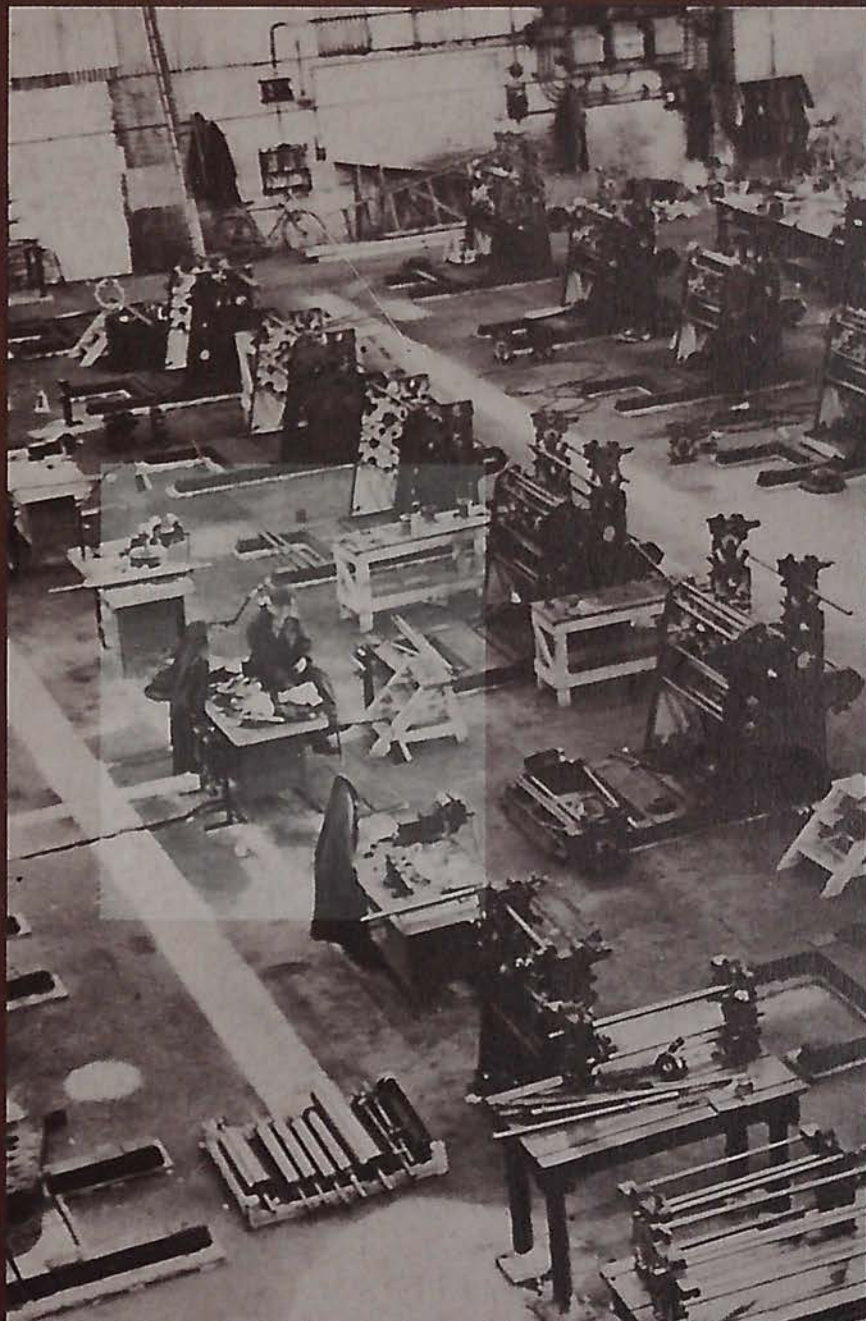
THE COSTS OF INDUSTRIAL CHANGE



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THE COSTS OF INDUSTRIAL CHANGE

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Foreword
Judith Hart M.P.

The human and social problems created by technological and economic change simmer for a decade or two, and then explode into positive discontent, doubt and debate. We are at just such a point of history now. A crucial and concerned debate is under way about the state of that considerable part of our nation which is unemployed, or underpaid and living in the fringes of our cities and towns – which used to be the thriving centres of economic and industrial activity, and are so no more.

This Report is committed and concerned. Its analysis, however, is not merely that of the physical planners. It relates the history of the areas it studies to the development of industrial society under capitalism, and to the varying methods of intervention of successive governments. It makes the philosophical link between economic and industrial policies, on the one hand, and, on the other, the social policies which scramble to meet the human deprivation they cause – or fail to resolve.

My own young days, as a student, were considerably focussed on policies for postwar reconstruction. How did we ensure full employment? What was to be done about the prewar depressed areas? How were we to deal with the slums of the cities? These were the days of the Barlow, Uthwatt and Scott Reports, which laid the foundation for the strategy of industrial dispersal, new town development and land planning which have dominated the methodology of governments ever since: until now. But, as the Report says, 'the tools of regional policy have never been much more than sticks and carrots – and there have been carrots by the sackload,' at enormous cost to the State, and therefore to the taxpayer. The concept of sticks and carrots – to inhibit industrial development here, and encourage it there – was required because new sources of the power needed by industry had liberated it from the immobility of the nineteenth century. When power came from coal and steam, factories had to where they were. When Engels wrote of Manchester in 1844, and Charles Booth wrote of the condition of the working people of London later in the century, industry, with all its smoke and grime and its inhumanity, with all the poverty and squalor of the living conditions in the housing areas which surrounded it, was rooted where it was. But electricity changed all that: and it was the profound nature of that particular technological change which brought industrial location into the centre of twentieth-century interventionist planning.

But there is a second factor, more influential as a determinant in recent years. It is summed up in the Report: 'The spectre of depression has returned to haunt European capitalism.' As it says, the profits of decline contribute to the familiar city centre fringe: 'It houses a succession of garages, maintenance depots, discount sales, vehicle distribution, used cars, parts merchants, carpet warehouses, night clubs, drive-in chip shops and storage firms. They require few workers and tend to pay them badly'.

So what is to be done? What should new environmental policies be? What direction should be taken by governments seeking, as all of them have done since the thirties, to influence or determine the location of industry and employment?

This Report is to be read by all those who are about to engage in the debate. It suggests that positive planning and intervention must take the place of the demonstrated failure of carrots-and-sticks strategies. It suggests that the nature of our urban crisis, and its consequences for the human condition, may perhaps only be capable of solution within a framework of radical economic policies. But while these conclusions are debatable – and will be challenged – they derive from an impeccable historical analysis, which must be studied (I hope it will) by Peter Shore and his officials in the Department of the Environment. Their study ought to lead them to the view that this is a debate whose remit cannot be contained within any narrow framework. It is about the whole direction our society is to take to meet the human need.

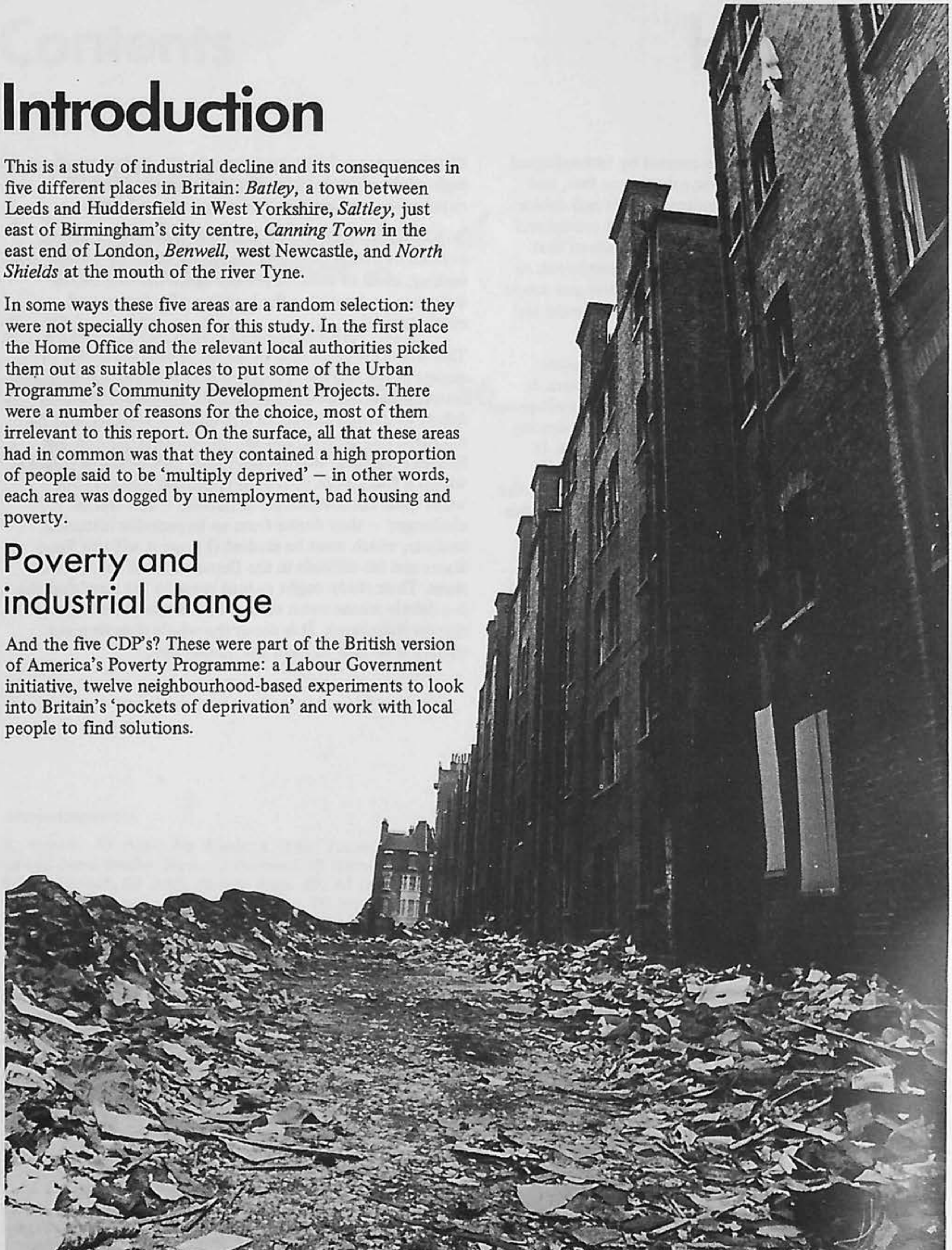
Introduction

This is a study of industrial decline and its consequences in five different places in Britain: *Batley,* a town between Leeds and Huddersfield in West Yorkshire, *Saltley,* just east of Birmingham's city centre, *Canning Town* in the east end of London, *Benwell,* west Newcastle, and *North Shields* at the mouth of the river Tyne.

In some ways these five areas are a random selection: they were not specially chosen for this study. In the first place the Home Office and the relevant local authorities picked them out as suitable places to put some of the Urban Programme's Community Development Projects. There were a number of reasons for the choice, most of them irrelevant to this report. On the surface, all that these areas had in common was that they contained a high proportion of people said to be 'multiply deprived' – in other words, each area was dogged by unemployment, bad housing and poverty.

Poverty and industrial change

And the five CDP's? These were part of the British version of America's Poverty Programme: a Labour Government initiative, twelve neighbourhood-based experiments to look into Britain's 'pockets of deprivation' and work with local people to find solutions.



The original brief of the Community Development Programme rested on some dubious assumptions. Poverty, bad housing and so on were, it implied, residual flaws in a society that had solved all its basic problems. There was also the 'blame the victim' element in the Programme's conception: poverty and deprivation were allegedly the fault of individuals, and 'deprived areas' places where there happened to be particular concentrations of people with the special characteristics that made them poverty-prone. The solutions then were supposed to lie in self-help by the poor.

But far from coming up with cheap and easy solutions to poverty, the CDP's action and research work has led to a rejection of these framing assumptions. Having investigated the problems in detail and tried the self-help trail it became clear that the problems of these areas were firmly tied to much more basic structural problems in society and that the solution does not consist in the poor pulling themselves up by their bootstraps, but in sufficient political will being directed toward fundamental and far-reaching social change.

This report presents the evidence for this view. It puts the problems of these five, typical 'deprived' areas in the context of an analysis of industrial change and points to the need to find solutions to these problems in controlling and planning industrial change in a more socially just way.

'Without a sound economic base, a community cannot survive'; so the CDP report *Jobs in Jeopardy* published in 1974 began to spell out the argument, adding its voice to the growing concern about the decline of the inner cities and other older urban areas. Since then a world-wide depression of major dimensions has brought British industry's problems to crisis point. Meanwhile a spate of speeches, proposals and programmes have been directed at the sorts of problems we go on to describe: the problems of older urban areas whose local economies are dying. The two developments are not unconnected. The events which are shaking Britain's older towns and inner cities are the end product of a much wider process of economic change. Yet much of the current debate fails to make the link. Instead the debates about economic quality between areas, groups of people and so on are being swamped by the overriding concern for setting the national economy on its feet again, and the debates about the problems of the regions, the inner cities and the rest are carried on with only token reference to wider economic trends.

This report seeks to dispose of some of the myths about the problems facing places like these five CDP areas, myths which have given rise to a variety of basically irrelevant policies. In their place is substituted the recognition that the existence of such 'pockets of deprivation' is useful and even necessary to the normal operations of the economy, that capitalist development will always tend to produce such areas, and the solution to their problems is inextricably bound up with the critical problems of the British economy as a whole.

A common core

Batley, Benwell, Canning Town, North Shields and Saltley are not alike. Each has its particular social, historical and industrial background. Each presents a different housing mix, some with high proportions of council stock, others with mainly private housing. The people in them vary too; some areas have significant numbers of Commonwealth immigrants, others not; some house a mainly young and transient population, in others it is older and more stable. Saltley, Canning Town and Benwell are inner-city areas, the other two are distinct industrial towns within their wider conurbations. Benwell and North Shields are in the 'depressed region' of the north east; Saltley and Canning Town, in the west midlands and south east respectively, are in parts of the country long regarded as generally prosperous; Batley acquired its 'intermediate' status as an 'assisted area' only four years ago.

Beneath all these variations there are crucial similarities. All the areas were, at one time, major centres of production. There was shipbuilding and shiprepair in North Shields, arms and heavy engineering in Benwell, heavy woollen textiles in Batley, vehicles in Saltley, and the docks and associated port industries in Canning Town. But now they have all become depressed areas in their different ways. The story of these places reveals processes at work within the British economy, processes which produce dereliction, redundancies and decline. Common trends are evident in all five areas, regardless of whether they are part of the booming south east or the depressed industrial north.

The original development of each area was closely associated with the establishment of a particular set of industries. Like almost any industrial belt within present urban areas, they were built on the edge of green fields. Next to these industries, housing was built for workers and their families. All five areas developed in this way in the last century, as working-class communities with houses and factories next to open countryside. Such working-class communities tend to be based on a fairly specific generation of industrial investment. This is mainly because firms prefer to locate on cheaper sites on the edges of cities, and these fields will usually all be built over within a short period of time. Newer generations of industry and housing site themselves further out enclosing the green fields as time goes on. So it becomes possible to talk meaningfully about the life-span of generations of industry and their associated working-class communities.

The fortunes of each community are intimately related to the state of local industry, which in turn is dependent on processes at work in the wider community. As the economic role of each area changes over time, so the basis of the local community is transformed. The symptoms of 'deprivation' appear as industrial change shifts areas that were once important industrial centres to the periphery of the economy.

It is this process of the making and breaking of a working-class community that is documented in chapter one. It seeks to document the reasons why these five places were built, the way they were made profitable for private capital, and why this private capital has eventually cut loose and moved its investment elsewhere, leaving behind a heap of physical and social dereliction.

Not all present-day working class communities conform to this picture, of course. Many inner-city areas, for example, were originally built for middle-class residents, and only came to house a working-class population as the housing stock deteriorated and the middle class left for newer surburbs. These areas, like Notting Hill in London, may have become residential areas for the city's service industries long since, a role which our five areas are also increasingly coming to fulfil. But it is because the five areas originally developed as working-class communities that they illustrate so well the complex and changing relationship between particular industries and the workers who are dependent upon them. Their history shows how the costs of industrial change have to be borne by local communities such as these.

There is a lesson here too for newer working-class areas. The limited life-span of any given industrial investment means that they too will eventually come to experience decline. We see this happening already in Skelmersdale and beginning in Coventry. This report traces the spectre of what could one day happen to any of Britain's apparently 'successful' industrial areas.

Big Flame photo

TAKE THE MONEY & RUN

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Skelmersdale dream of growth remains unfulfilled

Mill closure setback for new town

From Peter Godfrey
Skelmersdale

The road signs welcoming visitors to Skelmersdale are dwarfed by more obtrusive notices reminding them that the Lancashire new town is a "regional growth point" with a large variety of industrial sites to offer.

