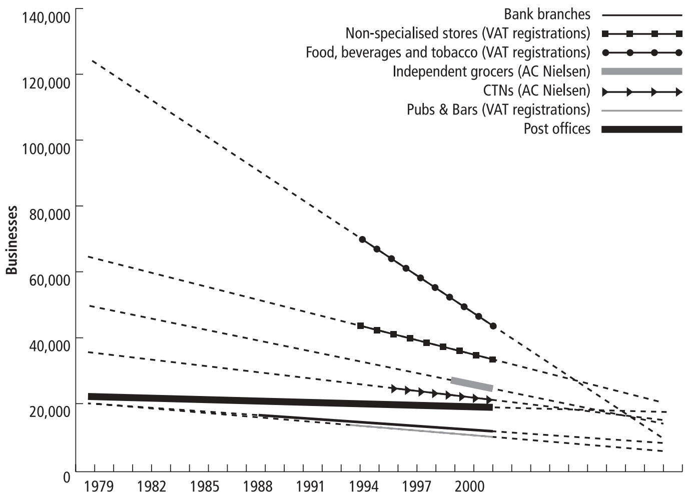
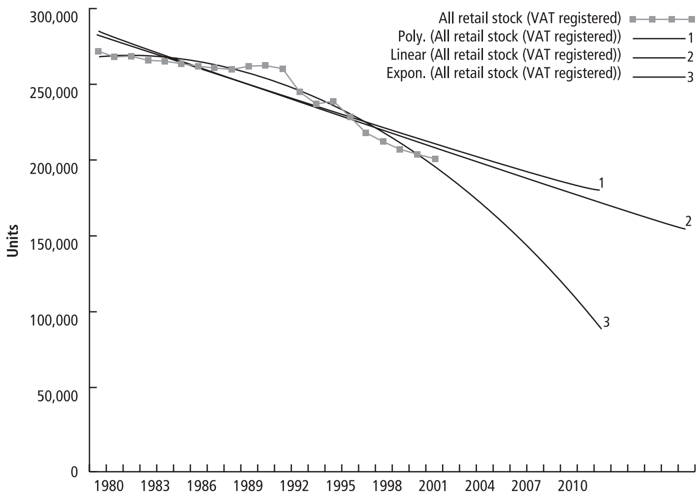


Figure 8: Ghost Town Britain trends and forecasts for all retail outlets (VAT registered) 1980-2000 and trends to 2010



PART II – SWIMMING AGAINST THE TIDE – ANTI-LOCAL FORCES

Economic orthodoxy says that large-scale production has the economies of scale that will provide food, goods and services most cheaply and most efficiently. The British government's top rural recovery advisor and chairman of the giant Northern Foods, Lord Haskins, sees little future for many small-scale farm producers. He predicted recently that the number of farms would halve by 2020 and suggested many farmers would have to take second jobs to survive. Haskins was condemned by the National Farmers Union as "totally out of touch with reality", and by others as having taken the job with a preset agenda.

Centralised energy supply, large-scale agriculture and mass production provided the impetus against small-scale farming. But the 21st century requires fossil fuels to be replaced by renewables to tackle climate change. It is also likely that the needs of health, rural communities and the environment may change the agenda. Technological advances mean that mass production can now be replaced by small scale decentralised operations. But such a transition needs local economies that are underpinned by local business.

Even so, the powerful beneficiaries of the old order – transnational companies and supermarket giants – have pressured government policy makers to provide legislation, subsidies and tax breaks that discriminate in favour of large scale development over smaller and more local enterprise. The superficial justification for this approach is that the food, energy and transportation that results is cheap and therefore good. In fact, with full cost accounting it is probably more expensive and destructive.

The apparent cheapness has a deferred cost, a global 'live now, pay later' clause. Climate change, for example, is worsened when economic growth is powered by the profligate use of under-priced fossil fuels. Also, food produced intensively with high energy and agrichemical inputs passes its costs onto a polluted environment – which has to be paid for too. Big supermarkets use centralised supply systems depending on motorways and cheap fuel to allow their supplies to be transported up and down the country and across the world.

What follows are examples of how planning law, subsidies, taxation policies and government procurement practices benefit large companies who provide goods from ever further away. While not comprehensive, they do illustrate a damaging trend of preference for the big and distant at the expense of the local and small, a trend which is helping to tip us toward Ghost Town Britain.

Not part of the plan

The planning system in Britain is undergoing radical change likely to favour large and centralised businesses. According to Friends of the Earth (FoE): "Land-use planning remains one of the most effective, sophisticated and radical instruments for environmental regulation yet conceived in the United Kingdom." FoE believes that the system is fundamental to local democracy and "how we achieve sustainable environmental change."[50] Yet there are fears that the current review of planning has been co-opted by sectoral interests. It is a view supported by the Confederation of British Industry's claims to have successfully shaped government proposals:

"The land use planning system is of vital importance to business, as it determines what can be built where. However, the current planning system is too slow, too uncertain and inflexible, and too liable to make poor decisions, which is damaging to productivity and competitiveness… The CBI welcomes the government's commitment to reform. Much of what's in the Green Paper reflects proposals in our own report in July 2001."[51]

When the planning system was devised by the 1945 Labour government, it was informed by the need for post-War reconstruction and underpinned by a strong commitment to a democratically controlled public sector. This policy hinged on an understanding of the limitations of the free-market. But these days, planning is increasingly regarded by governments and business as slow and cumbersome. The government says it wants a faster, fairer planning system. Yet its current shake-up, launched in December 2001, contains proposals which could deliver the opposite.

The most damaging potential changes to the planning system are contained in a Green Paper on the reform of the local planning system, and a consultation paper on the procedures for the approval of major infrastructure projects.[51] Together, the two documents potentially represent the most significant erosion of civil rights in planning by any government since the system was introduced in 1947. Instead of proposals with the potential to deliver progressive social policy agendas of inclusion, community empowerment and democratic renewal at the national, regional and local levels, critics fear the changes will result in the loss of accountability and administrative chaos.[53]

The government's Green Paper proposes that Structure Plans, Local Plans and Unitary Development Plans (UDPs) should be abolished and replaced by broad-brush Local Development Frameworks (LDFs). Shire counties will lose their planning powers to new non-elected regional bodies. Local authorities will have the discretion to prepare more detailed action plans for neighbourhoods, towns centres and conservation areas, but individuals with objections will lose the right to be heard at a local public inquiry. Important national policy, for example Planning Policy Guidance notes, on issues like nature conservation will be slimmed down.

The proposals also back the CBI's request for 'speeding up the planning of major infrastructure projects'. Under the new system, Parliament would be able to grant permission for a wide range of projects – including large scale quarrying and opencast mining, chemical plants and roads over 30km. Local people will no longer have the right to challenge the principle, need or location of major developments. Public inquiries will still take place, but will be tightly restricted to matters of detail.

Individual objectors currently have the right to address a local public inquiry. They can talk directly to a planning inspector and cross-examine local authority officers and developers. But the government claims that this is "time consuming and adversarial".[54] Instead they propose that public consultation should be based on informal hearings or examinations. Examinations in public are by invitation only. This will replace a tangible and legal right for the public to participate, with an ill-defined set of opportunities to be 'involved'. In a distant echo of the days when the right to vote was limited to those who owned property, the Green Paper suggests that only those with property interests directly affected by a plan will have the right to be heard in public.

Altogether, the implication is that the direction of planning law will erode local control over the local economy and that large-scale infrastructure projects are more likely to go through on a Parliamentary nod, rather than a rigorous, more democratic and comprehensive public inquiry process.

In 2000, the Environment Committee of the House of Commons slammed the Office of Fair Trading (OFT) proposals to relax planning controls on supermarkets. It also condemned the OFT for referring supermarket planning matters to the Competition Commission without taking evidence from planning experts or the DETR.

The Environment Committee said relaxing planning controls would be disastrous, but in calling for new stores to go in town centres, it overlooked other damaging effects that superstores have on local economic diversity. Whilst the new planning guidance has not prevented all new store development, there has been a decline in new planning approvals for out-of-town superstores. The Labour government has so far upheld the guidance. But their current planning Green Paper favours supermarkets through its refusal to consider third party rights of appeal, despite the fact that this appears to contradict Article 6 of the Human Rights Act. Only the applicant, in this case the supermarket, can now appeal against a planning decision if it goes against them.

