

Left Behind and unequal life chances in Britain

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Submitted: November 2025

KEYWORDS

deaths of despair, life chances in Britain, regional inequality

My book *Left Behind* drew on recent academic advances that analyse why the life chances of young people in the same country can differ so widely, and how public policy can address it, or indeed exacerbate it. Much of this work has been done in, and applied to, the US, such as the tragic despairing deaths found by Case and Deaton (2020), and the economic implications of social psychology explored by Putnam (2021), Sandel (2021) and Durlauf, Kourtellos and Tang (2022). But it applies even more pertinently to England where policy errors over a long period have created exceptionally wide differences in life chances between London and the regions.

That story begins in 1979 when the Treasury removed all exchange controls, triggering a sharp appreciation in the currency. This had unanticipated spatial consequences. Manufactured exports, concentrated in the regional cities, were severely hit, while the international banking, concentrated in London, gained a bonanza. In response to these opposing changes in profitability, private investment began to shift from the regional cities to London.

Instead of countering these flows, further public policy errors exacerbated them due to three exceptional features of our economic governance. Not only is it exceptionally centralised in the Treasury but, unlike other major economies, it is exceptionally focused on the annual Budget, there being no Ministry of the Economy tasked with forward planning. Most damagingly, since the 1980s, the Treasury has adopted the policy rule that the location of public investment should follow private investment, justified by the belief that markets know best.

As shown by Rice and Venables (2021), the 20 cities and towns most dependent on manufactured exports in 1980 suffered persistent job loss, and by 2015 (their latest data) were among the most deprived places in the country. Neither market forces nor public policy had mitigated the unforeseen effects of a policy adopted in 1979: millions of people were still living with the consequences. As Case and Deaton (2020) showed, when deprivation is spatially concentrated, a despairing community suffers premature deaths. In England, one tragic instance found in *Left Behind* concerned the coastal towns of Blackpool and Grimsby, each hit by a different adverse shock. Blackpool's tourist industry

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collapsed in the 1980s due to competition from cheap flights to the sun, and Grimsby's fish-related industry collapsed around the same time, as North Sea shoals were depleted. As in the manufacturing cities, these adverse shocks triggered a downward spiral of job loss, which neither market forces nor public policy offset. By 2020, these two towns were ranked first and second in England for adult male suicides.

Meanwhile, John Kay and I were working on communitarian ideas (Collier and Kay, 2020). We focused on the two types of community that dominate many people's lives: where they work and where they live. In a good workplace, people not only earn a living but find meaning from their work. Conversely, in a bad workplace, the humiliation of being treated badly detracts from the benefits of the money earned, sometimes to the extent that people quit. The contrast between the work low-skilled people get, and the work they want, I discussed in *Left Behind*; since writing it, the analysis has been done more thoroughly by Cottam (2025). Similarly, a good place to live offers not just convenience for shops and services but friendships and mutual kindness. The Treasury has ignored the economic policy implications of this broader view of place. For example, German governments have heavily subsidised community associations, so that most adult Germans are now in one – investment in social capital, to use Putnam's phrase. In contrast, in England, people have become more isolated: there is now an acknowledged crisis of loneliness. Conversely, a place beset by aggression and fear may drive people out: the appropriate fiscal policy might be to reduce street crime by increasing the budget for policing.

A second influence from John Kay was his work with Mervyn King critiquing the Treasury's misplaced yet persistent confidence in its policies. Arguing that following major economic shocks the best policy was often initially unknowable, Kay and King (2021) emphasised the importance of redesigning economic governance to enable rapid learning of what worked well in the new circumstances. Specifically, the Treasury should devolve many economic policy responses such as currently how to revive growth in provincial cities. City mayors and city-region authorities should have the powers and budgets currently held by the Treasury and be encouraged to try their own initiatives. Such variation around the country would enable rapid learning from experiments-in-parallel. Both they and the Treasury should also have the modesty to learn from countries that have been more successful – as, for example, Germany on tackling loneliness.

A closely related influence on *Left Behind* was the work on evolutionary biology of Henrich (2016 and 2020) and Heyes (2018). They show that much of our behaviour comes not from our individual rationality, but from being guided by the collective mind of a networked group: the actions that group members would typically do in a situation. Henrich and Heyes each recognise that ideas and behaviours are rapidly transmitted within a group – faced by a new challenge, when one member hits on something that works, others soon copy it – whereas they are much slower to travel between groups.

Ideas and behaviours also pass down across generations, sometimes for centuries. The authors disagree as to the mechanism: Henrich argues that it is genetic, whereas Heyes suggests that a networked community passes on its culture, which I found more convincing. All this reinforces the importance of fostering rapid learning for good economic policy. If city-region authorities (CRAs) had the power and budgets to experiment, they could easily be constituted into a networked group in which successful ideas would rapidly travel among the members. Like the CRAs, the Treasury itself would learn, but the crucial learning would be among the CRAs themselves.

Unfortunately, the economic models used by the Treasury to forecast the effects of possible policies still largely rely on a crude model of individual human behaviour dominated by selfishness and greed. Yet if much of our behaviour is determined not by our individual calculus of material interest, but partly by our concerns for our communities of work and place, and more radically by the guidance found in the typical behaviour of our networked group, this Treasury analysis will be seriously deficient. It will omit potentially important community costs and benefits. Further, by using the same model in a society now composed of many different networked groups, it will make avoidable errors. Since the CRAs are in a better position to understand the network composition of their own regions,

national forecasts should be built up by aggregating regional ones. Hence, modelling capacity, such as it is, needs to be shifted from the Treasury to regional governments.

This critique is deepened by recent work of Kay (2024), highlighting Whitehall's lack of managerial competence in contrast to the French civil service. Whereas the French are recruited from specialist managerial *Grandes Ecoles* or from the private sector, elite fast-track entrants to Whitehall come direct from their student days, having gained degrees which lack any managerial training. This has inevitably led to repeated failures, of which the costly fiasco of HS2 is the best known among many. In *Left Behind*, I recommended the use of Process Tracing to identify the civil servants and ministers responsible for such decisions. The public would be more trusting of Whitehall if its senior actors were accountable for their mistakes, and systems could be improved. Instead, the Treasury had misdiagnosed such failures as due to its insufficient control of other ministries and local governments, accounting for the intensified centralisation of already highly centralised governance. As of 2000, England and France shared the characteristic of being the most highly centralised systems in Europe, but since then France has devolved, while England has done the opposite.

I concluded on a hopeful note. The economic policy crises of 2023 had ended the tyranny of complacency among voters. Premiers May, Johnson, Truss and Sunak were all being swept out so that reforms once unthinkable, such as radical devolution, were now feasible. Only with such reforms can we reverse the widening divergence in life chances between privileged London and our deprived regional cities. Now writing at yet another moment of fiscal and political crisis, the central message of *Left Behind* looks prescient.

CONFLICT OF INTEREST STATEMENT

There is no conflict of interest.

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How to cite this article: Collier, P. (2025). *Left Behind* and unequal life chances in Britain. *Fiscal Studies* 1–3. <https://doi.org/10.1111/1475-5890.70014>