The urgency of the appeal for new industrial development is somewhat overshadowed by its irony in the light of the proposal this week by Courtaulds, the town's largest employer, to close its weaving mill at a cost of 1,065 jobs. The factory has received £3m in government aid since it opened in 1968.

The decision, combined with the closure earlier this year of the Thorn television tube plant at Skelmersdale with the loss of 1,400 jobs, has led to talk in a place where nearly one person in five will shortly be out of work, of a "ghost town" and "a modern Jarrow".

Mr Arthur Gore, the town's employment officer, thinks that although that is overstating the case Skelmersdale is building up a poor employment record, which will be increasingly difficult to live down. "We were managing to turn the corner after the Thorn closure, and things looked fairly bright until yesterday", he said.

"This kind of thing tarnishes the image of the town and makes industrialists think twice about coming here, wondering what is wrong with Skelmersdale."

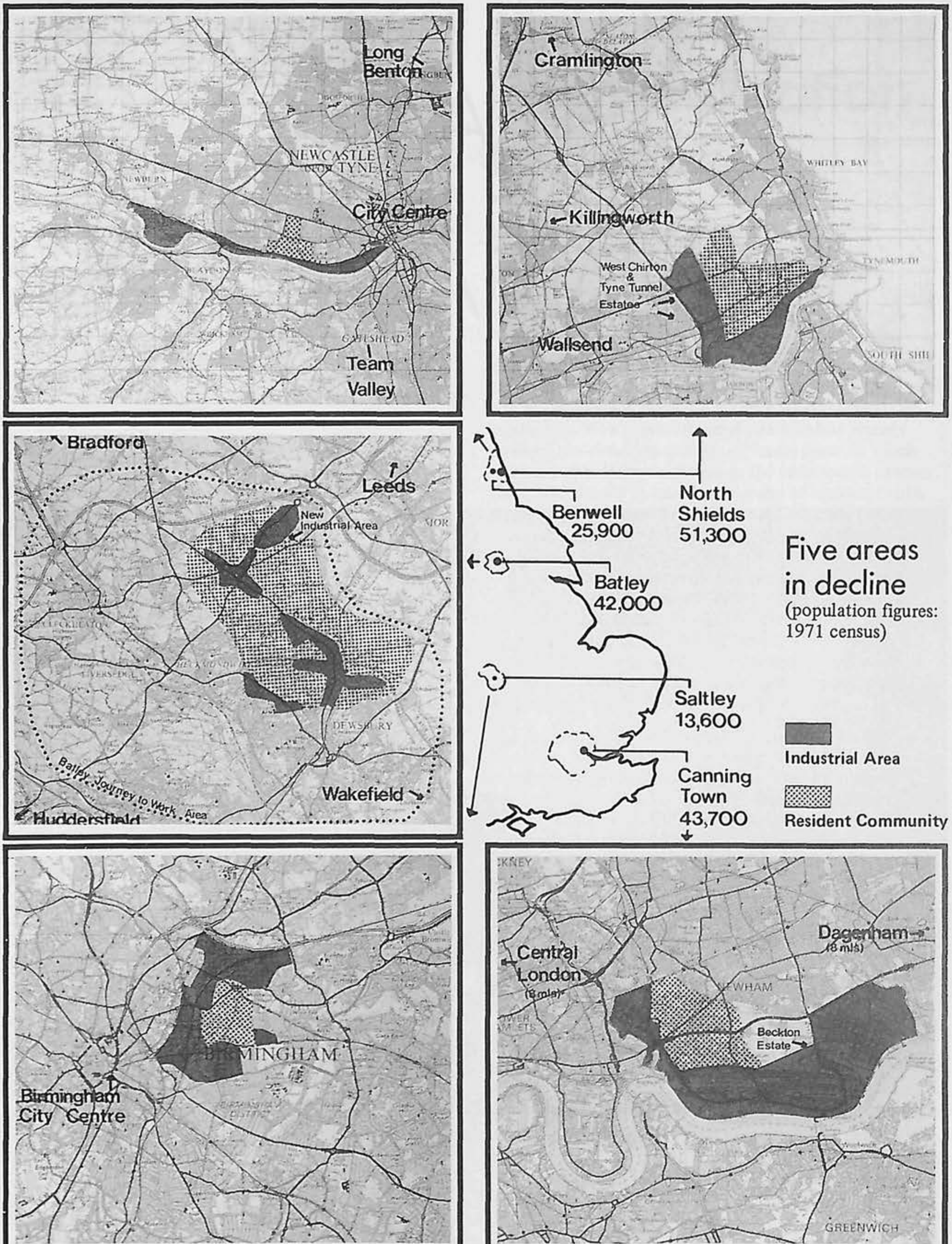
The district's unemployment level had recently dropped to 10.6 per cent, below the level for Merseyside for the first time this year. The proposed mill closure, however, will take Skelmersdale's jobless rate to 19 per cent.

Mr Edgar Bradbury, the managing director of Skelmersdale Development Corporation, which has guided the new town's growth since its inception in 1964, fears that its difficulties are symptomatic of those faced by the entire North-west region. He said: "People cannot write Skelmersdale off as a failure. It has to be seen in the context of the North-west, and if we cannot succeed economically, with all our advantages, then other areas are certain to face similar difficulties."

Many Courtauld workers are seeking new jobs, but in present circumstances their chances are slim. "We have a considerable number of vacancies for skilled workers which we cannot fill", Mr Gore said, "but the demand among the labour force is overwhelmingly for unskilled and semi-skilled work." The influx of people to the new town has fallen drastically from 6,000 in 1972 to 1,900 in 1975.

The planners' dream of Skelmersdale new town has been brought brusquely down to earth. The development corporation's basic plan of 1964 envisaged a population of 50,000 to 60,000 by 1975, whereas the current population is only 42,000. Its estimate of a population of 80,000 by 1980, by which stage the town was to have become "economically self-regenerating"/ now seems wildly optimistic. The planners did not budget for economic setbacks.

Investigation call: A group of Labour MPs from the North-west under the chairmanship of Mr George Rodgers, MP for Chorley, called yesterday for an investigation by the departments of industry and employment into the proposed closure of the plant.



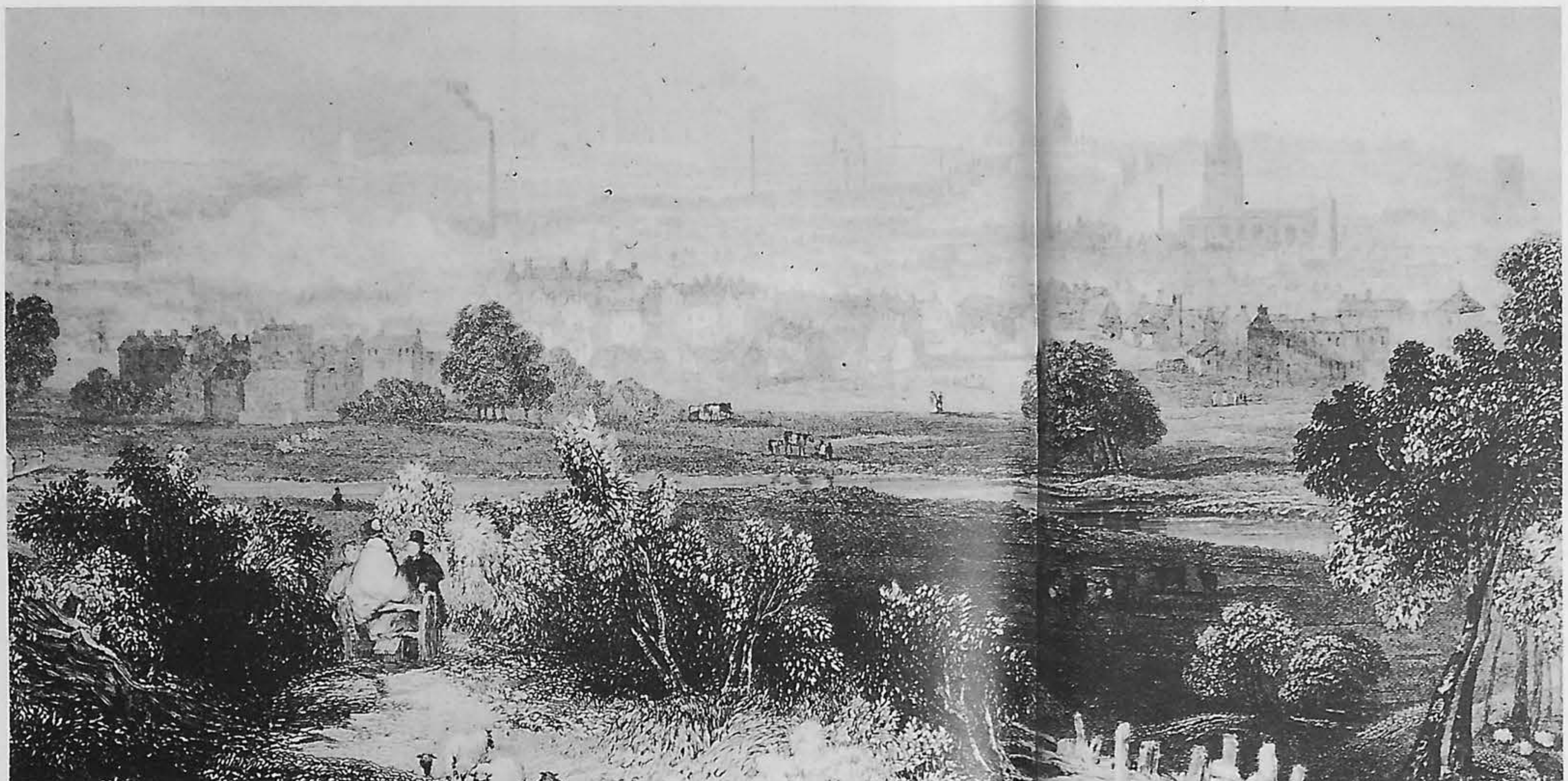
Five areas in decline

(population figures: 1971 census)

1 THE MAKING & BREAKING OF FIVE INDUSTRIAL AREAS

In the mid nineteenth century, cattle were grazing on the Essex marshes where Canning Town now stands and Saltley was a little village 'for the Sunday and holiday recreation of Birmingham artisans'. Batley, a small village in a side valley of the river Calder north of Dewsbury, housed a handful of textile mills and a population of 8,000. West of the city of Newcastle and high up the banks from the river Tyne the village of Old Benwell was a green haven too. Its large houses and estates sheltered local bankers and industrialists in peaceful surroundings until the early twentieth century. But only a stretch of farming land away the scene was very different: coal was being dug out of the lower river slopes and a variety of industries were well established on the narrow strip of flat land by the water. Further down the Tyne, North Shields was already an important maritime, commercial and industrial town but when, soon, the Northumberland coalfield was opened up and iron ships replaced its wooden ones, it marked the transformation not only of North Shields but of all five areas. These were some of the places that came to house new industries at the forefront of the country's industrial development and the workers needed to run them.

1860 – Birmingham from the south.



The industrialisation of Britain

The history of the five areas is part of the history of industrialisation in Britain. The uniqueness of this industrialisation stemmed from the fact that Britain was the *first* industrial nation. Here there was no possibility of imitating developments in other countries as there would be for all subsequent states attempting in their turn to industrialise.

The social changes that made industrialisation possible in Britain had been proceeding for many decades before there was any significant change in technology or methods of production. New capitalist social relations had already replaced the elaborate systems of feudal controls which had been effectively destroyed in the seventeenth century. There was already in existence a group of capitalist entrepreneurs whose operations were based on trade and commerce and more intensive agricultural production. Enclosures, and the elimination of a landholding peasantry had made available a pool of free labourers who could (and would) migrate to the new industries and towns as they developed. A century or more of foreign wars had led to British domination of much of the world, and a virtual monopoly of foreign colonies as compared with other European countries, and these colonies were to provide dramatically expandable markets for the new industries.

The first phase of industrialisation saw these advantages exploited. The cotton industry brought men and machines together in a new, disciplined and oppressive system of production based on the use of machines within factories – a way of organising work that became characteristic of advanced industrial capitalism. Manchester, the pioneer city of this first phase of the industrial revolution, grew tenfold between 1760 and 1830 as workers migrated in from the rural areas – and the pattern was repeated elsewhere in Britain throughout the nineteenth century.

Although factories had first appeared at the beginning of the eighteenth century, actually before machine production, in this early stage they were characteristic of the leading sector only. Most manufacturing industry in the first half of the nineteenth century was still organised largely on the basis of domestic production, small workshops or handicrafts. It was only in the second phase of industrialisation with the growth of railways, shipbuilding, and large-scale capital goods industries that factory organisation of work and the application of machinery to production spread to a wide range of industry.

This second phase of industrialisation began with the great period of railway building and investment: 6,000 miles of track were laid between 1830 and 1850. It was an investment which reflected not only a real need for improved transport, but also the vast accumulation of capital from the first phase of industrialisation for which businessmen were seeking new avenues of profitable investment. By the 1840s the annual surplus available for investment was estimated at the then enormous sum of £60m. The rise of the railways together with shipbuilding stimulated the growth of the iron, steel and heavy engineering industries, firstly for the home market, but later increasingly for the overseas market. For as competition in these sectors from European and American industrialists increased towards the end of the nineteenth century British industrialists were able to evade it and continue to expand by exporting to the Empire. In this way the military supremacy which had provided the markets, enabling the first phase of industrialisation to get under way, came to lay the basis for a long-term decline in British industry once it was faced with powerful competition, a decline which would only be recognised long after the process had already begun.

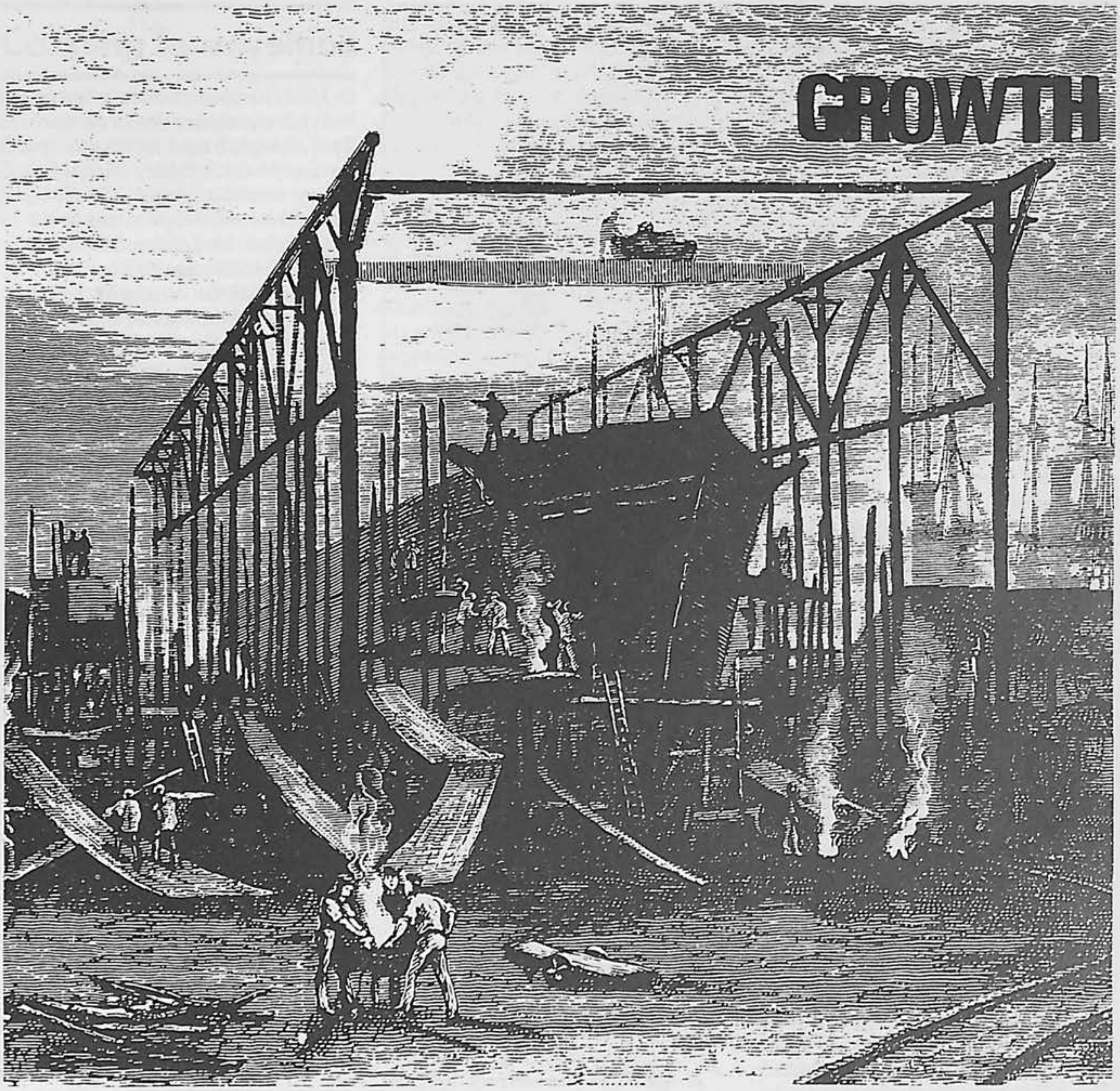
It was this second phase of industrialisation that turned the five CDP areas for a time into 'boom towns'. For a period, from about the middle of the nineteenth century, they reflected the competitive struggle to develop new industries and capture new markets.