Supermarkets enjoy enormous political influence in Britain. David Sainsbury, the chain's former chief executive and one of the richest men in Britain, is Minister for Science and Innovation and a major donor to the Labour Party. Tesco executives sit on six government task forces and made a £12 million donation to the Millennium Dome.

They can and do persuade local authorities to contribute to the cost of link roads and other infrastructure for new stores. They successfully lobbied to overturn John Prescott's proposed tax on out-of-town parking, in the process keeping their 'free parking' advantage over town-centre based shops. Milk rounds, corner shops and bakers have had to close following the use by supermarkets of below-cost 'loss leaders' such as bread and milk. Although criticised by a Competition Commission inquiry, the situation remains.

Reliance on 'just in time' delivery services also keeps thousands of heavy juggernauts on Britain's taxpayer-subsidised road network, travelling to and from centralised warehousing and processing centres. Supermarkets' power also means that the livelihoods of farmers are significantly under their control. By forcing them to provide their goods at rock bottom prices and to be part of an ever-decreasing pool of dependent farmers, supermarkets provoked the National Farmers Union in September 2002 to launch a campaign against such centralised purchasing power.

James Marriott's story of Higham in Kent

I live in a village called Higham in North Kent, on the Southern shore of the Thames as it flows into the North Sea. It has traditionally been a place for growing foodstuffs for the capital. In the 19th century, the fields were full of hops for beer, but in the 1950s this market collapsed, to be replaced by fruit orchards – especially apples, pears and cherries. These were harvested by groups of temporary travelling workers, and also Londoners who used to travel to the Kent countryside to earn a few bob picking fruit, which was then sent for sale in Covent Garden.

But in the last 10 years there has been a real change in village life. We used to have a shop-cum-post office, like lots of villages, run by a couple who had lived in the village for years. They never made a huge living from their little enterprise, but they got by. But the last threat to them came in the shape of the supermarkets. For lots of village shops – not just Higham's – the recent supermarket policy of stocking newspapers and magazines signalled the death knell for the corner shop, because people stopped buying from them and picked up their papers with the rest of their shopping. And the introduction of Sunday trading meant that corner shops even lost the mark-up they got for being open at unusual times – unlike the supermarkets.

Two decades years ago, there were three shops in Higham, and the last one has now gone. But we didn't just have a local shop. We used to have a man, who drove around in a re-conditioned ambulance. He was a travelling butcher who used to deliver meat door to door – especially to older people. But then one day he disappeared. The spot by the village green where he used to park was empty.

Some months later I noticed a new van parked in Frank's old place. But this time it was a Tesco van – doing a home delivery. The van had come from Gillingham 20 miles away. Symbolically it was parked in the same place as our old local butcher.

Higham is owned by St John's College, Cambridge. Nearly everyone pays a tenant's rent to the college. Bob was one of the few whose family had bought their house from the college, generations ago. But Bob lives in a caravan now. He had to sell his house because the price of fruit collapsed – in large part due to supermarket monopolies. He has terrible debts. It is now cheaper for him to leave his fruit rotting on the trees than to pay people to pick it for him.

One time Bob tried to vary his crops. A man from a leading supermarket suggested he grow pumpkins to sell instead. Just as Bob had harvested them, the supermarket changed their mind – the demand was way below what they expected. So Bob was left with a yard of rotting vegetables. Farmers don't make any money. So they don't employ people. In a cheap fossil fuel economy it's cheaper to send an internet shop from 20 miles away than to buy local.

The village is like a weakened body these days. Recently, planners have mooted building a huge airport at the edge of the village. There are 'Stop the Airport' signs everywhere. The campaign has created a unity of sorts. But what is really sad is that because there are no networks anymore – shops, post offices, networks of fruit-pickers and other sociable gatherings – so the campaign is not nearly as strong as it might have been, 20 years ago.

Outlawing the local

Public sector agencies are significant purchasers of goods and services, and local government procurement budgets can be enormous. Last year, Britain's second biggest city Birmingham spent approximately £320million on service contracts and something in the region of £11.6million on food.[55]

If spent locally, this type of public spending could provide a powerful spur to the rebuilding of local economies. But the ability of a local authority to do this is constrained by international, European Union and national laws. As a member of the World Trade Organisation, Britain is not supposed to give preference even to national goods over those of other members, though many agricultural products are exempted and some countries have won some modest exemptions to support traditional businesses. The EU's laws are even stricter, forbidding the use of location or proximity – officially termed 'territorial discrimination' – as grounds for public authority buying policies. UK national law inevitably reflects this as it prohibits consideration of location of supplies and services.

Also, because of the benefits, ways to circumvent the old iron rules have been found. Cornwall County Council is backing local food suppliers as part of a £1 million contract to supply school meals to 32 county primary and secondary schools. Already three-year contracts, worth a total of approximately £350,000 per annum, have been awarded to four local suppliers for fresh meat, groceries and provisions, frozen foods, and vegetables. All contracts were won on commercial grounds of competition and quality. The council fostered local bids by holding briefing sessions to improve local suppliers' understanding of the tendering procedures and the types of contract in question. They are also increasing the amount of fresh food on school menus.

Some authorities have stipulated 'non-discriminatory' quality factors in contracts, such as 'freshness', 'seasonal menus' and 'quick delivery', and these naturally provide an advantage to nearby producers. Others, such as the NHS supplies agency PASA, have been less eager to grant large contracts. By encouraging small businesses to bid for parts of contracts rather than the whole, they have 15 suppliers based around the country who deliver fresh fruit and vegetable directly to hospitals, rather than the goods going through the usual distribution system of one large supplier.

Though this is encouraging, the overall thrust of WTO and European purchasing laws clearly favour big companies, who enjoy all the subsidies described above, that already have false economies of scale, allowing them to appear to be 'cheaper' – in the narrowest sense – than local products.

Two key concerns in purchasing are quality and cost. These are the principle values which drive the European Union's single-market policy, and it would be wrong to adopt a policy that failed to take account of these considerations in the decision-making process. The trouble is that the benefits of purchasing locally have been almost entirely disregarded or actively prohibited. The EU's European Public Procurement Directives cover all public bodies. They dictate that all contracts above a certain threshold must be tendered across Europe. These directives repeat the Treaty of Rome's effective ban on territorial 'discrimination' and on policies considered anti-competitive. Threshold values vary according to the supply or service in question. For most supplies, including food, the threshold value of any purchase is £144,456.

Under the regime, an authority cannot incorporate costs like damage done through transport related emissions to the atmosphere, or the potential costs of climate change, into its criteria for purchase. Both of these would, most probably, favour buying locally. The conflict between these procurement rules and broader government environmental policies is now being increasingly felt.

A recent ruling of the European Court of Justice has, however, challenged this situation. A ruling on 17 September 2002 known as the 'Helsinki Concordia Bus Case' is considered to have set a precedent allowing social and environmental concerns to dictate government procurement decisions.[56]

In Britain, a working group was recently established at DEFRA to work out how government bodies can carry out the procurement of goods and services in a manner that supports their policy objectives for sustainable development. Many of these objectives, such as the commitment to reducing climate change emissions through the Kyoto Agreement, would logically point to an increase in the proportion of purchasing done locally. But the pressures that governments are subjected to – and which normally mean they keep subsidising energy and long-distance travel infrastructure.

A free ride for long distance transport

New transport infrastructure schemes like motorways and airports consistently favour long distance travel over the local – and new planning laws look set to increase the bias. The public allocation of subsidies and tax breaks also favours the large and remote.

