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McCann, P. (2019) Perceptions of regional inequality and the geography of discontent: insights from the UK. Regional Studies, 54 (2). pp. 256-267. ISSN 0034-3404

https://doi.org/10.1080/00343404.2019.1619928

Appendix: OECD Metropolitan Urban Areas in the UK

As mentioned above, in the UK there are 15 Metropolitan Urban Areas according to the OECD Metro definition accounting for a total population of just over 25.5 million, or rather 40% of the UK population (McCann 2016). Except for the case of London, where as we have seen above the OECD Metro definition is larger than the corresponding TL2 definition of Greater London, these UK OECD Metro definitions all sit below the OECD TL2 classifications and above the OECD TL3 classification areas.

As expected from standard urban economics arguments, 7 UK large cities have GDP per capita levels noticeably higher than the TL2 hinterlands, with the urban productivity premia ranging between 8.7% and 32.5% above the respective regional TL2 levels in which the cities located [Birmingham 8.7%; Glasgow 13.8%; Manchester 16.1%; Cardiff 18.7%; Leeds 27.5%; Bristol 30.8%; Edinburgh 32.5%]. At the same time, and largely contrary to textbook arguments, there are 5 UK OECD Metro Urban Area cities [Bradford; Sheffield; Liverpool, Portsmouth-Southampton; London] which have GDP per capita levels lower than the TL2 regions in which they are embedded and another 3 [Newcastle, Leicester, Nottingham] have GDP per capita levels between only 2%-3% higher than their respective TL2 regions. Therefore, if we do not include the case of London due to the boundary issues, the dispersion of OECD Metro Urban Area productivity in the UK is, as expected, greater than for the TL2 regions and lower than for the TL3 regions, whereas with the OECD London Metro definition included, it becomes lower than both the TL2 and TL3 regional classifications. As such, UK interregional productivity definitions are very sensitive to the definition of London we employ, also because the size of London in relative terms is so huge. The OECD TL2 definition of Greater London accounts for more than 23% of the UK economy, while the OECD Metro definition of London accounts for 28.4% of the UK economy. This exerts significant weighting on any UK average GDP per Capita measures, whereas for example, for New York to have a similar measurement impact on the USA it would have to have a population of more than 65 million people.

As such, because of the boundary issues associated with the defining the economy of London, and therefore unlike in almost any other OECD country, the productivity variations between the UK Metro Urban areas are lower for both the TL2 areas and also TL3 regional classifications (Gal and Egeland 2018) and similar to those in many other countries. If the TL2 definition of Greater London was used along with the much smaller OECD Metro definitions of the other UK cities, then the productivity dispersion of UK cities would be greater than for TL2 regions and less than TL3 regions, as expected. However, these Metro data only provide a partial understanding of the UK economy because they do not account for the remaining 60% of the UK population in a context where 80% of the UK population live in urban areas and 74% live in functional urban areas of over 50,000 (McCann 2016). Yet, we do know that within the UK the broad north-south divide in city productivity within England has also increased in recent years (Martin et al. 2018). Furthermore, as already mentioned many of the UK's most prosperous places are small and medium-sized towns, especially in the south of England, whereas many of the UK's poorest places are small and medium sized towns in the Midlands, the North and Wales. This means that UK regional measures display a higher level of dispersion than measures comparing urban metropolitan versus small town and non-urban areas. None of these remaining areas are covered by the OECD Metro dataset.