The making and breaking of industrial areas – a model

The first chapter divides the history of the five areas into three broad phases – growth, maturity and decline. To some extent this division is arbitrary and inevitably it over-simplifies the complex historical reality of industrial and social change. Nevertheless it does help to explain the processes underlying these changes, in particular the interaction of industrial and population change over time. Each area is specific in its details, the timing of events and phases vary, and external factors, like land values or state intervention, play different roles in each case. No model can do justice to the complexity and variety of the real situations, but it can point up the important and far-reaching implications of industrial development and decline for the lives of people and their communities. To this end we set out here a simple version, an ideal-typical model of what happens in the creation and decline of areas like Batley, Benwell, Canning Town, North Shields and Saltley.

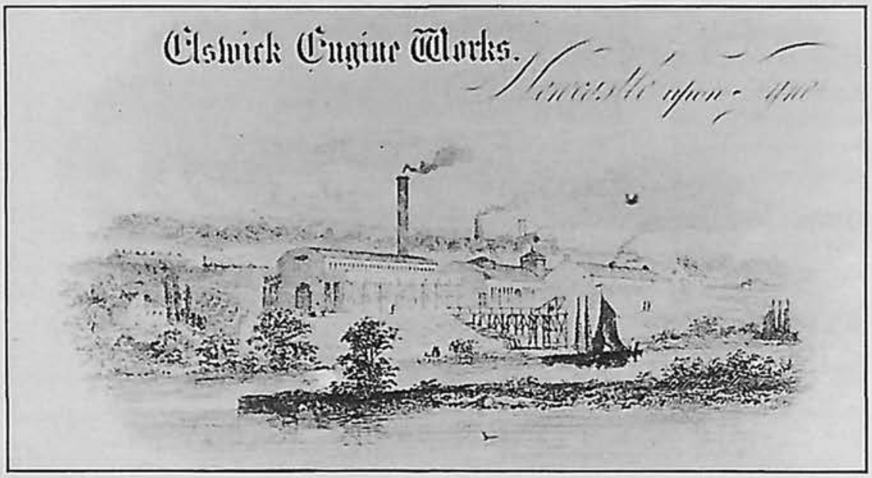
	Industry	*Community*
Growth	Firms locate in the area on green field sites. (The capital to set this up comes from profits made elsewhere, therefore contributing to the decline of some older working class area) The industry expands and employment grows. All the available land is filled up.	A new population moves into the area. The new housing is partly financed by investors with a stake also in the new industry and so in ensuring that there is an adequate supply of labour available locally. Many of the new population have come from other areas of the country, where industry/agriculture is in decline.
Maturity	Local firms remain profitable. Few firms leave the area and new growth slows. (Meanwhile, a new generation of industrial investment is being laid down elsewhere on green fields, partly financed by the profits from local industry).	Employment remains at a fairly stable level. The local population is well-established and settled. There is little turnover of population, as local employment and housing opportunities are still relatively good.
Decline	Local industry begins to decline. There is little new investment in existing plant. Employment is cut.	The housing stock is beginning to deteriorate and many of the better paid and more skilled workers move out to newer working class areas. The reduction in job opportunities locally is an additional factor encouraging out-imigration.. More lower paid and less skilled workers move in from older working class areas.
	The traditional manufacturing sector continues to decline, providing fewer and fewer jobs – especially skilled jobs. Several firms close altogether, leaving vacant sites.	Rate of out-migration increases. Workers who lose their jobs in local industry cannot find equivalent jobs as local manufacturing employment continues to decline; they remain unemployed or find jobs outside the area. The housing stock is in a poor condition. The continued shift to a lower income population means that the deterioration of the housing accelerates, as the residents are less able to afford improvements or the rent necessary to attract investment in improvement.
	Vacant sites remain derelict or are developed for warehousing, distribution or offices – for which the area is attractive because of its relatively central location. No new manufacturing enterprises comparable to the traditional industries are attracted to these sites as they are relatively expensive to buy, rent and develop, and also because there is now relatively little skilled labour available locally. But the availability of cheap, old premises, together with a pool of low income workers, does attract an inflow of small-scale, low wage, low productivity industry.	The emigration of younger, more skilled workers continues, leaving behind an increasingly unskilled, badly paid, insecurely employed or unemployed, and badly housed population.

GROWTH



Benwell

Benwell has often been called 'Armstrong's town', after the large engineering works that has dominated employment in the area for the last century and more. But the 'industrialisation' of Benwell is older than Armstrong's. Long before Armstrong started his first factory at Elswick in 1847 a wide range of industrial activities had been established along the riverside strip from Forth Banks to Newburn. There were ironworks, foundries, leadworks and factories making bricks, glue, paper, colour, glass and other things. But above all, there was coal mining (hence 'carrying coals to Newcastle') with pits at Gallowgate, Elswick, Benwell, Delaval, Scotswood, Fenham and Throckley, each with their wagonways to the river. The high capital costs of coalmining restricted all but a few merchants and early industrialist families from embarking on it, but once into the charmed circle there were waiting, as one coalowner put it, 'Fortunes beyond the dreams of avarice'. As the coal seams near the Tyne began to be worked out, the profits from these early workings were reinvested, first in new deeper pits in the Durham and Northumberland coalfields, and second, in the emerging shipbuilding and heavy engineering works along the Tyne, like Armstrongs and Hawthorns. Tyneside came to the forefront of growth when technological advances in heavy engineering and shipbuilding coincided with the area's two main natural resources, coal and the river. By the 1890s the area represented the



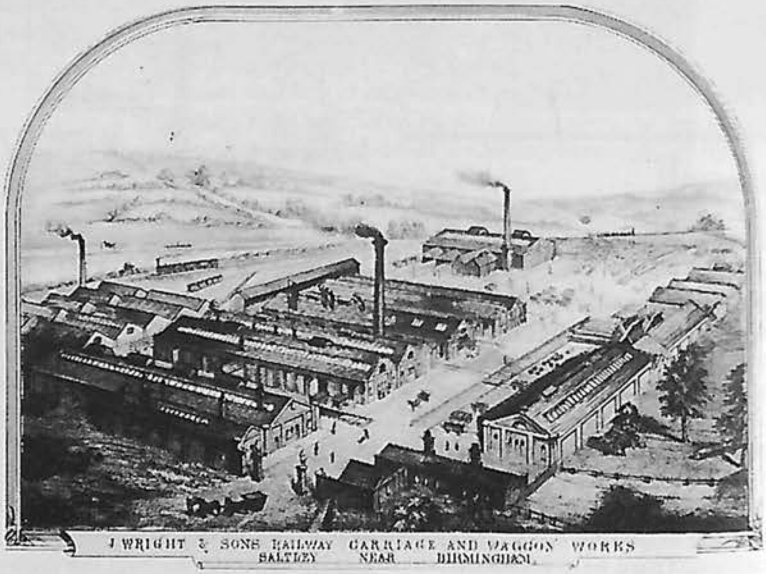
most advanced sector of British industry, and those few families, descended from the early coalowners and engineers, who had gained control were already playing a leading role in the development of other major industries on the Tyne and in the formation of the gas, electricity, water and transport companies serving the region. By the end of the century, Benwell itself contained examples of some of the most advanced sections of British industry. And by the time Armstrong built his second works at Scotswood to manufacture armaments, in 1899, the riverside was almost completely filled up with a variety of industry.

North Shields

Down the Tyne, in North Shields, Wallsend and Jarrow, the shipping capacity to transport such goods was simultaneously being developed. The demand for iron and then steel ships grew to meet the requirements of world trade carried almost entirely by the British fleet. More and more of the strips of level land along the river banks of the lower Tyne were taken over for shipyards, shiprepair works, slipways, pontoons, graving docks and marine engineering works. The old glass and chemical works on prime sites along the riverside were sold to the shipbuilders and repairers and there were other yards along the river at Howdon and Willington Quay – among them the Northumberland Shipbuilding Yard at Howdon, developed in the 1880s by the Edwards family firm. As well as the coal 'staithes' along the Tyne which served the expanding Northumberland coalfield, two major docks were constructed under the auspices of the Tyne Improvement Commission (recently restyled as the Port of Tyne Authority). The Northumberland Dock (1857) was the earliest loading dock on the Tyne, shipping steam coal world wide, and the Albert Edward Dock (1884) widened trade to grain and timber. Meanwhile the old established fishing industry, whose fish quay and surrounds formed the original centre of the town, continued to flourish using new techniques such as steam trawling from an early date. In short there was not much which was not connected either with the sea or mining in North Shields. And everything was growing.

Saltley

In 1845, two years before Armstrong built his engineering works on the Tyne, Joseph Wright set up a railway carriage works in Saltley. Wright already owned a factory in London and now he established a base at the other end of the London-Birmingham route which his stage coaches had travelled until the coming of the railways. The new site lay outside the main belt of industry and housing in central Birmingham, and was developed at the height of the railway mania as lines spread into remote corners of the country. Not only was the demand for railway carriages buoyant at home, but the growing export of British capital guaranteed that the bulk of early railways all over Europe and the world were built and run with British-made machinery. In Birmingham the railway lines which criss-crossed the eastern boundary created a triangle around Saltley which was to be gradually filled up with industry and later by housing. Birmingham's long supremacy in manufacturing metal for the home market attracted steel rolling and engineering companies such as the Adderley Park Rolling Mills. The railways and earlier canals were followed by three major gas works and many brick works. As a local historian put it, 'Saltley's prosperity was built on bricks powered by gas and moved on railway wheels'.



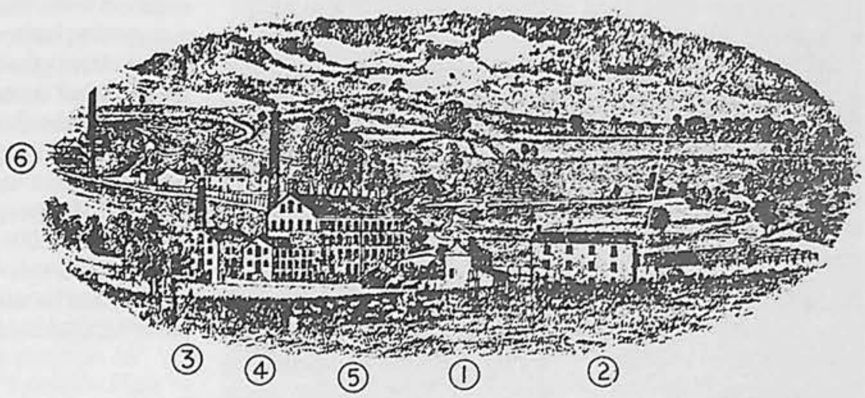
Canning Town

Canning Town's early industrial development partly consisted of industry banished from London's East End. Lying just beyond the city boundary of London, it offered none of the restrictions placed on 'offensive trades' like chemical works by the Metropolitan byelaws of 1844. But the main stimulus to industrial investment in the area came from the growth of world trade backed by the power of British imperialism. Cheap raw materials and foodstuffs drawn from the rest of the world were being shipped to Britain in payment for the widening range of exported manufactured goods. As the amount and range of produce increased and the revolution in steamships swept aside the old quays, London's old dock companies tried to preserve their privileges by investing in new enclosed stocks. The money was easily raised, and uncontrolled speculation on an enormous scale threw up new docks all along the Thames, as companies leapfrogged each other down the river to gain the best position. In this competitive struggle, a huge system was established in Canning Town. The Royal Victoria Dock opened in 1855 and the Royal Albert in 1880. But it was over-optimistic speculation and trade never managed to match the new capacity.

After 1873 there was a slump. Too many primary goods imported from the new colonies meant that food prices fell and with them importers' profits. On the other hand cheaper food prices enabled British workers to buy more and investors were quick to put their money into a whole new range of food refining industry, incorporating the latest breakthroughs in machine technology. So the 1880s saw Canning Town's docks joined by industries like sugar, animal feed, edible oils, as well as jam, chemicals, rubber, oil and submarine cables. Firms like Lyle, Tate, Keiller, Loders & Nucoline, and many others all found space in the convenient wedge of land left vacant between the riverside and the docks. The remnants of London's shipbuilding industry, like the Thames Iron Works, had also moved downstream to Canning Town. With them came ship repair and engineering firms like Harland and Wolff, which were established close by or inside the docks.

A feature of Canning Town's new economy was the widespread use of casual labour: workers were needed when ships arrived or products were in season. The rest of the time there was little or no work for them. The situation was made worse by the growing over-capacity in the docks. High unemployment was a constant presence, poverty widespread.

BLAKERIDGE MILLS
1854



This picture represents the Blakeridge Mills of the firm and the family home as they were in 1854. The largest mill was destroyed by fire in 1862. That and the other buildings in the picture (except the large chimney) have all been replaced by modern and larger buildings. The total floor space of the Company's present four groups of buildings, viz., Blakeridge, Cheapside and Branch Mills and Station Road Warehouses is 550,953 square feet, or over 12½ acres. The Company employs 1,600 people.

Batley

Yet even the poor had to be clothed. Wool had become very expensive in the early nineteenth century, while the number of urban workers had grown enormously, and it was the growing demand for a cheap substitute material that turned the small village of Batley into a rapidly developing industrial centre. It was in Batley in 1813 that Laws had invented the wool grinder and made it possible for woollen waste and rags to be broken down and 'recycled' for the production of the cheap utilitarian cloths known as shoddy and mungo.

Batley had first water power and then coal to drive the industry, and on this basis it had been growing steadily from the end of the Napoleonic Wars to the late 1840s. Then the building of a new railway line with a station at Batley opened up the valley floor as the ideal site for industrial development. Batley boomed as investors saw the advantages.

The first rag auctions took place at the new railway station in the late 1840s and for the next twenty years Batley grew faster than any other town in Yorkshire's West Riding. As the numbers of rag merchants and woollen mills proliferated, Batley became, in the words of Sam Jubb, a local historian and businessman, 'unquestionably the headquarters of the shoddy trade' with the industrial and civic buildings to fit the title. But the jobs that came with this growth were not so impressive. The mills remained fairly small and the level of technology primitive: the work they offered was relatively unskilled and the wages low, even by comparison with other sections of the woollen industry. While the shoddy industry itself was slow to develop and incorporate new techniques, its presence in Batley prevented the establishment there of more advanced kinds of woollen production which might have provided better working conditions. Instead the town grew ever more dependent on its marginal and steadily less profitable part of the wool industry.

Land...

In each area, the new industries were set up on land formerly used for agriculture or occupied by older industries. Sometimes landowners could virtually hold industrialists to ransom. In Canning Town, the North Woolwich Land Company, needing a narrow strip of land for a railway, were forced into buying the whole riverside belt at a hugely inflated price, on the grounds that it might be a potential site for a future dock which, in this case, turned out to be true. During such boom periods, the pressure on land could be so great that it was more profitable for even a profit-making manufacturing concern to close down its operations and sell out the land to one of the new 'growth' industries. In North Shields, land already occupied by glassworks along the Tyne was sold to shipyards and with it these old but once prosperous industries disappeared. Such operations have their modern parallels.

In each area the new industrial occupiers gradually acquired their freeholds and laid the basis for a new pattern of ownership which enabled them to sell up in much the same way a century later. The ownership of land was, as it still is, a potentially profitable card to play when land values rise under pressure from new uses.

Housing was the other major development that was to transform the 'green fields' of the five areas with, in some cases, the same investors involved in both industrial and housing development. The west end of Newcastle for example was a commuting area until the 1870s, with housing for the professional middle classes in Elswick, and for the coalowners, industrialists and bankers in Old Benwell. Newcastle's working class were forced to live in the slums and 'rookeries' of the town centre. This unbalanced development is not hard to explain, for those same families who controlled the area's industrial development also owned the land, and the provision of working-class housing was the least profitable outlet for their capital. When, from the 1860s, the growth of the labour force created a need for housing that, if unmet, might have jeopardised industrial expansion, those large landowning industrialists realised their assets by selling land to small builders who were left to carry the actual risks of development.