Like the United States, long distance road transport systems are common in Europe and subsidised by government. The European Roundtable of Industrialists (ERT), made up of the representatives of Europe's 45 largest companies, called for $60 billion worth of new motorways and rail projects, and threatened to relocate out of Europe if they didn't get it. The European Commission largely embraced their demands and is contributing to the funding of a €400 billion Trans-European Network, the largest transport infrastructure programme in history.[57]

The rest of the funding is ultimately the responsibility of national governments. The 150 projects planned for construction by 2010 include thousands of kilometres of new motorways, high-speed passenger and freight train links, airport extensions and waterways. The latest priority demanded by the ERT is the expansion of the Trans-European Network into Central and Eastern Europe as part of the EU's enlargement programme. The EU has accordingly designated €15 billion to spend on this by 2006.[58]

In Britain, traffic volumes are predicted to keep rising. Government transport officials see this as a natural corollary of economic growth. But the shape, nature and management of that growth seems not to be discussed by officials. According to Paul Hamblin, head of transport at the Council for the Protection of Rural England: "Billions are to be spent on new roads which will increase traffic levels, damage the countryside and further erode its tranquillity. And all this to shave a paltry 23 seconds off a 10km journey in ten years time. A rebalancing of the plan is essential to deliver changes more quickly which improve people's local environment, transport choices, and travelling experience."

The House of Commons Select Committee for Transport, Local Government and the Regions comments that: ''The (government's ten-year transport) plan should not be dominated by high-cost infrastructure projects at the expense of smaller but equally effective measures."[59]

The latest ten-year plan for transport focuses on reducing congestion rather than total traffic volume. It neglects the role of urban regeneration in reducing the need to travel. Instead, it provides benefits to those who travel the most. As a result, Britain is expected to remain

top of the European league table for longest commuting times and greatest car use. Safety improvements, social exclusion, health and quality of life issues have all come second to congestion reduction. To allow local economies to flourish, the end goal of the plan will have to be changed to develop interconnecting public and private transportation systems that prioritise shorter journeys as part of a programme to rediversify local production and service delivery.

International freight's tax holiday

It is not only subsidies that support long distance transportation. The so-called bunker fuels used by international air and marine freight go untaxed, and their greenhouse gas emissions are left exempt from global warming agreements. This huge benefit to large scale, long distance exporters puts local producers at a disadvantage. Air transportation is further favoured by the fact that new aircraft and airline tickets don't have VAT levied on them. Many countries also direct subsidies to airlines and airports. The effect of this artificially cheap transport is a massive increase in air freight and passengers. The tax revenue foregone amounts to an aerial free lunch worth tens of millions. This also helps explain why cheap imported food can undercut local produce. The combination of tax breaks and agricultural subsidies ironically threatens local markets in both rich and poor countries.

Air travel is already the world's fastest growing source of greenhouse gases and official estimates are that, by 2050, emissions from aircraft could contribute up to 15 per cent to the overall global warming produced by human activities. Caroline Lucas, a Green Party Euro-MP, is calling for a five per cent reduction in all aviation-led greenhouse gas emissions by 2012 – supported by the Commission's proposed environmental charges to be levied on all flights into and out of EU airports. These would be based on calculations of the actual pollution caused.[60]

The aviation industry has been lobbying to get these proposals rejected. If successful, this will maintain the economic advantage many long distance traders have over smaller local producers, and UK supermarkets would continue to enjoy their fossil fuel free lunch.

Subsidised energy

"The total amount of subsidy that the EU and its member states give to renewable energy is substantially lower than the amount of subsidy to fossil fuels, and probably in the same order of magnitude as the subsidies to nuclear alone…"
Frans Oosterhuis, 'Energy Subsidies In The European Union', Institute for Environmental Studies (IVM), Vrije Universiteit, Amsterdam, July 2001

Large scale grid systems and conventional non-renewable and nuclear fuel sources receive far more subsidy than diversified, renewable and locally based energy supplies. Subsidies and other types of financial support to various sources of energy are quite common throughout the European Union, as well as in the accession countries that have applied for membership. Definitive figures are hard to produce but conservative estimates have put annual subsidies to fossil fuels in industrial countries at $70-80 billion, while others put the figure several times higher. Subsidies have been introduced for various reasons, such as:

- Traditional energy policy considerations – security of supply, diversification, development of domestic energy resources, competitiveness.
- Social and regional policy considerations – to maintain income and employment in mining regions or to make heating fuels affordable for low-income households.
- Technology policy considerations – to build up a strong international position in nuclear know-how.
- Environmental policy considerations – to stimulate renewable energy.

As well as these subsidies, there are two important factors favouring nuclear and certain types of fossil fuel energy over others. First, energy producers and users often do not pay for the full external costs and damage caused by the use of these energy sources, for example pollution, accidents and long-term risks. In some cases, in the case of oil spills and nuclear accidents, international conventions provide for limited liability for the perpetrators. Secondly, 'traditional' energy continues to benefit from the state support that it has received in the past for building up the infrastructure it requires. In Britain, privatisation exposed the economic weakness of the nuclear supply industry. Around £650 million in state support was given to British Energy, the privatised nuclear energy operator to allow it to continue in business.[61] This happened in spite of a MORI poll that suggests a large majority of the British public favour wind power over nuclear. Although the government acknowledges that the future lies ultimately with renewables, it has been cautious to take necessary action.

"The future context for energy policy will be different... There is a strong likelihood that the UK will need to make very large carbon emission reductions over the next century. However, it would make no sense for the UK to incur large abatement costs, harming its international competitiveness, if other countries were not doing the same... keeping options open will require support and encouragement for innovation in a broad range of energy technologies…the immediate priorities of energy policy are likely to be most cost-effectively served by promoting energy efficiency and expanding the role of renewables."[62]

Maintaining 'international competitiveness' threatens to become a standard apology for relative inaction in several policy areas. NEF believes that if a longer-term, localist, view were taken, a more rapid prioritising of renewable energy and conservation would follow. Small-scale plants using wind, solar, and biomass can be built faster. Renewable technologies may have high construction costs per unit of energy output, but total capital outlays can be small. Such flexibility makes it easier for any planned phasing in of a radically re-engineered energy supply system to take place.

TABLE: Amounts of energy subsidies in EU Member States (money transfers and tax relief, calculated in millions of euros per year)[63]

	Solid fuels	oil and gas	Nuclear	Renewables
EU	60	260	380	180
Austria	> 15	> 95	2	> 150
Belgium	8	1	> 40	5
Denmark	600	1,000	2	> 180
Finland	> 25	30	45	240
France	500	> 30	> 600	> 300
Germany	9,500	1,000	> 700	> 300
Greece	> 1	> 250	< 1	> 35
Ireland	40	> 50	–	> 10
Italy	> 75	> 1,500	100	> 300
Luxembourg	–	> 7	–	> 10
The Netherlands	> 250	> 4,500	65	> 250
Portugal	40	45	< 1	70
Spain	765	> 5	150	> 50
Sweden	70	180	90	> 130
United Kingdom	650	> 1,900	450	250
EU + Member States	> 12,000	> 10,000	> 2,600	> 2,400

PART III: THE LOCAL FIGHTS BACK

In an increasingly globally integrated and competitive economy, Britain's working week has got longer, with 350,000 more people working a 48-hour week compared to a decade previously.[64] The reaction to the fast-paced and time-hungry global economy has been the growth of initiatives to slow things down and lengthen our horizons. They encourage people to look beyond the frenetic pace and short-term thinking of capital markets that never sleep, and information and communication technology that has become our master rather than our servant.

Around the world there has been a growing reaction to the negative aspects of globalisation. Emerging from this has been a new cultural movement of localisation. This new movement is fabulously diverse yet shares common themes. They include the importance of rebuilding connections at the local level and finding out how to organise our lives on a human scale. Examples include:

- A 'Slow Food' movement originating in Italy is beginning to fight back against the high street domination of 'fast' or 'junk food' global chains.
- The slow food movement has grown into a Europe-wide *'Slow Cities'* campaign to protect and improve the quality of life in towns.
- Slow travel encourages people to spend more time in the places that they visit and to get to know the local area, its people, culture and the things that the area produces.
- The Long Now Foundation is developing the 'Clock of the Long Now' based on an idea by computer scientist Daniel Hillis. Its purpose is to 'encourage the long view and the taking of long-term responsibility'. Hillis proposes a "large (think Stonehenge) mechanical clock, powered by seasonal temperature changes. It ticks once a year, bongs once a century, and the cuckoo comes out every millennium."
- In Germany, a composer has written a piece of music that with conventional timing would be played in around 20 minutes, scored and played through a special instrument. It will take over 600 years to complete.

These examples capture some of the deep cultural reactions to the forces driving Ghost Town Britain. But there are many more fighting back on every imaginable issue with both initiative and creativity. People are not taking the prospect of Ghost Town Britain lying down.

