



DIRECTOR OF ECONOMIC STRATEGY IN GREATER MANCHESTER. BARON REFLECTS HERE

Frankfurt to Manchester was quite a change, and not just the climate. Moving the family was never going to be easy, although strangely the children adapted better and quicker than the parents: it was us that sulked for months about the relatively poor quality of housing, healthcare and public transport, and those grey skies.

There were reasons for the move though, and a year's experience has vindicated our decision. Leaving the "golden cage" of the ECB is

ment was quite some years away for me in the ECB, I do now have some very serious skills under my belt, and a better understanding of what it is actually like, which is certainly not all positive. Many is the time I yearn for a couple of hours to sit down and do some high-quality drafting that the crushing force of management tasks and (warning: awful word approaching) "deliverables" means I must almost totally delegate to people who, good though they are, just can't do it as well as I could.

»MUCH CREDIT FOR MY EXPERIENCE MUST GO TO THE STRATEGIC THINKERS THAT DREAMT UP THE UNPAID LEAVE CONCEPT«

Much credit for my experience must go to the DG-H. Not just to the small army of excellent and efficient staff who helped so very much with everything from removals to pension arrangements, but also to the strategic thinkers that dreamt up the unpaid leave concept. It is unlikely that I would have gone without this safety blanket, and my getting tremendous experience, and the ECB a free-berth, is a "win-win". For all that, it's hard not to be in the ECB's warm, luxurious embrace, to read the bible Economist saying that "the ECB is one of Europe's successes", and to think of good friends and close colleagues I have formed a strong bond with over seven years

developing the work and continuing their lives "over there" in Mainhattan.

Those that know me, will know I'm a bit of an anorak when it comes to governance, believing that pretty much all decisions, good and bad, flow more than anything else from the decision-making framework that exists. The euro is a success because the Executive Board and Governing Council have clear and strong powers, and this has engendered a strong consensus around their use. Such are my aspirations for "Manchester". Much of our work here is in changing people's perceptions from seeing the city as a rainy, post-industrial wasteland, into a world-leading magnet for talent and investment symbolised by the Manchester International Festival and the world's greatest football team, and as evidenced by the Economist Intelligence Unit naming Manchester, alone in the UK, as one of the world's best places to live. But enough of the hard sell.

The most fascinating part of the job for me, is how to get the ten local authority districts that are home to Greater Manchester's 3.2 million people (Manchester, Salford, Stockport, Rochdale and so on) to – let's not beat about the bush – pool sovereignty. I am an evangelist for explaining the economic benefits of doing things (like procurement) together, of having centres of excellence whereby one provides a service on behalf of

BARON FRANKAL LEFT THE ECB ON UNPAID LEAVE IN MARCH 2008 TO BECOME ON HIS EXPERIENCE, ON CREEPING FEDERALISM IN THE UK, ON FINDING HIMSELF SO

all ten (instead of all doing everything) and of the bigger impact a Greater Manchester delegation to China is likely to have than several smaller ones. The work reminds me of nothing so much as those interminable LEGCO debates, like slowly, gently, trying to make the case for not all NCBs managing all foreign reserve currencies.

»THE MOST FASCINATING PART OF THE JOB FOR ME, IS HOW TO GET THE TEN LOCAL AUTHORITY DISTRICTS TO POOL SOVEREIGNTY«

Several times a slightly mystified audience has heard me talk about a "pan-European, sorry pan-Manchester, market...". As in the EU, deep issues of equality and representation lie not very far under the surface of our work, and success lies in simultaneously putting in place a robust system that can take real decisions over real resources, and within which everyone feels their influence, if not equal, represents the weight of their population, economic influence, historical role and future prospects.

They say all politics is local, but I'm still not decided in my mind whether the UK is uniquely totally obsessed with its national polity or if, once you get outside the wider ECB/EU bubble, it's pretty much the same everywhere. I've long given up correcting people when

they say "Europe" meaning the rest of the continent; it's just too pervasive. Even the most intelligent, sensible and far-sighted people I deal with – businesspeople, senior civil servants, politicians of all stripes – have three spatial levels at which they conceive: UK, UK and UK. The most ardent Europeans are those that would argue, when pushed, that it is probably not a good idea for the UK to leave the EU. The Union is simply not evident here, not seen, not discussed. I've tried to discuss the euro with several ministers now, and can honestly say that not one has an opinion about the UK joining: it's simply not in their thoughts in any way.

The UK only joined the Common Market on the back of a prolonged bust at home, at the same time as a big boom – the German Economic Miracle and its broader effects – was taking place over the water. It is only ever likely to join the euro in the same circumstances. Sterling's "Great08" devaluation and the fiscal stimulus seem to have steadied the ship for now, but it's still an open question whether the UK's economy is holed below the waterline. It's an equally open question whether the euro area will rebound quicker and more sustainably than Europe's former flexible labour market poster child. My own opinion is that both of these things are probably more likely than not, and that such a confluence is likely, over the next year or

two, to force the euro back on to the agenda, even though the political setting for that debate is likely to be extremely challenging. It is also my opinion that the ECB has a role to play in that discussion. Not in gung-ho campaigning, but in raising its own and the euro's profile in the UK: let this corner of Europe's people know what a success story the euro really is, and what a safe pair of hands the ECB has. Those that fill the vacuum you currently leave do not have Europe's interests at heart, nor, though they think they do, the



what Sir Humphrey Appleby (the über civil servant in Yes, Minister) would probably call a "brave" decision – meaning bonkers. Yet, trying out being a big fish in a smallish pond, instead of a small one in a wonderfully large pond, has been a successful experiment. The speedboat has much to commend it over the supertanker. Recognising that senior manage-



UK's. A personal appearance here, a press article there; these things, sensibly managed, can make a big difference, and are a vital investment for the euro area: how much stronger still would we be with the UK inside? If we will it, it is no dream.

By Baron Frankal,
Former ECB staff member