The interconnections were extensive. The development of the huge Benwell Estate for housing purposes from the 1880s onwards was entrusted to a group of solicitors and industrialists who were already playing a key role in industrial development elsewhere on Tyneside. In Saltley, Lord Norton, a local landowner, rented sites for both industry and housing. Other traditional landowners sold outright. The Duke of Northumberland owned over 100,000 acres in 'his' county, among them some of the riverside areas, which he sold or leased to industrialists.

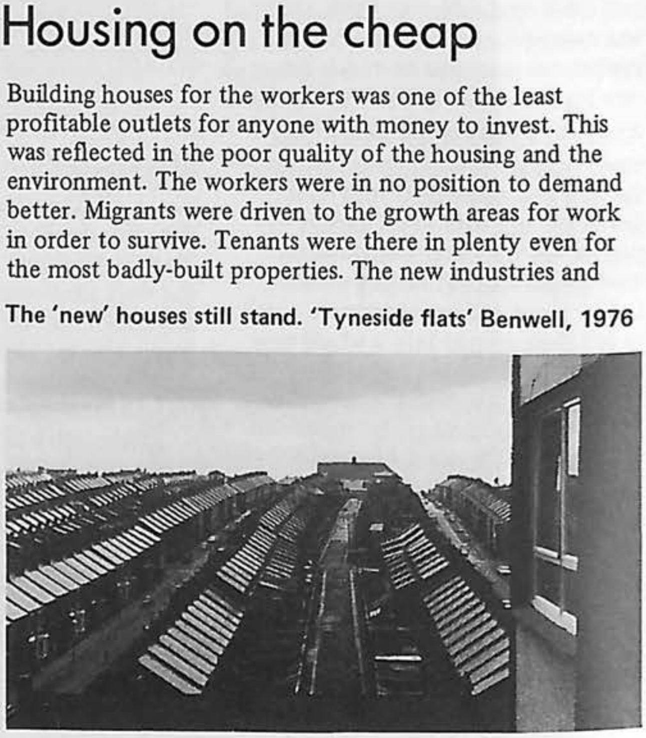
New industry comes to the land: 1837, the Eastern Counties Railway Co overtakes the River Lea at Stratford, E.London.

One of these was the Edwards family whose Northumberland Shipbuilding Yard at Howdon was built on land acquired from the Duke in the 1880s. The Duke, like many other landowners all over the country, also made money from granting wayleaves to rail companies to cross his land, and from mineral rights, mainly for the development of coalmines. Many land transactions were speculative: some brought immense wealth, others disaster. The Elswick Estate, in the Benwell area, was bought by Richard Grainger, the redeveloper of Newcastle's central area for £114,00. Mostly financed by local industrialists and bankers, this venture almost brought him to bankruptcy, and he was forced to leave the area for a time to avoid his creditors.

Housing on the cheap

Building houses for the workers was one of the least profitable outlets for anyone with money to invest. This was reflected in the poor quality of the housing and the environment. The workers were in no position to demand better. Migrants were driven to the growth areas for work in order to survive. Tenants were there in plenty even for the most badly-built properties. The new industries and

The 'new' houses still stand. 'Tyneside flats' Benwell, 1976



From the land too came the new workforce. For labourers tramping in search of work, all roads led to industry.

... and labour

As the industries were established more and more workers were needed to run them. In the nineteenth century, this usually meant the creation of a labour force where none had existed before – the necessary workers being drawn in from other parts of the country, from earlier communities and other lives. In time these uprooted, disorganised people settled in the new areas, found places to live and came to constitute the new 'communities' required to do the work and create the profits of the new industries.

Driven out. With hunger, destitution and forcible eviction at their backs the new workers had little choice. Here General Buller evicts agricultural workers in Kerry, Ireland, 1881.

the jobs they offered were the driving force and all else was secondary. This relationship was clearly reflected in the physical environment. Industry monopolised the prime pieces of land, while workers' housing was cramped up, squeezed in, against mills, docks or noxious factories on what land was left. On the river banks industry even excluded residents from access to the water's edge in some cases – philanthropic gestures like Lyle's park beside the Thames by his Silvertown works were very much the exception. In Newcastle, it was the steep northern slopes above the river Tyne, shunned by the more affluent, that were used for working-class housing. This site was conveniently near the major industries, providing employers with a ready source of labour on their very doorstep. Everywhere workers were packed in as tightly as possible. In Tyneside this produced the characteristic 'Tyneside Flats' – long terraced rows of two-storey dwellings, split into flats.

The quality of the houses depended on who built them – and for what class of occupants. The poorest housing was usually closest to the industry. In most of the riverside areas, there was the clear gradation up the banks with the worst housing for the poorest people crowded at the bottom of the slopes next to noisy and often noxious industry, and better housing for skilled and white-collar workers in the fresher air high above the river. The quality of the houses was related to how much rent the occupants could afford to pay. Housing built for the growing population of skilled workers in parts of Benwell and Saltley was better built, but where, as among unskilled casual workers in the docks of Canning Town and North Shields, the tenants' wages were very low and credit very limited the result was dangerously unsanitary living conditions. In places like these, the growth of casual labour was parallelled by the spread of unplanned streets, lacking drainage or paving, with open-ditch sewers and inefficient water supply. Eventually towards the end of the century, more stringent controls over housing standards and public health provisions in such areas were imposed, but these owed more to the fear of spreading epidemics than to the lobbying of liberal reformers concerned with the predicament of the workers who had to live in them.

Workers poured into the 'new' towns in a flood of immigration from agricultural and older declining areas where work was fast disappearing. Many were driven by rural destitution from areas where local agricultural production had been undermined by new food imports. Many of Benwell's new population travelled long distances from Ireland, Cornwall and elsewhere. Others came from surrounding Northumberland where the rural areas were fast depopulating. By 1891 half the population of Canning Town, too, had come in from the depressed county areas of Essex where they had been born. In some cases capitalists actually forced 'key' workers to migrate: Joseph Wright brought 600 with him to his new carriage works in Saltley, and in Canning Town the descendants of the Scottish workers brought by Lyle from Greenock to produce sugar still live in the streets beside his refinery. In every area there were Irish workers, fleeing the famine.

The population of the new towns grew at a great speed. By the 1850s North Shields, Batley and Canning Town were all boom towns, with rapidly growing populations. In the twelve years up to 1860, the population of Batley rose by 50%, while in Canning Town it doubled every ten years from 1850 to 1881. The timescale was rather different in Saltley and Benwell whose development was then, as now, more closely related to that of the wider city of which each forms a part. The workers for the new factories in Saltley and Benwell were initially drawn from older working-class areas further afield. The population of industrial Tyneside as a whole expanded rapidly, especially in the decades between 1851 and 1871, at the peak of the area's industrial growth, but housing development in Benwell itself only began later in the 1880s reaching its peak nearer the end of the century. The population of Saltley rose more gradually until the end of the century, then as the local industries expanded it trebled in thirty years.

In their early days these workers had few or no rights, low wages and no security. Though the boom periods offered the chance of work to those who could get to the new areas, the periods of depression in trade and the introduction of new technology left many workers stranded. Docks and factories using casual, unskilled labour for fluctuating or seasonal work, could keep wages down. Chronic unemployment was always a basic feature of life in Canning Town and Batley. Married women took in homework to make up a survival wage, only increasing their immobility, ties to the neighbourhood and the hopeless position of many families. The more skilled workers in thriving industries were only relatively better placed. The power of shipowners, millowners and other entrepreneurs in some places was such that few dared organise to fight for a better life.

Brought in. Above: if their new workers proved troublesome employers could always find more to replace them. Here blackleg labour is brought in to break an engineers strike in Newcastle.
Below: at 'home' in East London making boxes. The work awaiting the newcomers was neither steady, secure or well paid. Homework and child labour were essential to survival.

The road to decline

So this was the period of 'growth' for the five areas of Batley, Benwell, Canning Town, Saltley and North Shields. But it is important to remember that such growth is not an isolated process. Then, as now, the growth of one area was accompanied by the decline of others. In the mid-nineteenth century decline had already begun not only in many rural areas, but also in whole towns and parts of cities developed during earlier phases of industrialisation.

The new engineering and shipbuilding works on Tyneside drove the older glassmaking and chemical industries off the river banks. The plants were sold, jobs in those industries replaced by jobs in the new yards. But in Shadwell and Rotherhithe in East London where shipbuilding and heavy engineering had been concentrated before then, there was no replacement. The growth on the Tyne marked the collapse of their industries, superseded by newer, more profitable techniques elsewhere, and so these areas went into decline. To compete with more favoured factory production on the coalfields, firms in these declining areas of inner East London turned to setting up small scale 'sweated' workshops. The population, formerly skilled workers, found their skills now useless and unused and themselves faced with the option of doing low-paid unskilled work in the sweatshops, of being unemployed or of leaving altogether.

Even in this period of overall industrial expansion, when more and more areas were being drawn into world capitalism, development in one area often meant the decline of another. As capitalists took the profits accumulated in one place and poured them into new plant and projects in new areas, so workers in the older industries were thrown out of work, and forced to leave their homes, friends and families to tramp the roads in search of work. This was part of 'growth' itself.

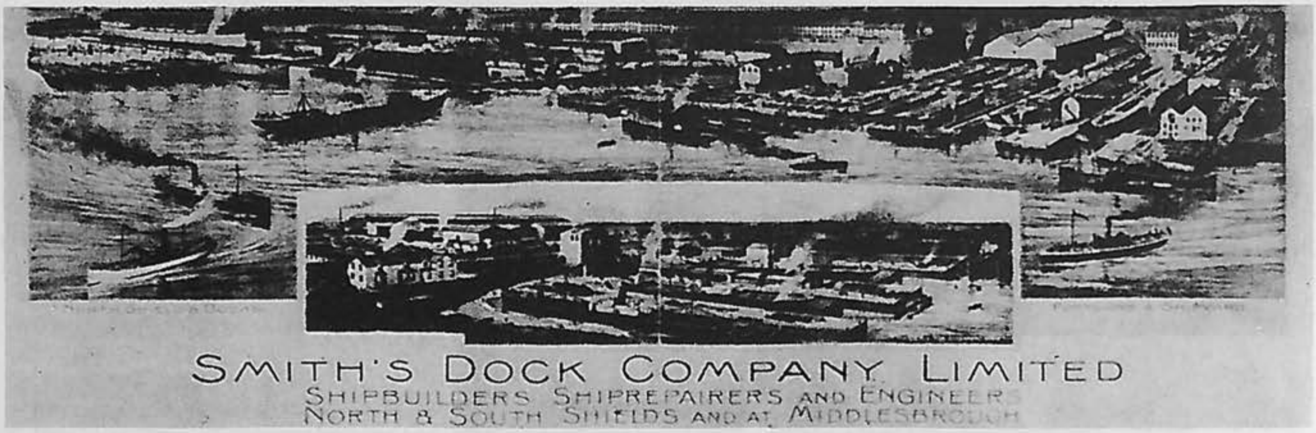
MATURITY

'Are *you* in this?' For king and empire, a First World War poster designed by Lt. Gen. Sir R. S. S. Baden Powell.

By the end of the nineteenth century some of the five areas were already at the height of their fortunes as industrial centres. Many local firms were still very profitable and continued to expand. Though much of their plant, equipment and ways of working had been in operation for half a century with very little alteration, in some places industrialists were still prepared to make major investments in the industries. Most of the available industrial land had been occupied during the period of growth, and the remaining sites were now taken over as existing firms expanded or new industry squeezed in.

As the major local industries achieved the peak of their success, this brought with it a kind of stability for the working-class communities in most of these places. Even this relative stability of employment and skills was disturbed by sporadic recession, and life remained tough and insecure for most people, with poor incomes, long working hours and hard conditions. In Canning Town and other areas of casual employment, there was not even this limited stability, and chronic underemployment continued as the very basis of life.

These communities were still growing. In some areas, like Batley, the rate of population increase was much slower than in the early years of growth, and arose less from migration than natural increase. In Canning Town, the population grew as fast as ever up to the First World War. New housing was still being built in most places; in Benwell most of the north half of the area was built up after the turn of the century. However, in certain parts of each area, the communities were by now well established, and people were able to settle down and organise a new social and political life.

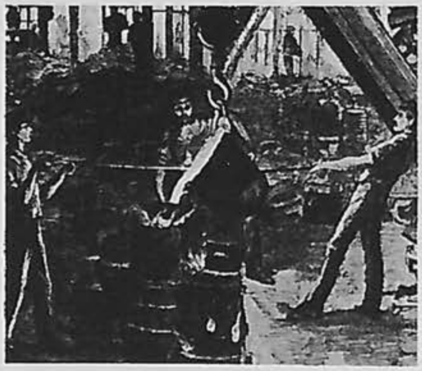


North Shields

This period from 1880-90 was the heyday of the Tyne shipbuilders, among them those in and around North Shields. They turned out ships of simple, cheap construction to meet the huge world demand for tramp ships and dry cargo. By 1890, UK shipbuilding amounted to 80% of the world total, and up to half of these vessels came from the north-east. But growing competition and the port trade encouraged some firms like the Smith family concern (later Smiths Dock Co [1899]) out of shipbuilding and into the growing business of ship-repair. The firm took this rationalisation decision in 1891, and at the same time turned their business into a limited company. After 1900, these peak years of shipbuilding gave way to a succession of increasingly serious slumps alternating with shorter boom periods.

Benwell

The riverside engineering works in West Newcastle also continued to expand for a while after 1880. The real success story of this period was the development of armaments production, particularly warships, at Armstrong's Elswick works. In 1884, following amalgamation with the shipbuilding firm of Mitchell's, Armstrong's added a new sixteen acre shipyard to the already existing steel works, engineering works and ordnance department. With the capacity to build and equip an entire ship from raw material to finished product, the company was to record eighty-four launches over the next thirty years and became the most successful exporter of warships in the world. Between 1904 and 1914, eight major world navies spent £670m on new ships, of which a significant proportion were built on Tyneside, and at Armstrong's in particular. Much of the profit, however, was not reinvested in the industry. The company poured money into a number of foreign ventures, and directors like Lord Armstrong and the Nobles exported



Casting shot at Armstrong's, Elswick

capital into mining and metal companies or diversified into local railway and electricity companies. This pattern of transferring profit made in west Newcastle to more lucrative ventures elsewhere was repeated by other local firms, and foreshadowed the future industrial decline of the area.

As well as extending the Elswick works, Armstrong's built a second factory at Scotswood in 1899. Employment at the works grew evenly and then fell in the early 1890s, rising again towards the end of the century. But for the local engineering sector generally, the period of maturity after 1880 was marked by growing instability. Most of the riverside firms were suppliers of capital goods or basic materials to other sectors of industry, and therefore highly vulnerable to economic slumps.

The build-up to the First World War, and wartime itself, was a boom period for all industries, and employment rose to match demand, but it actually masked the general pattern of stagnation and lack of new investment whose effects were to hit the area in the 1920s.

Batley

In Batley the first shoddy boom of the 1840-60s was short-lived, and the town stagnated after 1870 as the industry met increasing competition and tariff barriers from other newly industrialised countries. It was not difficult for entrepreneurs to set up in a sector of production which had such a primitive technology and required relatively little capital. The basic requirement was a supply of cheap and relatively unskilled workers, especially women workers as in Batley. Shoddy was one of the first trades in which Britain lost its competitive advantage in both raw materials (rags) and markets for the finished product. The local millowners in the Batley area produced on a relatively small scale, and integration of the several manufacturing processes was slow in coming. The area's only other economic activity of any significance was coalmining.

The shoddy industry remainined in a state of depression until the 1890s, when it was saved from a possible early death by a combination of national circumstances which led to another local boom. The drive to extend the Empire brought new protected markets, while wars, like the Boer War and later the First World War, meant that the demand for shoddy cloth shot up, partly because it was used for military clothing but also because war-time trading conditions meant a safe home market. The local railway network was extended, and production once again grew rapidly. There were moves to rationalise small scale production and several new integrated mills were built, of which the largest and best known was Taylors (1913). But for large sections of the shoddy trade, particularly at the rag processing end, this second boom simply enabled them to survive in much their original shape. And this was already archaic.

The shoddy industry reached its zenith with the First World War and Batley's population continued to grow up to then, reaching roughly its present level. 1915 probably represented the apex of the town's fortunes, but soon decline set in with the coming of peace.