Tools for decision making – Plugging the Leaks
One problem faced by many local government authorities is that they operate blindfold when it comes to taking decisions on economic policy. What are the implications of a road by-pass scheme for shops in the town centre? Will the out-of-town superstore create or destroy jobs, will it meet consumers' needs, or simply divert current spending away from local businesses? What proportion of the revenue earned by local businesses is spent in the community, and how much goes to investors and employees from outside the area?

To help answer these questions, NEF has developed two new approaches, *Plugging the Leaks* and *LM3*, which have been used by communities – including residents, businesses and government authorities – to map and measure local money flows. By doing this, people are able to work out the impact of their spending on the local economy – whether money stays and circulates within the local economy, or leaks out to pay the shareholders of big companies. By using these tools, it is possible to assess and quantify the impact of different forms of enterprise on the local economy.

In Luton, for instance, a Plugging the Leaks workshop inspired tradesmen on a local estate to form a builders' co-operative to compete against larger contractors, who were not only outside the local area but also did poor quality work. The co-operative has grown successfully and now talks about creating apprenticeships for young people on the estate.

Meanwhile, Eden Community Outdoors (ECO) in Appleby, Cumbria, used LM3 to evaluate its local spending decisions. The process inspired ECO to improve its ties with the local economy of Appleby. Despite already spending a good deal locally, ECO looked more closely at its supplier list and found many businesses were in fact non-local, though their trading names had suggested otherwise. LM3 also inspired ECO to set up a group with other organisations in Appleby to find ways to improve their spending decisions, stressing local purchasing.

In Killamarsh, parish councillors convinced both the bank and the cooperative grocery store to pay for the construction of a cash point, which has been so successful that a bank branch and another cash point have since opened on the high street. The success of these new service arrangements is due entirely to the residents, organisations and government leaders in those areas with enough faith in their communities to take risks. Turning a community around won't happen overnight, but taking steps like those mentioned above need to and do happen.

Plugging the tea leak, internationally

Can attempts to create and keep wealth at the local level ever work as a model at the international level? In Nilgiri, in India they think so. A scheme called Just Share, that started as a campaign to win land rights for tribal people has grown into a model of economic co-operation between marginalised communities in different continents. Though small in scale today, it is a powerful example.

In order to win control of land, the community in Nilgiri had to have permanent occupancy. For this they needed to work the land and turned to growing the big local crop, tea. They started selling their tea in a fair trade scheme, partly in order to sidestep the tea barons who they suspected would take the biggest share of any profit. But then they saw a weakness in the project. They were charging a fair trade premium price to people who they considered as their friends. And, they wanted to be able to sell fairly grown tea to deprived communities in the UK, at the lowest possible price so that both communities of people could benefit.

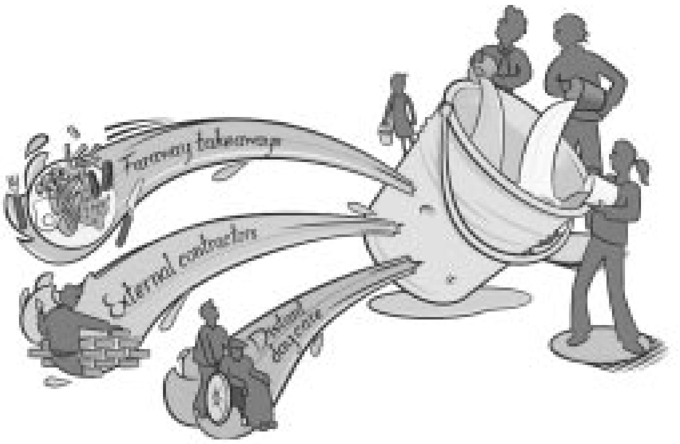
They linked directly with community co-operatives in Easterhouse in Glasgow. By 'internalising' the production chain within such groups, they have managed to prevent extra value being creamed off by middle-men and other profit hungry retail and production companies. The founders of the scheme imagine that this model could be extended to other crops that have to be traded internationally, and that could one day even be traded between communities in their own currency, further preventing the leakage of wealth.

"It is an attempt to link producers, consumers and investors in a co-operative manner where ownership, risk and benefit is spread across the different players of the market chain," says Stan Thekaekara, originator of the project. "We think the time has come to take Fair Trade a step further".

The campaign for community banking

In the neighbourhood of Speke Garston in Liverpool, the last bank branch closed five years ago, leaving residents stranded. Now the only ATM machine is reached by crossing a multi-lane main road. The Campaign for Community Banking Services (CCBS) was set up to address these problems. With its members, it has worked effectively since 1998 to push for practical solutions to the withdrawal of financial services from many remote and disadvantaged communities. CCBS has directly supported campaigns in areas facing bank branch closures, and is developing a range of practical solutions to make banking services available to all communities and local businesses, and communicates these effectively to the government, banks, the media and others. Members represent the excluded, elderly and those with disabilities, small businesses, retailers, consumers and workers.

CCBS and its members met with significant success, including a temporary pause in bank branch closures, the establishment of the All-Party Parliamentary Group on Community Banking, contributions to the government's strategy to ensure banks address financial exclusion, as well as making sure that the British Bankers' Association (BBA) takes the issue seriously.



Home grown money – the growth of local and regional currencies

The development of local and regional currencies has been an explicit attempt to find ways to keep resources, skills and produce circulating locally. Although the growth of Local Exchange and Trading Systems (LETS) in the 1990s has slowed in recent years, there are other successful models around the world that could be tested in the UK. These include:

- **Ithaca hours,** the printed currency – based on the value of the dollar – that circulates around Ithaca in upstate New York. It is now accepted by about a third of local businesses, including some banks, and backed by the local chamber of commerce. Hours are widely used by local farmers and have helped develop the local farmers market as a thriving bi-weekly event. It is also issued partly in the form of no-interest loans to local non-profits. The currency is not accepted by the big name out-of-town stores, which gives a major advantage to small, locally-owned business. It is also probably responsible for the survival of Ithaca's town centre shops, when other similar US towns have lost theirs.

- **Barter clubs:** these are a highly successful Argentinian development, similar to LETS – but like Ithaca hours, using printed notes. They have played a major role in keeping people alive during the Argentinian financial crisis, because people are able to trade what they have – anything from junk to garden vegetables – for what they need.

- **Wir:** the 70-year-old Swiss parallel currency system, which now has a turnover equivalent to over $12 billion a year, and provides very low-interest loans to participants – particularly in the restaurant and building trade. There have been attempts to emulate Wir in the UK, notably the Scotbarter currency centred in Perth.

- **Berkshares:** a series of experiments in and around the town of Great Barrington, Massachusetts. Pioneered by the E. F. Schumacher Society. These were established to help farmers, local stores and restaurants raise money from customers to cover the fallow periods – using a series of discount notes. It started with the internationally-known deli dollars in 1989, followed by farm notes and then the discount note currency known as Berkshares in 1993 – all keeping purchasing power circulating locally.

Experiments in the mid-1990s with local loyalty cards, in rural towns like Leominster and Minster Lovell, were briefly successful, but they lacked financial and technological support to survive. Since then, the smartcard technology necessary has fallen massively in price and there are a number of very-low cost alternatives being developed which would make local loyalty points possible – perhaps as part of a larger time bank system that also pays points to people for their efforts in the local community (see page 50).

The rise of social enterprises

New types of enterprises – called social enterprises – are emerging from the ashes of some local economies. A social enterprise is a business with primarily social objectives whose surpluses are reinvested in the business and community. Social enterprise like *Ibstock Community Enterprises* (ICE) in Leicestershire are leading the way, showing how community spirit can come to the rescue of Britain's ghost towns. Ibstock faced a double crisis brought about by the closure of local coal pits and of its only bank. Residents set up ICE and were able to buy the bank premises, install an ATM and open an information shop (see page 28).

The Village Retail Services Association (ViRSA) was set up specifically to help communities without retail services who want to do something to maintain their shops – like the people of Henham in Sussex. In July 1998, the shop at Henham was declining and the owners placed it on the market as a retail business. Closure of the adjoining post office was scheduled for September 1998. ViRSA were notified of the situation and a field worker was invited to visit the village to make an assessment and advise the parish council on possible ways ahead. A questionnaire was distributed within the village and as a result of the response a public meeting was called to discuss the village's wishes. Fortunately the owners offered the retail space to the village as a community business at a reasonable rent whilst they continued to live in the residential part of the property. Within a matter of months, the community established the community shop and post office and opened for business in December 1998.