Canning Town

In contrast to the uneven fortunes of the north-east's export-based industries, Canning Town's import-based industries continued to expand. Overall confidence was still being expressed when West Ham Council published its leaflet *West Ham: The Factory Centre of England* in 1910. Fluctuating trade and falling prices of the world's raw materials increased unemployment, but at the same time the relative rise in the wages of skilled workers was also creating a wider domestic market for meat, sugar and a range of products which continued to flow in as a by-product of Britain's imperialist ventures. New investment in refineries and ancillary trades continued to fill up what space still remained in the finger of land south of the docks. New firms included Silcocks and BOCM animal feeds, Minoco Oil, Brunner Mond caustic soda and others. In 1890 the largest gasworks in the world was opened at Beckton, covering 500 acres and employing 10,000 workers in the wintertime. Investment continued to flow in after the turn of the century. The major flour millers, Vernons, Ranks and CWP, for example, all built huge capital-intensive mills in Canning Town between 1901-3.

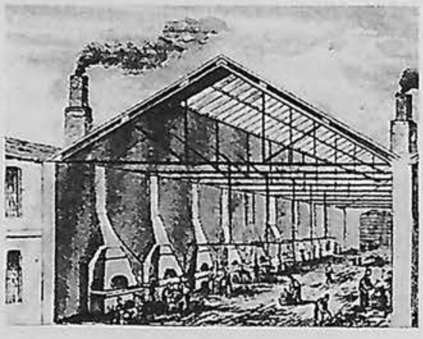
Saltley

The pattern was rather different in Saltley. Gas, railways and railway carriage construction were linked to stable markets for a longer time. Rail technology was relatively advanced by the turn of the century and was to remain broadly unchanged for another fifty years. The Empire had expanded into new countries and opened them up for British investors to exploit. These now provided a continuing market for railways and railway carriages. But the most striking difference was that a second phase of growth began alongside these earlier industries.

Towards the end of the century many of Birmingham's old, small-scale engineering trades were transformed into the new metal and machine-tool trades which produced first bicycles

Carriages for the world. Duke Tsai Tse and members of the Chinese Special Mission at the Metropolitan works, Saltley, 14th May 1906.

and then motor cars. Saltley housed its share of this. Entrepreneurs there replaced old uses with the new ones, and as they expanded used up more and more land for industry and housing, particularly at Adderley Park and later at Washwood Heath. One such firm was the Wolseley Sheep Shearing Co, which had been bought by Vickers in 1890 and moved to a new site at Adderley Park West. Seasonal demand had already led the management to diversify into producing machine tools and bicycles, and Austin, its new manager, had been eager to build cars. In 1901 production started. In 1906 Siddley replaced Austin who left to build cars at Longbridge.



Old methods of production give way to the new. ***Above*****: the Smith's shop, Britannia Railway Carriage Works, Saltley.** ***Below*****: the first assembly line, Ford's Park Plant, 1913.**

The new industry, although dynamic, was unstable and loss-making. Wolseley paid no dividend from 1905 to 1912. It was a luxury trade growing gradually at first and only reaching a mass market in the 1950s. But the development reflected basic changes in the national economy. It was no accident that Vickers was trying to get out of the stagnating economy of engineering which was based in the north-east, and into new products. Britain was losing its capital goods export market, and the attractions of the previously ignored home market grew.

Early competition in the motor industry was acute. Concentration and mergers were a feature of its early growth and survival as well as its later decline. There were 130 models of car on the market in 1920 but only forty-six remained nine years later. Still the industry did survive and it took root in Saltley with a wide number of manufacturers.

Morris was a major force. He had acquired Wolseley in 1926 and now he built the big new Morris works in neighbouring Washwood Heath based on assembly methods of production. He persuaded component suppliers to expand their production to more economic levels, trying to integrate them in his operations, until he eventually controlled many dispersed suppliers. In the background were competitors like Ford, who moved his operations from Manchester to Dagenham Dock in 1929. Ford created an integrated plant there, threatening Morris with even cheaper production than he could achieve.

Saltley offered the advantages of a location close to the mass market of the south of England. This advantage was consolidated when in 1926 the national grid brought, for the first time, unrestricted sources of power to areas outside the coalfields. Here again, progress for some areas meant decline for others. The northern coalfield areas saw the national grid further undermine their central role in the economy just at a period when their investments were running into deep trouble.

But for Saltley these developments meant that, although it was hit by the post-war slump, it was still based on an expanding economy when the local economies of Benwell, North Shields, and, to a lesser extent, Canning Town were thrown into deep depression. The Second World War and the expansion of working-class consumption after 1945 extended its development for another decade to reach a peak in the fifties.

'Putting down the trades unions', c1830 featuring Wellington

'Floreat Industria'

The survival and expansion of these traditional industries laid the basis for the development of stable working-class communities in some areas. In North Shields, for example, there was some continuity of employment from father to son, and by the end of the century, two or three generations of workers had grown up to work in the local shipyards and ports. The population stayed, because in times of recession there were few alternatives and in times of boom the area still offered more than many other places. In such areas, close-knit communities developed, interwoven with family connections, their traditions of mutual help growing out of the poverty and hardship of working class life at that time. In stark contrast to this, in other areas like Canning Town, the population continued to change rapidly throughout the period of industrial maturity; and it was not until the onset of decline between the wars that some sort of stability of numbers was reached, reflecting more the declining attractiveness of the area in the lack of employment opportunities.

In some areas, especially those like Benwell where there were many skilled workers who were relatively well-off by the standards of the time, the local working-class community developed its own institutions – friendly societies, working-men's clubs and co-operatives. In other places, the power of the employers extended beyond the workplace and into the homes and political life of the workers, particularly in those towns where direct links between the owners and workers existed. This was typical of Batley, where mill owners were able for many years to extend their powers over local employment by controlling a wide range of local political, social and cultural institutions, including the local authorities, magistracy, school and relief boards. It was not entirely incidental that the motto of the Batley Council was 'Floreat Industria'.

The power of the millowners survived well into this century and even in many respects until the Second World War. It imposed heavy constraints on local political developments. Workers who crossed the millowners by engaging in trade union and political activity were quickly blacklisted and paid a heavy price as many still recall. In such areas of locally controlled small scale industry the all-prevailing grip of the employers was difficult to organise against, and it was ultimately reflected in the survival of primitive industrial processes.

The struggle to organise

At that period, there was nothing for an unemployed worker to fall back on except the trade union, friendly society or pawnbroker. For the unskilled, unorganised, casual worker there was not even that support. Unemployment meant the poor house, and even worse, pauperism.

This last group, the unskilled poor in general, were regarded by Victorian society as responsible for their poverty, although their recurrent unemployment was clearly essential for the smooth running of the economy. There was believed to be an 'under-class' inhabiting the North Shields slum 'warrens' on the banks of the fish quays and port, or Canning Town's infamous Tidal Basin – an under-class to which the less able filtered down through their own fault. It is a perception of reality which is still with us. Similarly, the growth of charitable activities and settlements helped to curb unrest, where few direct political links operated between the rich and the very poor, as in Canning Town. This, too, has its modern parallels. Ironically, when these same workers achieved a degree of organisation through many bitter struggles, this tended to allay fears that had arisen among industrialists and other sections of the ruling class over the anarchic revolutionary potential of the vast 'residuum' of casual, disorganised poor in areas like East London.

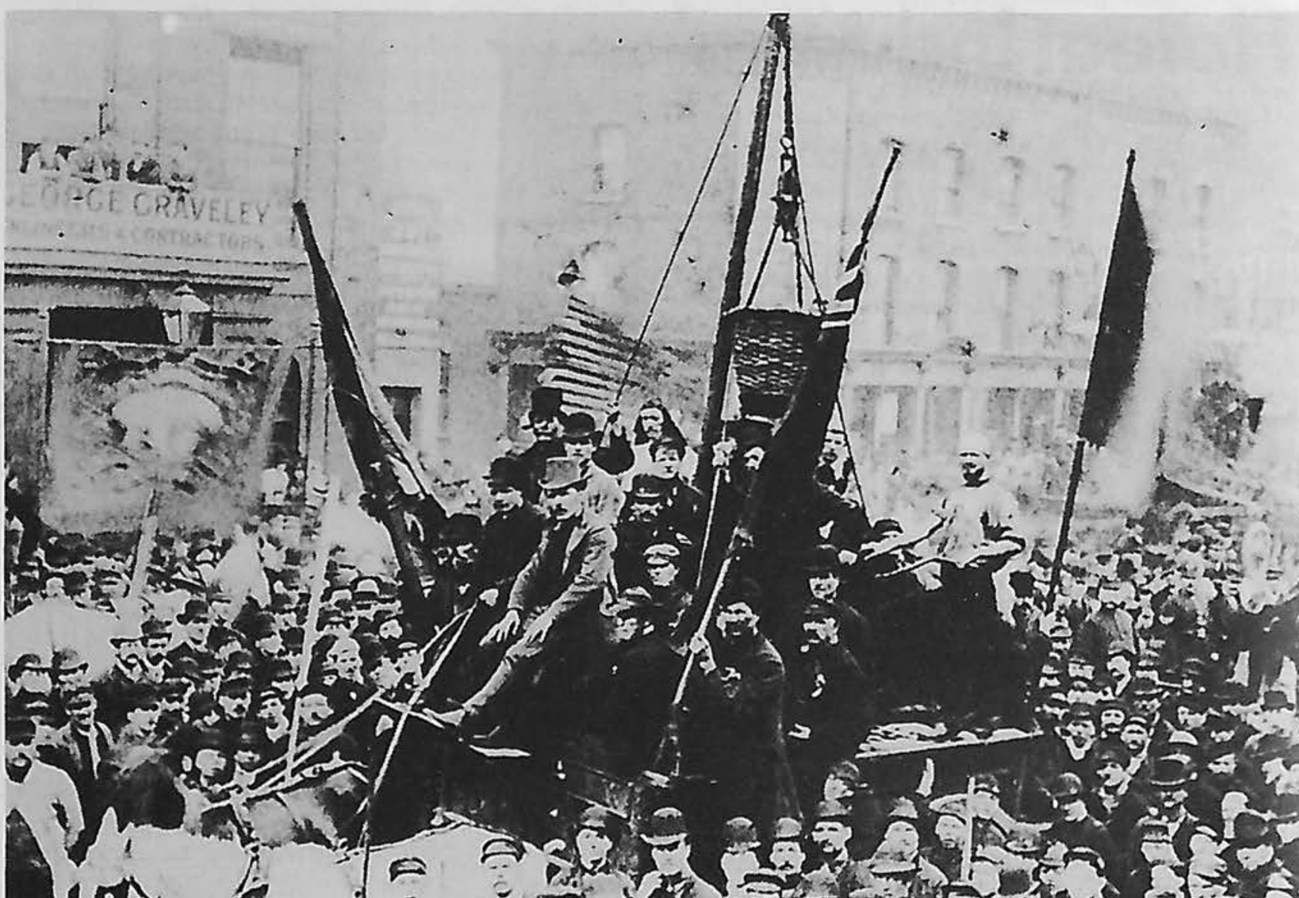
During this period the workers in the local industries in each area attempted to organise with varying levels of success against the power of the employers. The employers resisted these developments, sometimes violently, and used a variety of means to weaken the emergent workers' organisations. In Batley, labour unrest was met by the introduction of workers from new sources, especially from Ireland.

The skilled

The skilled workers were the first to get organised. Craft unions succeeded in establishing a permanent base and spread through all the basic industries, including mining, textiles, shipbuilding, engineering and vehicle works. In textiles, the unions remained relatively weak. The dispersed pattern of locally controlled small mills and the effect of the textile cycle, as well as the craft barriers and the high level of female employment, all proved to be obstacles to strong organisation.

Stronger organisation developed in engineering, although the early craft unions were often no more than friendly societies. The organisation of the 1871 engineers' strike, which involved Armstrong's workers, did not rest with the union: during such disputes the workers tended to create their own leaders, and in spite of the lack of formal union organisation were able to take effective collective action to defend their interests. In general terms, the stronger unions emerged, particularly in larger scale factories, as skilled engineering workers were beginning to enjoy some of the benefits of being in short supply except in times of economic recession.

The 'underclass' stirs – A scene from the great dock strike of 1889. With the struggles of the gas and dockworkers the unskilled began to make their presence felt.



and the unskilled

Workers in transport, including the docks, and other sectors of the economy, remained unorganised until the end of the century. They lived on near subsistence wages. Although Canning Town's industries had grown up by drawing in huge numbers of casual and seasonal workers, the situation was not restricted to this area. Even in the engineering industries, skilled workers were a minority. Many of the workers in the shipbuilding, fishing and port industries of North Shields, the gasworks of Saltley and workers in Batley's textile mills were unorganised. Chronic unemployment was a basic feature of their lives, undermining their chances of effective action to raise wages and change working conditions. Significant changes finally came in the period from 1870, particularly amongst dockworkers and gasworkers.

Towards the end of the nineteenth century as profitability fell in the gas industry, employers tried to counter it by imposing worse and worse shift conditions. In 1888 this finally triggered off strike action and mass unionisation among the gasworkers of Beckton (Canning Town), and Saltley. Under the leadership of Will Thorne, who had worked in both areas, the gas workers' union was formed (later the GMWU) and the employers quickly agreed to an eight-hour day. The east London dock strikes of the same period were part of the same struggle to organise, although de-casualisation and guaranteed work in the docks were not achieved for another half century.

Out of the casual working mass came organisation, (*above*) and leaders. From the workplace: *bottom*, Will Thorne, the gasworkers' leader; and into parliament, *below* Keir Hardie, the first Labour MP.

Labour movement

It was at this time that workers' organisation began to give rise to local trades councils representing different unions, branches and industries in particular areas. The greatest impetus came from the least secure and most exploited workers, whereas the apparent security and affluence of the more skilled often acted as a brake. In Canning Town the fact that workers both lived and worked in the area meant the West Ham Trades Council had a strong 'community' base. Before the turn of the century it had built a large and generous meeting place and public hall in Canning Town. The workers of North Shields, with their more varied jobs and wage levels formed a trades council later in the depression of the 1930s. In the heavy woollen district, which includes Batley, the trades council was set up around 1890 in an attempt to strengthen the organisation of the fragmented labour force of the area. Saltley and Benwell, then on the periphery of Birmingham and Newcastle, were linked to a developing city-wide network of working-class organisations.

These events were parallelled by other political stirrings. In 1892, Keir Hardie, the first Labour MP, entered parliament for South West Ham (the constituency which includes Canning Town). In the Batley area, Ben Turner, a radical journalist and trades unionist, had been the dominant personality behind the strengthening of the textile workers' union and the establishment of the Labour Party in the area. He subsequently became a leading figure at national level, becoming chairman of the TUC in 1928, Batley's first labour MP, and a Labour Government Minister.

Companies responsible for industrial job loss since 1966

Company	*Activity*	*Job Losses*
Batley (1966-71)		
1. G. H. Hirst	Textiles	- 273
2. Geo. Sykes	Textiles	- 217
3. William Holton	Textiles	- 205
4. Waldran & Herregan	Textiles	- 125
5. J. T. & J. Taylor	Textiles	- 461
Benwell* (W. Newcastle 1964-71)		
1. N. E. Co-op	Distribution	-2740
2. Vickers	Engineering	-2471
3. Wm. Leech	Construction	-1562
4. Scottish & Newcastle Brewer Co	Brewers (food & drink)	- 755
5. Northern Gas	Gas	- 245
6. Troldahl	Vehicle distribution/ cold storage	- 157
7. Adams & Gibbon	Garage	- 149
8. Adamsez	Manuf.	- 103
Canning Town (1966-72)		
1. P & O	Shipping/ship repair	-4000
2. Tate & Lyle	Sugar	-2400
3. Unilever	Animal feeds/soap	-1500
4. Harland & Wolff	Ship repair	-1460
5. Furness Withy	Stevedores/shipping	-1410
6. Vestey	Stevedores/shipping	-1200
7. Rowntree Mackintosh	Confectionery	- 370
8. Ellerman Lines	Shipping	- 340
9. British Commonwealth	Shipping	- 340
10. C.W.S.	Flour/animal feeds	- 340
Saltley (1966-74)		
1. B.L.M.C.	Cars	-4800
2. Metro-Cammell (Laird Group)	Railway carriages	- 640
3. W. M. Gas	Gas Making	-1400
4. Rowntree Mackintosh	Biscuits	- 450
5. C. H. Pugh	Lawn mowers	- 220
6. Southalls	Sanitary towels	- 200
7. British Rail	Loco sheds	- 200
8. Thos. Smith	Metal manuf.	- 350
9. Birmingham Co-op	Bakery	- 190

Source: Department of Employment Returns/Local sources
*Benwell: these are the only figures currently available for job losses which cover Benwell. They relate to a wider area of West Newcastle, including part of the city centre.

Local decline of basic industries

% of jobs (1966) — *Recent Job Loss*

Saltley 80%

1964-74	Vehicle Manuf	-31% (5,450 jobs)
	Gas making	-54% (1,400 jobs)
	Food, drink, tobacco	-37% (640 jobs)

Canning Town 75%

1966-72	Transport (incuding Docks)	-42% (4,320 jobs)
	Food, drink, tobacco	-30% (2,260 jobs)
	Ship repair	-70% (3,860 jobs)
	Chemicals	-68% (1,570 jobs)

Batley 39%

1966-71	Textiles	-31% (1,700 jobs)

Benwell 37%

1964-71	Mechanical Eng.	-39% (2,200 jobs)
	Gas	-95% (400 jobs)

North Shields 17%

1966-71	Ship repair	-21% (469 jobs)
	Transport (including Docks)	-40% (1,000 jobs)

Source: 1966-71 Census/Department of Employment Returns

DECLINE

The symptoms of industrial decline – derelict land, empty factories, run-down housing, unemployed workers – are painfully apparent in Batley, Benwell, Canning Town, North Shields and Saltley today. Yet their present state is the result of a process that has been going on for many years – in some areas for three-quarters of a century.

The industrial decline of each area started for different reasons and at different times, and has proceeded at varying speed. The first signs of stagnation and decline were evident in the north-east by the turn of the century, while in Saltley the new phase of investment in the motor industry staved off decline until the 1950s.

All five old industrial areas now lie enclosed by more recent industrial and housing development. Beyond Canning Town lie Dagenham and Barking, and the post-war new towns of Basildon and Harlow. On Tyneside, Benwell and North Shields are overshadowed by inter-war estates like Team Valley, and, beyond them, the new towns of Cramlington and Washington. But the process that spells decline for the local areas is not a simple one of capital withdrawal. Sometimes it is the very process of investing in new and more productive techniques that is responsible for the loss of many jobs; even increased profitability for industry can mean economic decline for a local community. Furthermore, where major traditional employers have reduced their local operations or even closed down altogether, this is not the end of the story. The decline of the traditional industries has been the signal for new capital to move into these areas, and these new economic activities have rarely provided equivalent new jobs to replace those lost from the older industries. Increasingly, the old working class communities are coming to depend upon a low wage economic structure.

Decline is not a simple process, but one which has many complicating factors and many different stages. The decline of the traditional industries is only the start.

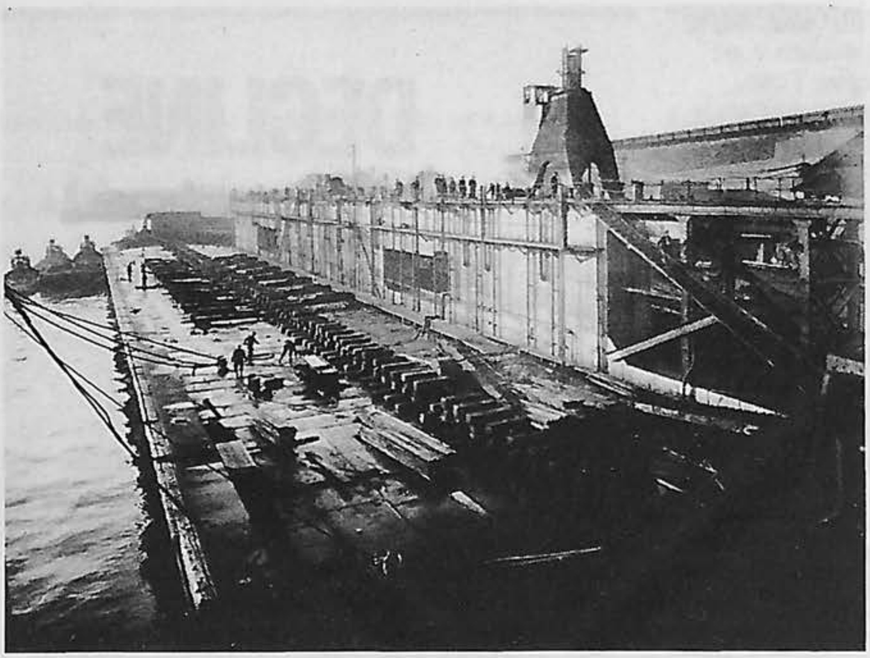
The old industries collapse

The traditional industries of North Shields had suffered a major collapse by the 1930s. The dramatic decline of local shipbuilding was highlighted by yards closing in the Howdon and Willington Quay areas, next to North Shields. Benwell's local industry underwent more gradual decline, interrupted by the booms of the two wars and the severe slump between them. A more rapid collapse with several closures began in the 1960s.

The textile industry in Batley, after reaching its peak in the First World War, declined steadily from then onwards. The process of contraction was only temporarily arrested by the Second World War and the years immediately following it. The fifties and sixties have seen the closure of mill after mill and a belated attempt to rationalise the remainder of the industry, with the loss of many jobs.

In Canning Town many firms were subject to takeovers and mergers from the early 1900s onwards in the face of falling profitability. Some of these mergers laid the foundations of what are now multinational companies. As in Saltley, serious economic decline in Canning Town has only become apparent in the last ten years. The early industrial pattern in Canning Town and Saltley, and in west Newcastle to a lesser extent, survived longer than that in North Shields. In these three areas most of the traditional industries maintained some local presence until the mid-1960s. As a result, in Canning Town and Saltley especially, a relatively stable local employment structure persisted up to then.

The disparate rate of change in the industrial bases of the different areas is reflected by the fact that in 1966, the traditional sector in North Shields provided less than a fifth of all jobs (shipbuilding, docks); less than two-fifths in Batley and Benwell (textiles and engineering respectively); but three-quarters of all jobs in Canning Town and Saltley. In general though, jobs in the traditional industries have been disappearing steadily in all five areas over the last forty years, and this trend has accelerated in the last ten years especially where the traditional sector had been large. A relatively small number of companies are responsible for cutting these jobs. They are often established firms, frequently the subsidiaries of major corporations pursuing rationalisation policies. In some areas less than half a dozen firms have been responsible for three-quarters of local job losses.



Smiths dock pontoon, North Shields, 1951.

North Shields

At the end of the nineteenth century, shipyards on the Tyne were hit by the growing problem of foreign competition. The owners tried to reorganise in order to keep their share of the shipbuilding and shiprepair industry. There were mergers and rationalisation throughout the shipbuilding towns of the Tyne – Wallsend and Jarrow as well as North Shields. The 1899 merger of the Smith and Edwards firms created the largest dry dock in the world at the time, Smith's Dock at North Shields, now part of Swan Hunter Ship Repairers. Up river in Wallsend, Swan Hunter merged with Wigham Richardson, and the new firm launched the *Mauretania* in 1906, built with state financial assistance and designed as a prestige ship to answer the growing competitive threat from the German shipbuilding industry. The booms and deepening slumps of the early 1900s were relieved by the great demand for shipping during the First World War and immediately afterwards when the losses in merchant shipping had to be met. But after this, in the 1920s, shipbuilding began to collapse, and the process continued and grew worse in the thirties.

In 1926 the last coal mine in North Shields closed, and long term unemployment came to stay, with two out of three workers on the dole. Shipbuilding (as distinct from shiprepair) disappeared from the town altogether during the depression. Yards at Willington Quay and Howdon were closed by the National Shipbuilders Security Ltd – a kind of trust made up of shipbuilders and bankers which masterminded the reduction in British shipbuilding capacity. The Second World War provided renewed naval work, and some Tyne yards opened up again, but not the ones near Shields. The boom following the war meant that modernisation programmes were delayed and slump set in again in the late fifites. Further centralisation and rationalisation took place in the sixties. Now another stage in this process – nationalisation of the industry – would appear to be imminent.

The docks of North Shields declined too, especially after the Second World War. As the centre of the south east Northumberland coalfield gradually shifted northwards, North Shields, until then a major outlet for coal export by sea, began to suffer while ports like Blyth took over their trade. Jobs in the transport industry were also badly hit. Over a quarter of them went as the coal trade disappeared, the rail back-up once needed became redundant and freight handling came to use more capital equipment and fewer workers. By the 1960s, the coal staithes in the North Shields docks were derelict and disused, and the Northumberland dock was closed, reclaimed and covered in. Only a relatively modern staithe at Whitehill Point remained, and this was eventually closed in 1974, signalling the end of North Shields as a coal port.

Tied up with this was the creation of the Port of Tyne Authority in 1968 to take over from the old Tyne Improvement Commissioners. One of its functions was to look at ways of increasing port usage (and revenue) as the coal trade declined. In North Shields, the new Authority had been left with a general passenger and cargo trade with Scandinavia, the import of petroleum oils, and a large amount of derelict land. It introduced roll-on, roll-off containerised handling and more dockworkers' jobs were lost. The separately based fishing industry in North Shields has also recently faced a crisis of investment. With plans for a new fish dock turned down by the government, the industry plods on, although resources for the new forms of fish handling are inadequate.

By 1966 then, the traditional industries of North Shields were a pale shadow of their former selves. Once they had dominated employment in the town. Now shiprepair employed only 8% of the workforce, and transport, which included the docks but also road haulage and public transport workers at a local depot, only 9%. From 1966-75, Swan Hunter's shiprepair yard had fairly full order books, and kept a relatively stable workforce; but still rationalisation reduced jobs by about a fifth.

The workers of North Shields not only experienced concentrated long-term unemployment during the depression, they were also amongst the first in our five areas to see the ownership and use of the industrial land around them change dramatically, first in the 1930s and then again, as elsewhere, in the late sixties. Today, industrial estates and trading estates dating from both these periods with a variety of activities like light engineering, warehousing and so on, are their major source of work.

Benwell

The First World War brought boom to the riverside firms of west Newcastle. Employment rose to match – reaching an all-time peak at Armstrong's. But soon after the war ended, the enormous expansion of production and employment collapsed again. The 1920s saw a return to general stagnation and decline. There were several dramatic closures, such as that of Spencer's Steel works at Newburn which threw thousands out of work.

The inter-war period also saw some restructuring of local industry. The West Newcastle firm of Robert Stephenson's merged with Hawthorn's during the general rationalisation of the locomotive industry in the late thirties. Armstrong's had already merged with their great rival Whitworth's by the end of the nineteenth century, because of competition from Vickers. After the First World War, the company attempted to adjust to peace-time conditions and an altered market; it tried to diversify into consumer goods, but with little success, and no dividend was paid on its ordinary capital from 1923 to 1926. By 1927, Armstrong-Whitworth were massively in debt, and were forced to merge with Vickers who had by then diversified into more buoyant sectors like Saltley's railway carriage industry and embryonic motor industry.

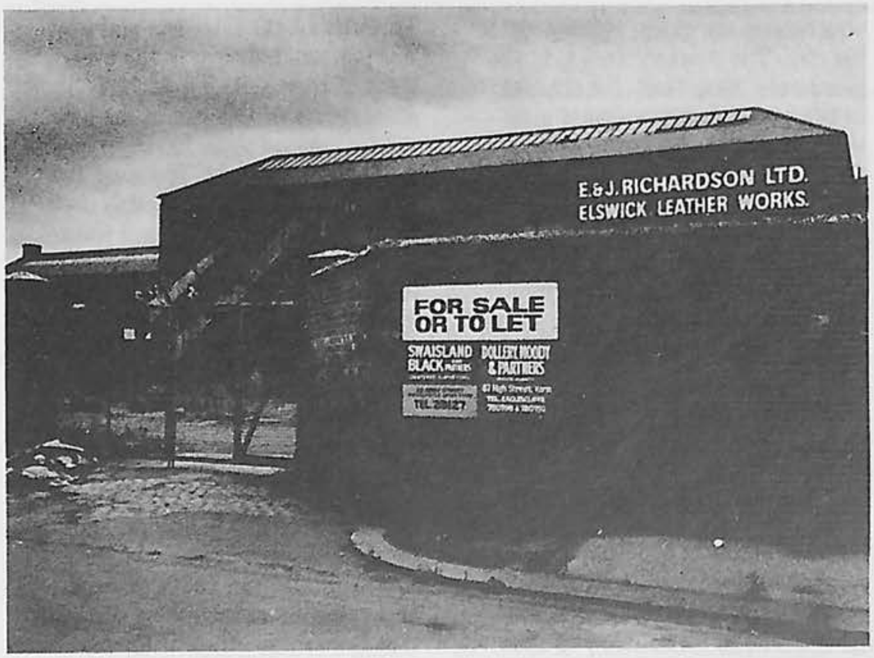
The Second World War brought another boom and another dramatic expansion of employment for Benwell. But once the fighting stopped, this too came to an end. The downward drift of profits and jobs continued.

Through this period of stagnation and decline, the industrial pattern built up during the nineteenth century remained broadly the same. The local industrial land was occupied by the same industries as before although there were far fewer jobs. But after the early 1960s there were considerable changes in the old pattern: older factories in the inner-city belt were closed, among them Robert Stephenson's (1960), Hawthorn's locomotive works, Elswick gas works (1968), and Elswick leather works (1971). By 1974 only four engineering firms apart from Vickers were still to be found in the inner west end. The ownership of that west end industry has changed a lot too. The major national and multinational companies control an increasing amount of it.

These closures have brought a permanent loss, a fundamental change in the use of the riverside after 100 years as a centre of engineering. The future rests upon insecure, static or declining employers like Vickers, who are unlikely to generate more jobs and see any future expansion largely in terms of re-investment in more efficient machinery not more workers. Although the numbers working there have steadily declined, Vickers still dominate employment in manufacturing, employing 50% of the workforce and a large area of the riverside. The firm has responded to changed markets by trying to diversify its operations and investing in new plant but the Newcastle factories have seen little of this new investment. While completely new works have been built at Crayford and Swindon, only marginal adjustments have been made within the existing plant on Newcastle's riverside. In Newcastle, particularly at Scotswood, Vickers has been saddled with out-of-date factory buildings and machinery. The pressure to increase productivity has grown. The company's response seems to have been to make more intensive use of labour, coupled with modest reinvestment in new machinery. Both at Elswick and Scotswood the firm is now manufacturing on only a part of its original land – large areas of the sites have been cleared, and a section at Scotswood is being redeveloped for warehousing.

Other local firms left in the area have similarly relied in their efforts to increase productivity on more intensive use of their workers, such as the introduction of shift-systems. Most are based on relatively crude technology; none of today's most advanced sectors of capitalist production are to be found in Benwell's local industry.

The riverside strip which was the focus of nineteenth century growth



Closed in 1971: the Elswick Leather Works, today.

now houses the oldest technology in the city. The most modern is in the new towns away from the city centre. In between lie the peripheral inter-war estates like the Team Valley Estate to the south across the Tyne or westwards at Newburn, itself an old riverside mining area now incorporated in the growing city of Newcastle.

Throughout the inter-war and post-war periods, industry in the inner areas of Newcastle has declined, while on its fringes and in the new estates beyond there has been expansion and investment. There are few cases of firms actually closing their works in the older areas and transferring activities to alternative sites. It is new investment that has gone to the new sites.

Batley

Like many other parts of the country, the First World War brought business and peace brought decline to Batley. After 1918 the shoddy industry lost its military outlets and the more open competition of peacetime showed up the general inefficiency of the industry. The employers cut back production and laid off many workers. Yet Batley remained an industrial 'monoculture' long after the First World War had seen the start of the final decline of its staple industry. Textiles still employed three-quarters of Batley's workers in 1929 (most of the remainder were then in coal-mining) and nearly two-thirds of the total after 1945.

The shoddy industry's steady retreat after 1918 was temporarily arrested during the Second World War and the boom years which followed. Its effects were also mitigated by the movement of some local firms into the more 'upmarket' and profitable sectors of woollens and worsteds and by the arrival of the carpet industry which took advantage of surplus textile labour and buildings. Shoddy's steady retreat became a complete rout from the late 1950s onwards, as it came under increasing competition from more efficient European competitors, as well as from artificial fibres. More recently, other sectors of woollens and worsteds have experienced a similar fate.

In 1959, textiles still employed half the local workforce, a decade later the proportions had fallen to one-third. Between 1961 and 1971, the industry had shed 31% of its jobs in Batley. Closure followed closure; more than one-third of the seventy-eight textile firms present in 1966 have since ceased production. Over the same period, the 'Top Ten' local textile firms have between them shed over half their workforce – 2,500 jobs lost – while three of them have closed altogether. A similar picture of closure and contraction has characterised the smaller local firms. New firms opening up replaced only a fraction of the jobs lost in those closures.