In order to replicate these kind of success stories, good support for social enterprises and promotion of this way of doing business is needed. Better and more targeted business support and finance is needed for social enterprises – not just in the pre-start-up stage but continual inputs to enable them to flourish and grow. This way of doing business needs promotion and these enterprises need to be able to demonstrate the way in which they add value. Finally, the government needs to focus on how it can enable social enterprise to emerge and grow through both national and local action, and particularly through the opportunities offered by local procurement.

Localising the West Midlands

Britain's second biggest city, Birmingham, spends at least £320 million a year on service contracts alone. These include technology and financial support and a wide range of maintenance contracts. If it purchased as much as possible of such services and other material needs from within its own city borders and that of the surrounding West Midlands, it would strengthen the economic diversity and security of the region and have the potential to increase local jobs and cut transportation and pollution. It would also enhance awareness of local culture and the use of local materials. Buying food from West Midlands farmers would also create links between urban and rural communities, and nurture a feeling of regional unity and support.

In an attempt to see how feasible such an approach might be, a number of individuals and groups met, pooled ideas and formed the Localise West Midlands Network (LWMN).

Two initial projects are under way. The first involves the creation of stronger local food economies in the region. The second is a thriving material recycling, repair and reuse industry. Both projects illustrate how such an approach can result in local enterprises which serve or supply a local demand; and the benefits that such enterprises could bring.

Finally this 'look to the local' approach will be introduced into the public debates surrounding the proposed West Midlands Regional Assembly.

LWMN is also working with 'Urban Mines', an organisation that specialises in fostering new enterprises for Birmingham's waste problem. In 2000-1, the city recycled only 7.46 per cent of its domestic waste, including compostables, some way short of the mandatory targets the government has laid down for Birmingham City Council of 18 per cent by 2005.

Research has been undertaken on the feasibility of local food procurement by various public bodies. This has involved looking at relevant UK and EU law, as well as the rules of the World Trade Organisation (WTO). The research is investigating markets for local food in Birmingham, and various supplier and multi-stakeholder co-operatives that could help to provide an efficient and competitive supply chain.

Working progress[65]

For years, the Borough of Sandwell in the West Midlands suffered from a decline in its traditional industries, leading to high unemployment, loss of local retail services and a subsequent large proportion of derelict land. In order to reverse this decline, the borough has been undergoing a comprehensive regeneration programme since 1995, attracting investment from business and creating a number of new jobs. But research by the Employment Service found that 60 per cent of these jobs were going to residents from outside the region, and that many of the products and services procured by companies were being sourced from elsewhere.

In response, the local authority set up the Think Local initiative. Under the scheme, businesses working on Sandwell Council contracts are encouraged to sign an Employment Charter that sets out ways for them to recruit a higher proportion of local people. Once a firm has signed the Charter, they are given a comprehensive recruitment package listing Sandwell residents with skills that match their job requirements. The programme ultimately aims to fill 80 per cent of targeted vacancies with local staff.

As a major purchaser of goods and services, the council is also trying to improve its rate of local procurement. A directory of Sandwell suppliers has been published and distributed to all council buyers, and a guide to doing business with the council – including advice on how to tender bids for council work – has been produced for use by local companies. The Think Local Scheme has also set out broader goals around sustainable development, encouraging local firms to adopt environmental management schemes for their processes and products, as well as cutting greenhouse gas emissions through reducing the flow of long-haul transport and commuting.

The Inner City 100

Based in the New Economics Foundation, the Inner City 100 is an annual index that highlights 100 of the fastest growing companies based in Britain's core urban areas. Now in its second year in the UK, the Index culminates in an annual awards ceremony where the MDs of the top 100 companies are treated to a two-day event of master classes, networking and celebrations. The aim of the Inner City 100 is to change perceptions about the economic importance of the UK's inner cities, both as locations for investment and as a breeding ground for new business ideas. All too often written off as problem areas to be solved by someone else, inner city residents and entrepreneurs are proving the opposite. The Inner City 100 intends to uncover the hidden wealth and talent of inner city areas.

Despite chronic under-investment and the loss of key economic institutions such as banks and small shops mentioned in this report, deprived urban areas can still create companies with some of the highest growth rates in the country, although there are still a range of barriers to enterprise in these communities

Because these businesses are more firmly embedded within their neighbourhoods than large corporations, they tend to be more active in contributing to the local community. In its work with leading inner city businesses, the New Economics Foundation has tried to measure this social impact with an index based on five key indicators: proportion of employees living within a mile of the company; participation in community-based programmes; financial contributions to local projects; degree of focus on local markets; and commitment to procuring goods and services from other businesses in the area.

Overall, the impact study found that inner city companies tend to fall into three categories: 'spectators', whose business activities do not necessarily feed into additional benefits for the community; 'strategists', whose work leads to positive social outcomes in the area where they are based; and 'saints' who make valuable contributions to the community which are not linked to the company's growth. The impact index shows that most (83%) of the top one hundred inner city companies fall into the latter two categories, with fourteen having a particularly beneficial presence.

Getting stuffed in your neighbourhood

As the seemingly endless succession of food safety scares continue to hit the headlines, people have become increasingly suspicious of centralised food production and distribution systems. The result has been a resurgence in local initiatives designed to reconnect food producers with consumers, including buy-local campaigns and local farmers markets.

The rebirth of local farmers markets began in Bath in 1997, and proved so popular that the idea was replicated around the country. By the end of 2001, over 380 farmers markets were operating in towns and cities across Britain. These normally only source produce from farms within 30 miles of the market location, with stalls owned and operated by the producer or someone involved in farm production processes – usually another family member. The advantages are manifold. Shoppers get to build a relationship with the farmer that reassures them about the quality and safety of the food that they're buying. For the producer, cutting out the middleman and selling direct to the consumer nets them a higher unit price, as well as building a loyal customer base. Furthermore, the personal interaction of a face-to-face relationship encourages the farmer to consider more carefully how they produce their goods, encouraging many to convert to organic – for which they are also able to attain a higher premium.

But interest in local, healthy food is not limited to farmers markets. In Skye & Lochalsh, a joint project has been set up to stimulate the local food economy, which has included box schemes, food education and a local food delivery service to restaurants and hotels offering fresh seafood, locally raised and slaughtered lamb, vegetables and dairy products. In the Forth Valley, a producers' co-operative is supplying quality local vegetables to residents of high-rise estates who do not have easy access to fresh food, while Callington College in

Building the Community: Sheffield Rebuild[66]

Not-for-profit construction company Sheffield Rebuild's unique approach to training and supplier relationships incorporates a strong commitment to the local population. The company emphasizes long-term development of skills, and targets people in the community who face problems finding work.

The business uses its surpluses to provide a subsidy of around £7,000 per individual for a two to three year training scheme. In a trade dominated by white male builders, Sheffield Rebuild takes a careful look at the barriers faced by ethnic groups and women. "There are many highly skilled asylum seekers out there willing to do the work that others aren't," says development director Gordon Wordsworth. "We can fill the skills gap".

The company's commitment to the local community goes further than employees. "We've encouraged a partnership approach within the deprived communities, particularly in the development of managed workspace. We drive further opportunities through the supply chain and can bring in local sub-contractors when required. It's not just our company but others that can succeed," says Wordsworth.

This attitude pays dividends, according to Wordsworth, who claims the company is insulated by the trust it has built up in the community. "When we had problems with cash flow, we found that people refused to see a company like ours fail. We're treated with a long term mentality, the communities trust us and in turn there's much more trust from lenders too."

Cornwall has returned to cooking its own meals using local produce where possible. Meanwhile, allotment gardeners are growing food for community cafes in east London, and similar projects are running in Cumbria, Dumfries & Galloway, Dungannon & South Tyrone, Kirklees & Calderdale, Norfolk, Powys and Greater Nottingham.

The fight to save Borough Market[67]
In 1987, a group of South London residents near Southwark Cathedral came together and formed the Cathedral Area Residents Association (CARA) to campaign against the loss of local amenities, shops and green spaces in their neighbourhood. In 1991, the group was alerted to a rail scheme involving a 500 metre concrete and steel viaduct that would pass through their neighbourhood, including the historic Borough Market. In response, the residents launched the Save Borough Market Campaign. The group researched the implications of the development and discovered that the rail scheme would destroy 16 homes, 30 businesses and the market roof structure, as well as causing the loss of over 100 jobs and ruining the character of the historic public spaces surrounding the market.

They set about collecting signatures for a petition, gathering 10,000 names, and enlisted several high profile objectors including the Bishop of Southwark, the actors Helena Bonham Carter and Susannah York, the Southwark and Bermondsey MP Simon Hughes, the Tate Modern gallery and the London Film Commission. CARA and the Bankside Residents Forum also made detailed submissions to the planning inquiry, in which they both spelt out the potential consequences of the scheme and proposed alternative plans for the rail scheme.

A 'citizen's jury' conducted by the New Economics Foundation in 2000 confirmed the depth of opposition to the scheme. Using 12 official government indicators for local sustainable development, the jury of neighbourhood residents decided that the scheme would negatively affect seven of the indicators, and have a neutral impact on five others. They noted that it was striking that a public transport project should have no positive impact on the quality of life for the community it most deeply affected, and the jury spokesman concluded that the project amounted to "an act of economic and cultural vandalism".

Keeping it warm and real
The Campaign for Real Ale (CAMRA) was founded in 1971 as a reaction against the wave of consolidation in the UK brewing industry that began in the 1950s. The organisation is an independent, voluntary network with chapters all around the country, and works to promote consumer rights and foster greater appreciation of Britain's unique tradition of independent breweries. CAMRA also works as a lobbying group, pushing for legislation that supports small breweries and local pubs. They focus on issues including competition and choice in the brewing industry – including mergers and acquisitions – favourable tax regimes for smaller brewers, better consumer information and labelling of ingredients and reform of licensing laws.

The organisation has been remarkably successful, stimulating a massive revival in the 'real ale' industry. Before CAMRA, no new independent breweries had been established for 50 years, while 300 new breweries producing real ale have been set up since the organisation's birth. CAMRA also claims responsibility for defeating several proposed brewery takeovers, and has successfully campaigned against the closure of local pubs across the country. By 1997, their membership had swollen to over 50,000 people, dispersed between 180 local branches. Although each branch works to reinforce the national drives, the organisation is highly decentralised, and volunteers at the local level conduct most of the campaigning work. In addition, each branch runs a local festival and produces awards and local guides to real ale.

Village people call for YMCA… and other amenities[68]
For most of us, town planning is something left up to a group of unknown professionals. But in some rural areas, people are beginning to take control of their own development process. In the Cambridgeshire villages of Haddenham and Aldreth, people have been putting forward their ideas for what they would like to see happen in their communities in the future. Over 120 people attended two drop-in consultation events at the Arkenstall Village Centre to express their views on a number of issues relevant to village life, including traffic management, cycle routes, recreation, youth issues, recycling, housing, the local environment and development.

Ideas were put forward ranging from the development of youth projects and leisure facilities to the improvement of local footpaths. These sessions were part of the Pathways to Progress project co-ordinated by Cambridgeshire branch of Action with Communities in Rural England (ACRE). ACRE works with local people to identify and address issues in their local community. The consultation process will continue with visits to local groups and organisations, and a Village Action Group has been set up to develop and implement an action plan to address the issues raised.

Disabled group step up campaign for access[69]
The more marginalised a group is, the more it is vulnerable to the loss of local amenities. Equally if a group is prevented from gaining easy access to its local economy they are held back from contributing to its wealth and well-being. In the town of Fareham, on the Hampshire

coast, an active disabled persons organisation campaigns vocally on quality of life issues concerning rights and access for disabled people in the area. The Fareham Access Group works with the local authority and businesses to improve access to shops, leisure facilities and public areas, as well as to identify problems associated with steps, kerbs, lighting and noise. Apart from its advocacy work, the group holds regular meetings – with free transport provided – produces a regular newsletter, and serves as a constant source of support and information for disabled people in the area. They are also opening a monthly café to act as a focal point for socialising and informal discussion. Through their work, the group enables more people to participate in the local economy.

London time banks

Welcome to a typical day at the Angel Town Time Bank office in Lambeth. Danny the cleaner is logging onto a computer for the first time to write a poem about his dog who recently died. Around the table are children between six and twelve years old preparing to audition for a play at the Young Vic Theatre, while others sit to one side platting hair.

The London Time Bank is a project by the New Economics Foundation, following on from the success of Time Banks UK. It is creating a new kind of infrastructure for London by measuring and supporting the kind of volunteering where neighbours help neighbours and, in the process, develop new ways to bind communities together.

Participants 'deposit' their time in the bank by giving practical help and support to others, and are able to 'withdraw' their time when they need something done themselves. Everyone's time is worth the same and a broker links people up and keeps records. People help each other with everything from making phone calls, sharing meals, giving lifts to the shop and form filling – anything that brings them together. There are 12 active time banks in London in a wide variety of settings – schools, housing estates, community centres, doctors' surgeries and faith settings. Since the project was launched in summer 2001, over 13,000 hours of community participation have been exchanged.

Evaluation carried out by Dr Gill Seyfang at the University of East Anglia concludes that time banks have successfully attracted people from socially excluded groups and people who would not otherwise volunteer.

London Time Bank aims to support the development of at least 40 time banks across the capital by 2004, linked by the Internet and providing an infrastructure that can also be used by employee volunteering schemes, car-share projects and other volunteering projects all over London.

The Local Sustainability Bill

To create the conditions in which these more positive directions can be taken, NEF is promoting the Local Sustainability Bill along with a diverse network of leading national organisations. There are lots of initiatives for local development but none of them is currently comprehensive. Many of them are also top-down – telling local areas what to do – and are vulnerable to changes of heart in central government. The Bill is different. It is broad-based and gives power to local areas. Also, as law, rather than just being another initiative, it is much harder to ignore or for government to easily make a U-turn. The Bill is intended to create an enabling framework for local authorities to deliver on the sustainability agenda. It is not to add another layer of bureaucracy. In many cases the result of the bill will be to simplify and bring under one roof the confusion of countless partial approaches. We seek a commitment from the Government that they will free up local authorities from some of the red tape that currently stops them from being able to deliver on the sustainability agenda.

It is written for local authorities or Regional Development Agencies and asks them to put sustainability issues at the heart of their planning agenda. The Bill creates incentives and puts an onus on the Secretary of State to deliver freedom and funds to local authorities to ensure that they can pursue their sustainability agenda. This will have different impacts according to local needs. In some instances it might involve local participatory budget planning or a reform of how local organisations and community groups receive their funding and are engaged in local services.

How will it work?

The local authority would set itself attainable targets for all the local indicators they had defined. These might be on amount of waste recycled, local jobs promoted or quantity of goods bought locally. The authorities would have to think creatively about how they can invest more effectively in the areas they represent. The local authority would be free to draw up their plan with local communities – in fact this is actively encouraged in the Bill.

This is not a 'one-size-fits-all' approach, and local authorities and communities would have to work to find the most appropriate ways for working together. In return for drawing up their local plans has a duty to look closely at the proposals and plans they have been given, and to report back on how they can create the right circumstances for the local authorities to deliver on their plans. They then have a duty to implement the measures necessary to make the plans a reality. To find out more about the progress of the Bill, the Local Works campaign can be contacted at the New Economics Foundation.

Part IV – Conclusions and recommendations

Tipping in the right direction

Great changes have taken place in this country in the last 20 years, but almost unnoticed. Everyone has a story that illustrates this. But a tipping point doesn't only apply to negative things, as the example of New York's crime rate in the 1990s has shown. Small actions can have miraculous knock-on effects. It could, therefore, only require a strong mobilisation of public opinion with a concerted shift in policy for this decline to be reversed. But this action needs to happen now, before it's too late.

These are some of the initiatives that could help tip us in the right direction and away from Ghost Town Britain. They are grouped together under seven general headings

1. Rebuild local powers
One key to revitalising local life is to provide powers to local authorities to do something about that – and to bring local imagination and commitment to bear. This requires powers of general competence – unless specifically ruled *ultra vires* – to be given to local authorities: the reverse of the current situation.