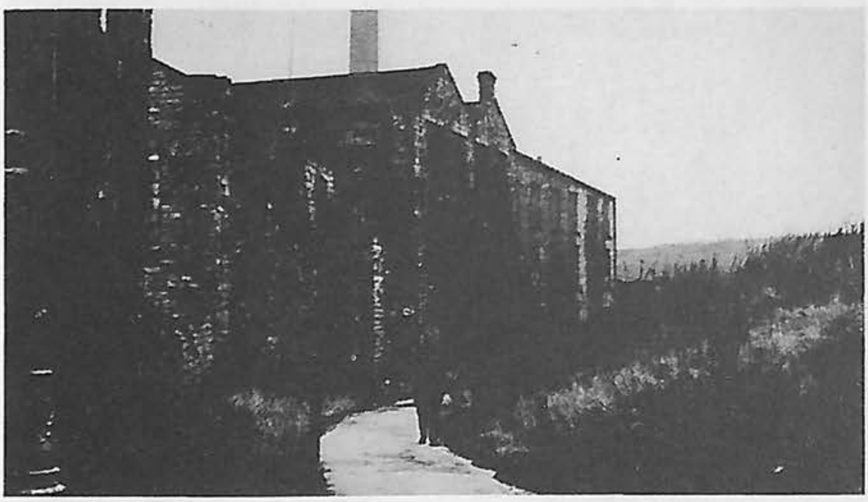
Jobs have not only been lost from the more backward sectors of the textile industry like mungo and shoddy; the carpet industry in Batley, the only major textile growth sector represented here, has also been responsible for several hundred redundancies. With the closures and redundancies have gone a spate of take-overs and mergers, like those which had occurred much earlier in the basic industries of the other four areas. In 1966, nine of the top ten local textile firms were still independently owned; by 1975 only three remained so. Major national companies like Homfray's, Scottish English & European Textiles, Thomas Tilling, and Sirdar have now established interests in Batley's textile industry – usually by taking over firms in the more profitable sectors like carpets, bedding and some areas of yarn production. These, and the independent companies which survive usually in the more marginal areas of production, took advantage of the relatively low wage-rates paid to Batley workers, a bonus which the textile employers in the town have always enjoyed. The industry took on a new lease of life when large numbers of Asian workers arrived in the early 1960s. By replacing women workers with Asian men,

Unemployment rising: women textile workers queuing at the labour exchange, 1952.

the employers have been able to extend shift-working and still keep wages down. Three-quarters of Batley's Asian community now work in the woollen textile industry, although few have been allowed into the better-paid carpets sector.

Batley's textile industry now represents a diverse range of operations from the relatively sophisticated, capital-intensive, externally controlled carpet industry at one extreme to the last remaining elements of primitive, small-scale shoddy production at the other. Alongside the surviving small firms of the traditional kind which increasingly operate in areas of marginal profitability, there are now branches of the larger multinational and national companies, which operate largely in technically 'more advanced' areas of production. The technological differences within Batley's textile industry are immense. Throughout the local industry, differences of process are reinforced by differences of company ownership, size, investment, profitability and company prospects. These differences are not reflected to the extent which might be expected, however, in job security and prospects, working conditions or wage rates. While Batley's textile industry combines different levels of technology and stages of economic development, it does so within a common, and generally low-paid and shrinking, employment structure.

Industry declining: a closed mill, Batley, 1974.



Canning Town

For the owners of industry in Canning Town, the First World War also brought a return of high profits and a respite from the growing competition of French sugar refineries and German chemical works. But the danger signs were already pronounced and the need for them to re-structure and re-invest was urgent.

Their earlier investments in plant and machinery were beginning to age. Too many docks had been built in the early speculative years and now cut-throat competition between them was taking its toll and giving the dock-owners cause for alarm. The private dock companies along the Thames, suffering from over-capacity, were effectively nationalised in 1901 into a public trust company – the Port of London Authority. Decisions on reinvestment at this time favoured Canning Town's Royal Docks over those docks upstream or Tilbury downstream. Two new docks were announced. The George V was opened in 1913, but as trade fell away the second was never built.

In the peace-time slump, considerable re-structuring took place in the refining industries through a series of mergers and takeovers. The two sugar firms of Lyle and Tate had up till then survived intense competition from foreign refiners by unspoken gentlemen's agreements, but in 1921, they eventually merged. The collapse of the raw materials market led to competition in soap and animal feeds production with Lever Bros. taking control of almost all the major processing mills in Canning Town between 1920-37. Bruner Mond was incorporated in the new ICI, while ITT took over the STC site, and P & O and Vestey's secured control over large parts of shipping, ship repair and stevedoring. By the end of the thirties the area's relatively dispersed economy had become highly concentrated into the hands of a few companies. These big companies continued to invest and expand, but little of the new investment at this period went into the traditional activities – and little therefore into Canning Town.

War again brought temporary relief. The Second World War meant a quick solution to high unemployment amongst dockers and workers in the refining industries. And afterwards the reorganisation forced on local firms in the period of crisis between the two wars laid the basis for the prosperous fifties and early sixties, when there was full employment for the first time. At last workers in the docks were decasualised after almost a century and won a real rise in their living standards, but it was a short-lived victory. By the mid-sixties there was a new and permanent fall in the number of jobs for local workers as a result of productivity increases throughout a range of local industries. Tate & Lyle alone cut 1,700 jobs between 1966 and 1972 by redundancy and wastage, and introduced a system of continuous shift working, with a complicated and ever changing pattern of rest days, reducing their need for workers and closing one refinery. But as the sixties wore on, the pattern became one of very widespread closures for the first time in Canning Town's history.

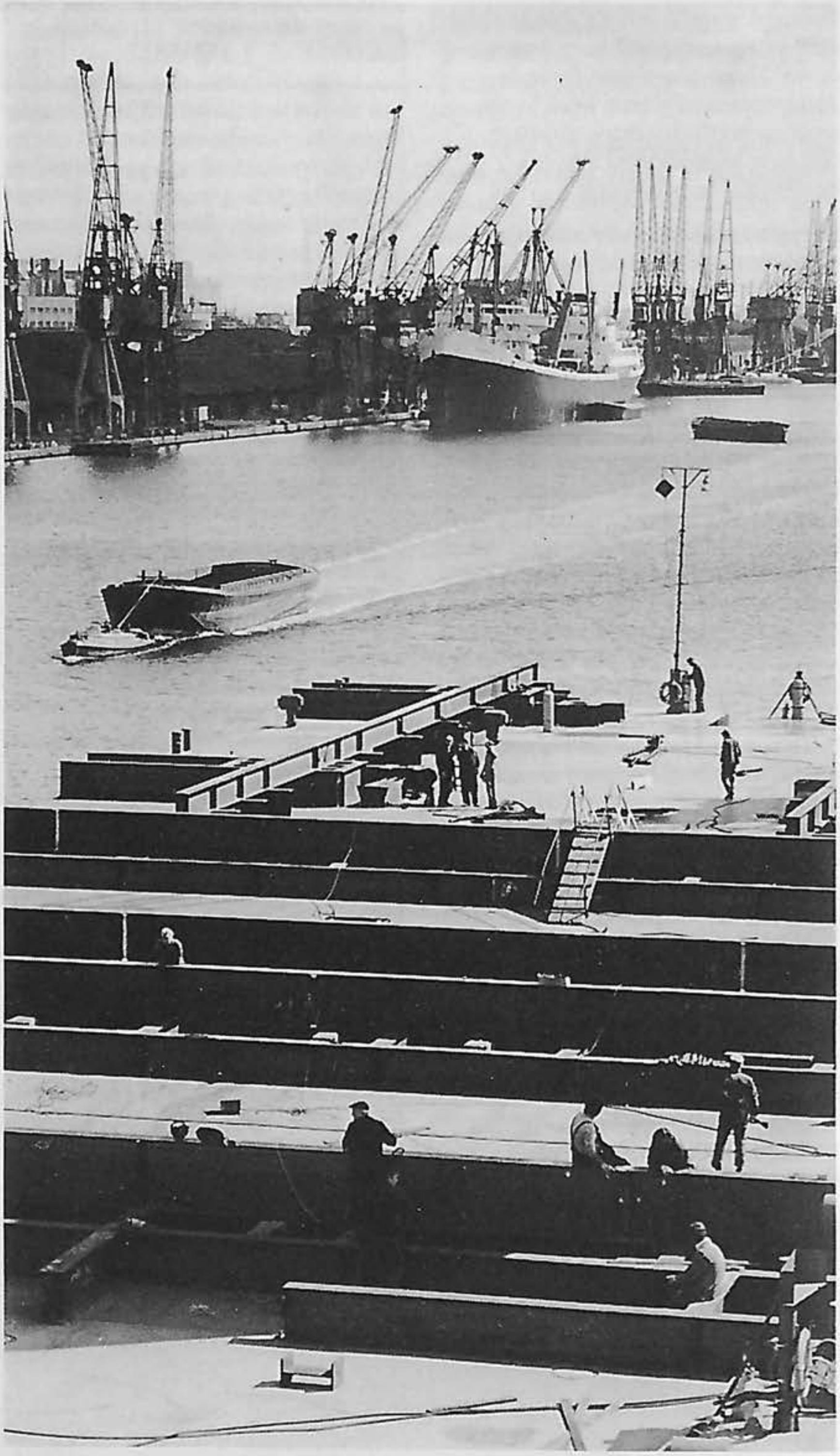
Because two-thirds of its traditional industries had survived successfully for so long, decline came very rapidly in the end. Since 1966, when 67% of jobs were still in traditional industries, recent rates of decline have been high. 24,000 jobs have disappeared in this time. Between 1966 and 1972, employment fell in the docks (42% fewer jobs), in ship repair (70% fewer), food jobs (down 30%), chemicals (68% fewer), gas (completely closed), and most other sectors. Three quarters of the jobs were cut by just six companies – P&O, Tate & Lyle, Unilever, Harland and Wolff, Furness-Withy and Vestey's.

Rapid changes in shipping techniques with containerisation and bulk tankers many times the size of existing ships meant the ports had to be in deep water sites. So the focus moved from Canning Town to Tilbury or away to Southampton, Felixstowe and other new ports where new systems were installed, needing fewer workers.

The development of North Sea Gas supplies saw the mighty Beckton Gas Works close and 5,000 jobs disappear. Changes in the supply of grain and radical changes in distribution methods brought the closure of the long-established, port-based mills providing animal feeds. Instead, smaller mills were established in a number of county towns throughout the South East, supplied by local wheat producers and serviced by bulk carriers.

Throughout the fifties the insulated cables firms in the area, like BICC and STC, were developing new telecommunications technology. But when it came to building factories for the new production the companies sited them elsewhere, in the ring of new towns around London. In the same way, with the development of plastic and fibre optic cables, 2,000 jobs at STC will disappear by 1977 from Canning Town, the original seed bed of the industry.

The 1944 Greater London Plan had described industry in Canning Town as 'immovable' and overall few firms physically moved their existing operations out to new towns. (The main exception was Jeyes which left for Thetford in the late sixties, taking away 280 jobs.) Rather, most of the closures were allied to new investment programmes in which the area no longer figured. By 1975, thirty major sites once used by refining industries had been abandoned. In the space of ten years, the huge expanse of the Victoria Dock lay virtually empty and the 500 acres of Beckton Gas Works had been cleared.



Canning Town, September 1976. The height of the week's activity in the George V dock. Only two berths occupied.

Canning Town's traditional economy has now collapsed, leaving only a handful of firms like Tate & Lyle offering less than secure prospects.

Saltley

The motor industry, whose arrival seemed to be the saving of Saltley, turned out to provide only a temporary reprieve. In the event, it too is now declining and only slightly after the decline of the earlier generation of industry. Saltley's early industries were railway carriages, gas and the railways. Amalgamation in the railway carriage industry brought Wright's works and four others together in 1905 and by reorganising, the companies succeeded in holding onto their overseas markets. By 1919 the north-east firm of Vickers had bought into the company, and then in 1928, at the height of the slump, it reorganised to produce Metro-Cammell out of the rolling stock interests of Vickers and Cammell Laird shipbuilders. The workers of Saltley were lucky in the rationalisation which followed. The works in Nottingham and Leeds were the ones which were closed.

Although the company can point to its mark on London's tube trains, most of Metro-Cammell's profits came from selling goods abroad which it succeeded in doing until the market finally faltered, bringing severe and rapid rationalisation in the late fifites. It tried unsuccessfully to raise productivity but there was little scope for significant productivity increases in this craft industry. As a result, there have been many redundancies, especially in the years 1959-64. The Saltley site of Metro-Cammell, which in 1958 employed 1,800 workers, was sold off in 1962. The company has diversified production at the later, adjacent Washwood Heath site which now produces railway carriages and buses.

The four gas works which had been taken over by Birmingham Corporation in the 1850s, and then by the Gas Board, survived successfully until the late 1960s, when the search for cheap fuel rapidly eliminated them. In the railways too there was a similar rapid decline as major technical change in signals and maintenance brought rationalisation. Other light industries like Hughes Biscuits, a subsidiary of Rowntrees, closed down, and Southalls only survived without more losses by closing other factories elsewhere.

While all this was happening, things were still going relatively well for the motor industry. But decline, rationalisation and reorganisation was to begin there too, soon after. Between 1966 and 1974, employment in the local plants of Leyland Motors (itself a product of several mergers since it first moved into the area as Forward Radiators in the 1920s) fell from over 14,000 by nearly 5,000. Reorganisation had already brought about the closure of the old Morris Commercial site in Adderley Park which had figured so significantly in the area's early growth. Production was concentrated in the later and larger works at Common Lane, removing 4,000 jobs in the overall reorganisation.

Between 1966 and 1974, 8,400 jobs were lost in Saltley. Three quarters of those were cut by two firms – British Leyland and Metro-Cammell. Vehicle manufacture fell by 31%, gas making was eliminated and jobs halved. The workers of Saltley did not lose their jobs because firms actually relocated. There is only one example of this. The jobs were eliminated as the companies reinvested and directed their capital towards concentrating production somewhere else.

So far the changes in the older parts of Saltley's industry like gas are less important in terms of employment than in terms of land use. Over the last decade one third of the land once occupied by thriving traditional industries had fallen empty. And the process is still only in its early stages. Although many jobs have been lost, Saltley has probably not yet suffered the full effects of the decline of the motor industry. The area still contains a major British Leyland works at Washwood Heath

The wreckage of two industries, Saltley, 1976.

New uses for old areas

Decline has not been a simple process. The collapse of the old industries is only one part of it, a part which has set up a long chain reaction. The surplus of unemployed workers, empty land and buildings left behind by the collapse of the traditional industries were soon exploited in new ways by new enterprises. Now both old and new industries exist side by side. Sometimes the new uses provide the only source of jobs for workers thrown out of the older, declining industries. The growth of the new activities may have mopped up some of the unemployed in some areas, but it has not reversed the decline of these areas' economic bases, it has only served to disguise the full consequences of this decline.

The first wave

As we saw in the last section, Saltley was given a new lease of industrial life when the motor industry arrived. None of the other areas had such a major new growth industry to take over from their original industries, and thus to halt or even reverse their industrial decline for a little longer.

Two of the areas – North Shields and, to a much lesser extent, Batley – did, however, add a range of new industrial activities to their declining traditional sectors during the inter-war depression. In the process, North Shields developed that more 'diversified' employment structure which (as we shall elaborate in the next section) has been a chief goal of regional planning. However, unlike the planners' dream, this diversification provided no panacea for decline, but actually recreated and intensified the original problems.

In all the areas the long depression of the 1920s and 1930s brought major changes in the basic industries on which they depended. In Canning Town, Benwell and Saltley this brought high unemployment, but within a general context of decline the larger companies continued to control most local land and employment. In North Shields and Batley, however, the closure of shipyards and textile mills opened the way for new industries to be set up. In the 1930s new light industries became established, attracted by the presence of cheap industrial premises and labour, a quarter of a century before the same process took effect in the other three areas. The fact that Batley and North Shields were freestanding towns, and not part of large cities and hemmed in already by later developments of housing and industry as the other three areas were, was also a factor in this inflow of new industrial activities. It meant that greenfield sites were available for industrial development right next to the old industrial sites; and also perhaps that there was less pressure on any vacant sites within the older area.

A new industrial base?

In North Shields the shipbuilding collapse of the 1920s-30s brought massive long-term unemployment for men in the area – an experience repeated in many parts of the North East. Political pressure for a 'work to the workers' policy to stem out-migration and strengthen the local industrial base grew, and as the depression eased, the growing multinational companies began to re-invest. Encouraged by government incentives, and new, sponsored industrial estates, they put money into light industries this time; a pattern which continued after the Second World War.

Some firms came to empty shipyard sites – like Tyne Plywood (1936) and Commercial Plastics (1949) at Willington Quay. Many more came to the growing West Chirton industrial estate, begun just before the Second World War on land once used for mining and farming. They represented a range of light industries, both large and small, including laminated plastics, electronics, engineering, furniture and clothing. By 1956, the local authority was claiming success for its policies, pointing to the variety of firms that had been established. What they didn't point out was that more of the jobs were less skilled, less secure and lower paid, and that a higher proportion of the labour force were women working in poor conditions and without the protection of union organisation.