Local authorities and other governmental organisations need to be empowered to source food and other purchases locally where possible – the powers to do this remain ambiguous under EU rules. They also need more specific powers to refuse permission for monopolistic developments, or to grant planning permission for supermarkets with conditions that a set percentage of what they sell will be sourced locally in the same way.

This might also mean the right of local authorities to veto any major retail development, as they do in France – or at least to veto theme or chain restaurants as some towns do in some towns in the USA.

In the longer run, this requires local authorities to be able to have greater control over setting appropriate financial incentives. That might mean experimenting with new forms of taxation – probably on land and certainly on uncompetitive developments in the form of a parking space tax on out-of-town developments.

2. Use more effective research tools
Local authorities need to be able measure and take note of the way local money circulates locally – how many times it circulates before seeping out to big utilities or investment outside – and should be empowered to use this information as evidence for withholding or granting planning permissions.

Regeneration organisations specifically need to adopt the methods NEF has developed such as Plugging the Leaks and the local multiplier effect (LM3), with the Countryside Agency and others to distinguish between public expenditure that simply seeps out of areas and spending that achieves a double dividend because it carries on circulating locally.

3. Tackle monopolies
Tougher controls on mergers and acquisitions are urgently needed, and legislation should also be introduced outlawing predatory pricing strategies, particularly selling food at a lower price than it was bought – or the practice of large chains setting up temporarily in a town to drive out small local competitors.

At the very least, the government should implement the DETR's previous recommendation that all food store proposals over 1,000 sq metres should be accompanied by an independent combined retail, economic and traffic evaluation – and should empower local authorities to act according to its findings. Local authorities also need more specific powers to refuse permission for monopolistic developments. To be effective, competition policy needs to be applicable at the local level as well as the national and global.

4. Revitalise local production
Tax credits should be introduced to encourage the production of local, organic food. Local strategic partnerships, Home Zones and Business Improvement Districts should also include local retail plans, and local authorities should set up neighbourhood retail managers as a counterbalance to town centre managers.

Rate relief should also be extended to more small stores in towns or villages where the local economy has been in decline. Rate relief should also be extended to pubs and community pharmacies in areas where the local economy is in decline, and should be discretionary rather than applying the mandatory 50 per cent to all cases.

There is also an urgent role for new co-operative systems of food production at local level, along the lines of the community-supported agriculture schemes in the USA and regional promotion partnerships like Somerset Food Links. These need to be supplemented by local incentive schemes, linked to time banks – like the BerkShare scheme in Massachussetts, the Nu SpaarPas in Rotterdam or the former Loyal to Leominster programme in the Midlands – that encourage people to use local shops and businesses.

5. Provide better access to banking and post offices

Small communities are often badly served by the big banks – not just the withdrawal of bank branches and ATMs, but in their failure to lend money to some areas or some sectors, or to respond flexibly to local situations. The solution is likely to be more shared bank branches, more innovative access to cashpoints, a new generation of community development finance initiatives – like the mutual London Rebuilding Society – to direct loan finance at social enterprises and other individuals and local businesses without access to mainstream banks.

That should also include a new generation of local community banks, possibly funded by a levy on the big banks.

Banks should also be required to reveal the geographical areas where they are lending money, along the lines of the Community Reinvestment Act – which expects banks to lend money where they are prepared to accept deposits.

The Post Office should be required to maintain at least one outlet in all urban areas with a population over 2,000. For rural communities, general criteria should be applied to decide whether individual post offices threatened with closure need to be re-provided, based not just on the number of residents affected but also on the vulnerability of the people in question and their accessibility to alternative branches.

6. Complementary currencies to plug the money leaks

Experimental local currencies to support local production should be encouraged in regions, cities and towns – especially if we join the Euro, and interest rates are forced to suit a continent rather than just a nation, which may exacerbate some of the trends in this report. These could provide low cost finance to small business and encourage local production, along the lines of the successful Wir complementary currency scheme in Switzerland or Hours scheme in Ithaca in New York state.

Again, their success requires powers to be given to local authorities to experiment by accepting local currencies for council tax or fines.

But in the long run, encouraging local production is going to require that energy costs are not artificially low as they are at the moment. The failure to price in the real cost of road or air transport simply encourages big producers to ignore local resources on their doorstep – and have also contributed to wasteful production systems that involve trucking food across Europe just for packaging.

7. Rebuild social capital

Local economies are underpinned by neighbourhoods and communities that work, and that requires – among other measures – a roll out of community time banks in public services at every level, to make claimants, patients or tenants genuinely the partners of professionals in the business of local regeneration.

This also requires reinventing and supporting the sub-post office network, as recommended in recent reports by both the DTI and Cabinet Office, as local social centres where customers can link into local e-commerce networks, and pick-up the goods they have bought there. These centres could also run innovative new programmes such as time banking.

REFERENCES

1 Statement from the Conference, "What Lies Beyond Globalisation: Localisation as an Alternative", People's Earth Summit, Johannesburg, 24th August, 2002.

2 *A message from Bangladesh*, www.farmingsolutions.org ref: ILEIA, Greenpeace, Oxfam, Pesticides Action Network

3 Report by the Comptroller and Auditor General, The 2001 Outbreak of Foot and Mouth Disease, HC 939 2001-2002, 21 June 2002.

4 Foot and mouth 'has cost £20bn in lost business', The Daily Telegraph, David Brown and Charles Clover, Friday 20 April 2001.

5 *Stopping the Great Food Swap – Relocalising Europe's Food Supply*, Caroline Lucas MEP, published by the Green Party.

"The UK earns just £630 million per year from meat and dairy exports. When this is compared to the estimated cost of the Foot and Mouth epidemic of £9 billion, mostly losses in tourism, but also to farming, it becomes clear that it will take more than 14 years of exports to match this bill...

The UK is a net importer of food. Yet at the same time there are often simultaneous exports of precisely the same products between exactly the same countries. The absurdity of this 'food swap' is illustrated by the fact that in 1998, Britain imported 61,400 tonnes of poultry meat from the Netherlands, in the same year that it exported 33,100 tonnes of poultry meat to the Netherlands. Britain imported 240,000 tonnes of pork and 125,000 tonnes of lamb while it exported 195,000 tonnes of pork and 102,000 tonnes of lamb. In 1997, 126 million litres of liquid milk was imported and at the same time 270 million litres of milk was exported. 23,000 tonnes of milk powder were imported, whilst 153,000 tonnes were exported. "

6 J. Jacobs, The Death and Life of Great American Cities: the failure of town planning, Penguin Books, Harmondsworth, 1972. pp.71-72.

7 V. W. Mitchell & S Kyris, Trends on Small Retail Outlets, Manchester School of Management (1999).

8 *Eastern Daily Press.* Online service EDP24 http://www.edp24.co.uk/Content/Features/Pubs/asp/010529ruralpubs.asp

9 USDA. 1999. *United Kingdom: Retail Food Sector Report*

10 Cited. Institute of *Grocery Distribution, Grocery Retailing 2000: The Market Review, p.268.*

11 Institute of Grocery Distribution, *Convenience Retailing 2001: The Market Report.*

12 *The Grocer,* 31 March 2001.

13 *Daily Mail,* 21 August 2000.

14 Survey of local retailers in the NW5, NW1 and N7 post-code areas was conducted by NEF staff in November, 2001.

15 Centre for Food Policy, Thames University. The Crisis in UK Local Food Retailing. July 2000.

16 *Financial Times* "General stores squeeze smaller newsagents" January 24, 2002.

17 The Countryside Agency, *The State of the Countryside 2001.*

18 Keynote Report on Supermarkets & Superstores (2001) http://just-style.com/store/products_detail.asp?art=10092&lk=sup&c=1

19 Corporate Watch. "What's Wrong with Supermarkets?" January, 2002.

20 DETR. *The Impact of Large Foodstores on Market Towns and District Centres.* October 8, 1998.

21 Barton, H; Grant, M. and Guise, R. 2002. *Shaping Neighbourhoods: a sustainable settlements desktop guide for health, sustainability and vitality* University of the West of England.

22 Colin Breed, *Checking out the Supermarkets: Competition in Retailing (1998).*

23 *The Guardian,* 16 May 2001

24 *Independent Retail News,* 15 August 2001.

25 National Association of Convenience Stores/ Coca-Cola Leadership Council. 2001. *Fresh from London: how UK convenience stores compete with hypermarkets and serve 21st century consumers.*

26 Verdict Research, Verdict on Neighbourhood Retailing 2000, News Release, 13 November 2000.

27 On average, 24.4% in 11 deprived wards, but varying from 8%-33%. (NEF for EMDA & NWDA, 2001).

28 *GuardianUnlimited* "Charles rallies to cause of rural pubs". December 17, 2001.

29 Eastern Daily Press. Online service EDP24 http://www.edp24.co.uk/Content/Features/Pubs/asp/010529ruralpubs.asp

30 *GuardianUnlimited* "Charles rallies to cause of rural pubs". December 17, 2001.

31 ERM. *Post Offices and Community Needs in Rural and Urban Deprived Areas.* September 2001.

32 Cabinet Office, Performance and Innovation Unit, *Counter Revolution: Modernising the Post Office Network,* London, (2000).

33 The Rural Development Commission, *Rural Services Survey 1997.*

34 *Financial Times.* "End of monopoly will be slow to deliver changes to universal collection service" February 1, 2002.

35 Women's Institute, "The Changing Village: The NFWI's 1999 survey into the state of rural services" (1999).

36 National Federation of SubPostmasters. 2001. *Post Offices, Customers and Communities Postcomm's First Annual Report on the Network of Post Offices* http://www.subpostmasters.org.uk/research%20briefings%20Post%20Offices,%20Customers,%20Communities.htm

37 The Countryside Agency, *The State of the Countryside 2000.*

38 The Countryside Agency, *The Economic Significance of Post Offices in Rural Areas* (2000).

39 *Daily Mail,* 21 August 2000,p. 30.

40 *The Guardian.* "Smallest post office gets net" July 26, 2001.

41 *The Grocer,* 31 March 2001, p. 36.

42 The Countryside Agency, *The State of the Countryside 2001.* The British Bankers Association claim that of people living more than one mile from the nearest bank branch (four miles in rural areas), only one out of ten people said they found access to their branch difficult, although a significant minority would have preferred more local facilities.

43 *The Guardian,* 20 July 2000 *Alliance Sees Rivals Closing Branches*

44 Campaign for Community Banking Services. *Concerns over BBA "Shared Branch" Pilot Scheme.* Press Release. January 13th, 2002.

45 Elaine Kempson and Terry Jones, Banking without Branches (2000), London: British Bankers' Association.

46 Derek French (2001) *Community branches – a common delivery channel* Campaign for Community Banking Services.

47 Ed Mayo, Thomas Fisher, Pat Conaty, John Doling and Andy Mullineux, *Small is Bankable: Community reinvestment in the UK (1998),* London: New Economics Foundation and Joseph Rowntree Foundation.

48 Derek French, *The Case for Community Banking* (2000), London: New Economics Foundation.

49 Malcolm Gladwell, *The Tipping Point 2000.*

50 'Government shake- up of the planning system: a threat to democracy and civil rights.' Friends of the Earth briefing. London 2002

51 Confederation of British Industry 'Reform of the planning system' London 2002.

52 'Planning: delivering a fundamental change' DTLR 2001; 'New Parliamentary procedures for processing major infrastructure projects' DTLR 2001.

53 Op cit: 'Government shake- up of the planning system: a threat to democracy and civil rights.' Friends of the Earth briefing. London 2002

54 Planning: delivering a fundamental change', DTLR 2001, paragraph 4.26.

55 'Look to the Local' an interim report from the Localise West Midlands Network July, 2002.

56 Greater London Authority/ London's European Office: Briefing on public procurement – Court ruling opens door to green and social procurement, 10 October 2002.

57 'The Energy Review' A Performance and Innovation Unit Report, Cabinet Office, February 2002

58 'Europe Inc.' Belen Balanya et al, Pluto Press, 2000; 'Small is Beautiful, Big is Subsidised' International Society for Ecology and Culture, October 1998

59 The House of Commons Transport, Local Government and the Regions Select Committee of its report, 10 Year Plan for Transport, (paragraph 40).

60 Speeches by, and personal communication, with Dr Caroline Lucas MEP 2002.

61 Subsidies for electricity have been attributed to primary energy sources using shares in electricity production as weights. Frans Oosterhuis 'ENERGY SUBSIDIES IN THE EUROPEAN UNION' Institute for Environmental Studies (IVM) Vrije Universiteit, Amsterdam, July 2001.

62 £650m aid 'breaks rules' *Financial Times;* Oct 02, 2002, "The government's emergency _650m aid package for British Energy breaks European Union rules, according to a complaint Belgium has sent to the European Commission."

63 Belen Balanya et. al. *Europe Inc, Regional and Global Restructuring and the Rise of Corporate Power,* Pluto Press, London, 2000 , p162.

64 TUC quoted in, 'Long hours a 'national disgrace", BBC Online, 4th February 2002.

65 http://www.sandwell.gov.uk/smbc/thinkloc.htm

66 MacGillivray, A; Potts, G; and Raymond, P. 2002. "Secrets of Their Success: fast growth business in Britain's inner cities" Inner City 100, New Economics Foundation.

67 http://www.save-borough-market-area.org.uk/

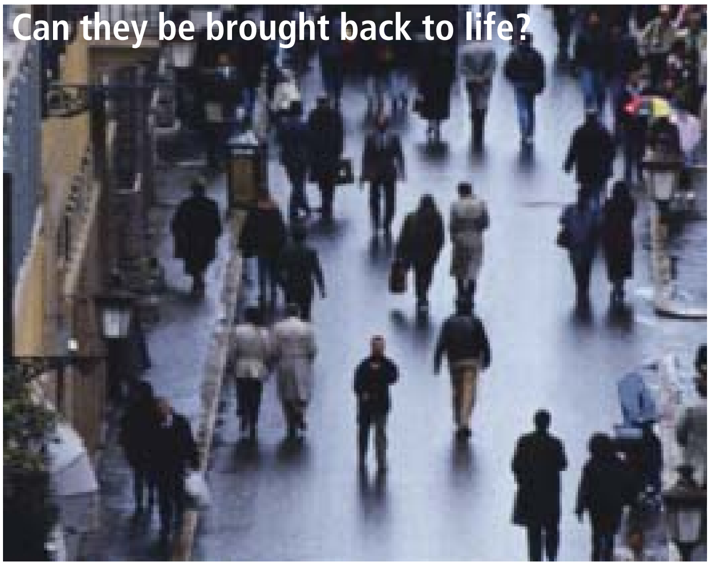
68 http://www.camsacre.org.uk

69 http://www.farehamaccess.org.uk/; http://www.hants.gov.uk/istcclr/cch34530.html


BURLEY
BRANSGORE 4
CHRISTCHURCH
AVON TYRRELL
LYNDHURST 7
SOUTHAMPTON 16½
BROCKENHURST 6½
LYMINGTON 9


Throughout Britain local economies are being killed by different forces…


with enormous human, social and environmental consequences.


Can they be brought back to life?

Written by: Andrew Simms, Julian Oram, Alex MacGillivray & Joe Drury
Additional research by: Ed Mayo, Andrea Westall, Sarah Forster, Sarah Mcgeehan, Sarah Burns, Claire Navaie, Colin Hines, Caroline Lucas, Molly Conisbee, Pat Conaty, Petra Kjell, David Boyle, James Marriott.
Design: bwa

The New Economics Foundation (NEF)
NEF works to construct a new economy centred on people and the environment. Founded in 1986, it is now one of Britain's most creative and effective independent think tanks, combining research, policy, training and practical action. Now the UK home of the international Jubilee debt campaign, NEF has a wide programme of work on economic globalisation ranging from corporate accountability to climate change.

New Economics Foundation Cinnamon House, 6-8 Cole Street,
London, SE1 4YH, United Kingdom,
Tel: ++ 44 (0)20 7089 2800 Fax: ++ 44 (0)20 7407 6473
www.neweconomics.org
Registered charity number 1055254

ISBN 1-899407-62-6

new economics FOUNDATION