By 1966, this new diversified employment accounted for roughly 30% of local jobs. But it has not brought any long-term solution to the problem of industrial decline. Some firms have been able to expand, on the basis of massive government help: the clothing firm of Levi-Strauss – makers of the famous jeans – have big expansion plans for their factory at Chirton, opened in 1972, although these have not gone smoothly so far. However, the more significant trend is the departure of many firms and increasing vulnerability of those remaining.

Closures in the last few years have included the British Gypsum factory which made products for the building trade, part of the giant BPB Industries which has recently rationalised many of its activities; the factory, known as Stella Building Products, was one of the original 'newcomers' to North Shields.

In 1969, Commercial Plastics closed their Willington Quay factory, which had become cramped and outmoded, and moved to nearby Cramlington New Town. Another Unilever plastics subsidiary, Industrial Polymers, moved from Willington Quay to a new industrial estate at Blyth, a few miles north of the Tyneside conurbation.

More recently, the deepening recession has speeded the retreat. In 1972, the Anglo-American Plastics factory at West Chirton (owned by ICI through British Visqueen),

New industry for North Shields?
Above: **work at J.J. Fashions, 1976. This company came to the former shipyard site at Willington Quay in 1972 to produce clothes for Marks & Spencer.**
Below: **redundancy at the RFD-CQ parachute factory. Also at Willington Quay, it opened in 1973 to close in 1975. Now the building is empty again.**

was shut down as part of a rationalisation scheme which transferred its production to an existing plant elsewhere. In this case the factory was later re-opened by a group of former employees under the name 'Angloplas-Polythene', and it now employs a workforce of about 100, many of them former AAP workers.

The lifespan of the latest arrivals seems to be even shorter than that of the original generation of 'new' industry. In 1973, a firm RFD-GQ began making parachutes in the old Commercial Plastics factory. Eighteen months later it was closed, making over 100 women workers redundant. Telecommunications, one of the newest light industries, has also been cutting down: the GEC Telecommunications factory at West Chirton was closed in December 1975, after the GPO reduced its orders. Among the remaining employers, redundancies are increasingly frequent. There have been redundancies recently from De La Rue's Formica factory, which is one of the top three local employers.

Low paid and short lived

It is interesting to compare the North Shields experience with that of Batley. Of the firms that arrived there in the inter-war years, Fox's Biscuits is the only one that remains today. Fox's arrived in Batley in 1927, apparently to take advantage of the large number of women workers laid off from the textile industry. It has since become the largest single employer in the town. But diversification between the wars failed to bring real prosperity to Batley either, as events in the period since the war confirm.

Especially after the general collapse of the textile industry since the late fifties, a wide range of new industries and firms have established themselves in Batley. Like Fox's these have been attracted by the reservoir of cheap industrial land, buildings and workers left behind by the earlier industry, and by the new advantages of centrality and accessibility within the West Yorkshire Conurbation which the construction of the motorway system has recently given the town. The industries concerned are run on low investment, subsidiary technology, on intensive use of unskilled labour, low wages and frustrating employment conditions. In them capital has successfully copied the economic conditions of the failing textile industry, but without employing anywhere near the same number of workers.

The new industries include paint manufacturers, furniture, do-it-yourself products, leisure goods and other light industries and services. They are very unstable and there is a high turnover both of jobs and of the firms themselves. They tend to come and go in successive waves depending on how the national economic cycle is moving. These new industries have provided locally only a fraction of the jobs lost through textile contraction. Those they have provided have been mainly low-paid and short-lived.

Old buildings, new uses. The Paragon Works, Canning Town, formerly a printing ink factory, was the launching pad for Lanson Industries, now a giant international company which has moved on. The abandoned building is temporarily let to Debenhams for storage.

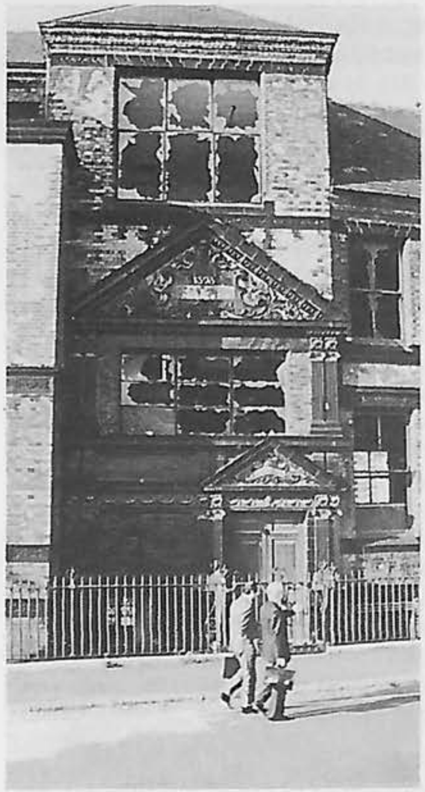
The second wave

The increasingly rapid decline of the traditional industries in all the five areas since the Second World War has left behind a bank of underused resources – land, buildings and labour – which many investors have cashed in on, with a range of new industrial and non-industrial activities. These activities have not been so rewarding for the local workers.

New industries of decline

Some new manufacturing firms are coming into all the areas. These are attracted to the older premises, which they can either rent cheaply or buy and convert at little cost. The premises vacated by older firms – often too small for modern manufacturing enterprises – can be highly suitable for smaller, labour-intensive firms. Contrary to what many people think, these old buildings are not worthless relics of a by-gone age, but money-making assets. Many firms newly arrived in the five areas are mainly interested in cheap premises; they may want a lot of cheap storage space, make minimal commitments of investment, and are often fly-by-night operators. Near Benwell, on the edge of the city centre, there is a small area mainly occupied by used-car lots and small clothing wholesalers. Batley's Bradford Road has become a specialised strip well known throughout West Yorkshire for its bargains and other attractions. It houses a succession of garages, maintenance depots, discount sales, vehicle distribution, used cars, parts merchants, carpet warehouses, night clubs, drive-in chip shops and storage firms. They require few workers and tend to pay badly.

Others of the new industries are actually labour-intensive. Using relatively primitive equipment, they aim to make a quick profit out of exploiting cheap labour. For them, there is a double benefit: Batley's old mills, Canning Town's refineries, west Newcastle's old factories, represent not just empty buildings, but a vast reserve of labour which used to run them, waiting on the dole for new work. The incoming firms take advantage of both to make a variety of products from garden equipment in Batley to clothing in Canning Town. Many of the firms have themselves been pushed out of other city centres by redevelopment, fleeing to Batley, say, from the heart of Leeds or Bradford; sometimes they will only stay for a short time before they are moved on again. The firm of Spyrallynx in Canning Town is typical. It moved into the area in the late sixties, after being pushed out of Tower Hamlets by redevelopment. Its business is to manufacture beds, which are then sold to highly reputable bedding firms, thus enabling them to reach a 'respectable' market, including local



Old buildings: ***left*** **North Woolwich customs house, used and now abandoned by BICC (cables).**
New uses: ***right*** **Vickers Engineering site, Scotswood Road, Benwell – being redeveloped.**

authorities and hospitals who would not otherwise buy them. Many of the workforce of 200, who are not unionised, are immigrants. Like most of the new manufacturing jobs, work at Spyrallynx is insecure, low paid, and in poor conditions. Many such firms pay below even the poor minimum rate made compulsory by Wages Council legislation. They occupy an increasing share of the old industrial buildings and provide a growing proportion of local employment.

Land: waste and speculation

Of the land released by the decline of the older industries, much has simply remained derelict. In each of the five areas, there are large tracts of ground lying empty – visible reminders of the desertion of the areas by their traditional industries. Over a third of Saltley's industrial belt has lain empty for years and is still unused. Like most of Benwell's vacant land, this is owned by British Rail and the Gas Board, once important local employers.

Speculation in such land is just one of the many ways in which decline has become a profitable business. And no period in the history of the five areas was this principle better illustrated than during the property boom of the 1970s. With the profitability of British industry declining and an accelerating rate of inflation, there were bigger gains to be made by putting money into land and property than by investing in manufacturing industry. Some companies were able to solve their cash-flow problems and supplement their short supply of capital by realising assets tied up in older plant, many stripping them from the inside. Closing down their operations, they threw workers, machinery and buildings on the scrap-heap. But under the scrap-heap was land and alternative possibilities for profit. It was often more profitable for a firm to close down some or all of its manufacturing operations on a site and speculate with the land thus released than to continue producing goods and employing workers. The presence of the property developer on the property division of the Gas Board or Unilever became more conspicuous as signboards announcing that development was in progress or planned became a common feature of the landscape in the five areas.

In Batley, property developers cashed in on the recession. Family textile firms, unable to borrow, sold out to those who could. Initially, many unaware millowners sold their land to developers at give-away prices. Others developed their own property operations. Between 1970 and 1973, large profits were made by breaking up mills.

Around Canning Town, dereliction in London's dockland spread further and further as industry left. The profits to be made by redeveloping it for non-industrial uses grew and with them land values spiralled. Even the Port of London Authority – a large public landholder – began to speculate, hoping to subsidise the Maplin development by selling abandoned dockland.

Developed into what?

Vacant sites once used for docks, the production of cars, or mining, are in many cases redeveloped as unit industrial estates, sometimes renamed 'industrial parks', with property consortia often heavily involved. But it is clear that where private enterprise has taken on the job of re-developing old sites for new industrial uses few jobs have been created as a result. The profits seem to lie not in creating alternative jobs in manufacturing to replace those lost from this land, but in preparing sites and premises for warehousing and distribution.

Saltley's 'new industries' are typical. Whereas 8,400 jobs were lost from the traditional industries between 1966 and 1974, the extensive new warehousing only provided 800 new jobs. Only five firms (out of about thirty) on Saltley Trading Estate, where Wright's carriage works used to be, employ over 100 people, and all are engaged in warehousing. British Leyland sold thirteen and a half acres of their former Morris Commercial site and this is now being redeveloped as the Arden Industrial Estate, though so far no industrial tenants have been found. Another property company, Bryant's, is turning the old Saltley Sewage Works into a large industrial park of seventy-eight acres, mainly warehousing. Similar scale redevelopment, such as the old Co-op Bakery site, follows the same pattern.

The story is repeated in all five areas. In North Shields, the Tyne Tunnel Trading Estate was opened in 1969 on derelict pit and farm land bought from the Duke of Northumberland by the large Property Security Investment Trust Ltd. It is being developed by Tyne Tunnel Properties, a company three-quarters owned by Bernard Sunley Investment Trust. The original boast was that it would employ 10,000 workers in 125 units. However, of the fifty or so units now in use nearly all are storage and distribution depots, mainly for large national and multinational companies, like Black and Decker, and Thorn Electrical Industries. This situation contrasts with the older West Chirton Estate, which managed to attract a variety of light industry in earlier years. Profits for developers may well have been produced, but not jobs.

It could be argued that warehousing and distribution are the real growth industries of these areas today. Most of the demand for vacant industrial premises, whether new or old, in individual units or part of a larger development, publicly or privately owned or developed, is for these sorts of uses. Increasingly these areas are becoming places to store goods made elsewhere. Everything is stored there – from new and costly products like pharmaceuticals at one end of the scale to used cars and scrap at the other.

Location is an important factor. Many of the new industrial estates are well connected to good road networks. Batley's Gelderd Road Industrial Estate, which has failed to attract new manufacturing activities and mainly houses the warehouses of national companies, is conveniently close to the M62 and M1 motorways. Similarly, Saltley's closeness to 'spaghetti junction' is an important factor in its current development.

Newcastle's Scotswood Road, linking South Benwell and the city centre, and lined with vehicle distributors and second hand car dealers, has the advantage of being within easy reach of the city centre yet without the higher costs and restricted space of an actual city-centre site. Empty mills, vacant sites and new estates in Canning Town, sited half-way between Tilbury docks and more cramped areas of inner East London, are conveniently placed for the haulage, transport services (stripping and stuffing containers) and warehouse firms who have taken them over. Augustus Barnett, for example, took over the whole of the former BOCM-Silcock's animal feed mill for use as a wine store. Between 1966 and 1972, 1,000 new jobs appeared in these sectors of road haulage and distribution – at the same time 18,000 industrial jobs were lost. Much of the low-paid work, like stripping containers had once been dockwork, often for the same firm even (P&O for example) and this has been the basis of recent conflicts between the companies and the dockworkers over redundancies.

What about the new jobs brought in to the areas by these sorts of activities? Most of these are at low wage rates, and involve little skill. Over two-thirds of those who worked as warehousemen in 1974 earned less than £40 per week, compared to one-third of semi-skilled workers in traditional industries. The new uses take up large amounts

Augustus Barnett, wine merchant, and his operation, Canning Town.

of land, employ few workers, and do little to offset the loss of jobs in the traditional industries, which between 1966-71 ranged from a net loss of 13% in North Shields, to 20% in Batley and 24% in Canning Town.

While the benefits are few, the local residents also have to cope with the noise and environmental pollution that heavy goods vehicles bring. They pay for the advantages capital sees in their areas; good accessibility, advantages of concentration, but most of all – cheap land, low environmental standards, weak planning controls and an abundance of vulnerable labour.

Out of industry

In some cases, former industrial sites are used for very different purposes altogether, some for the benefit of the local population, others not. The construction of offices in inner-city areas, for firms and agencies wanting to move out of the more expensive and crowded city centres, is an obvious example. Housing development is another – not only by private developers, but also by local authorities desperately short of housing land. In North Shields, the railway yards at Percy Main, closed in the 1960s, are now built over with new council housing. In the Canning Town area, vacant land in the docklands belt has become more and more desirable and potentially profitable as the old industrial activities have moved out. In this area, rental levels for industrial use have fallen, but the speculative value of the land for possible housing or office development purposes has rocketed to over £100,000 an acre. The current use of this area for warehousing (a useful holding operation) could foreshadow more dramatic changes – luxury riverside homes and pleasure facilities for the rich? The future of the dockland area is still being negotiated. The 1973 Docklands Study tried to ease the way for investment in an extensive middle-class dormitory, shopping centre and office developments. The plan was kept under control by local public pressure: but its 1976 successor (a joint boroughs study) proposes similar developments for 1982-97, planning for equity housing (part-owner occupation), schools, shops and light industrial estates. So industrial land may still be used to house a new middle-class population.

into decline

Dereliction and decline are tragedies for those who live in Benwell, Batley, Canning Town, North Shields and Saltley, but they are profitable for those with the money to take advantage of them. And money is still being made out of these areas. Firms moving out can realise their assets. In their wake, developers or new entrepreneurs moving in can cash in on old buildings, subsidies, the land itself and the queues of unemployed workers. But for those workers the new invasions of quick-profit capital means low-paid work, insecure work, or no work at all. The new industries are no solution to decline – they are part of the problem.

Workers in decline

The costs of industrial change are borne by local working-class communities. These communities grew up in response to the demand for labour from new industries, yet over time changes in these industries have destroyed their original role. The decline of each area's traditional industrial structure sets off a chain reaction of economic and social consequences, undermining every aspect of life in the local community.

Over the last decade in particular there has been an accelerating rate of job loss from the traditional industries. Opportunities locally for relatively high-wage employment in these industries have diminished dramatically to be replaced in part by low-paid, unskilled jobs. These changes have fundamentally altered the function and life of the local community. It increasingly serves as a 'reservoir' of unemployed and underemployed workers to be tapped only in times of boom, and as a source of workers for low-paid service activities over a widening area of each conurbation.

Local Workplace Jobs 1966

	Total jobs	*% Industrial*
Batley	14,260	74% (39% in traditional sectors)
Benwell	20,590	52% (37% traditional)
Canning Town	51,400	83% (75% traditional)
North Shields	26,360	62% (17% traditional)
Saltley	36,800	95% (80% traditional)

High rates of change 1966-71

	Industrial jobs	*Resident population*	*Resident working population*
Batley	-20.4%	+2.9%	- 2.7%
Benwell	-14.0%	-23.6%	-23.1%
Canning Town	-24.0%	-11.8%	-17.5%
North Shields	-13.2%	- 1.0%	- 7.0%
Saltley	-13.9%	- 6.4%	-17.5%

Source: 1966-71 Census/Department of Employment Returns

As we saw in the last section, from the mid-sixties each area experienced the particularly rapid and serious decline of its traditional employment structure. The local work-force has paid the costs of this decline in a variety of ways.

Fewer local jobs

Residents still working in the local workplace: 1966

	%
Batley	52.0
Benwell	31.4
Canning Town	48.0
North Shields	58.8
Saltley (1961)	(36.0)

Source: 1966 Census

Up to the mid-sixties all five areas still had significant numbers of workers both living and working there. Manual jobs, in particular, were done by local residents, although the higher-paid managerial and supervisory jobs were performed usually by commuters from outside. In 1966, half the working population of Batley, Canning Town and North Shields still worked locally. Of the residents of Benwell and Saltley, traditionally more integrated into a wider employment network, rather fewer worked for local firms.

Since then, thousands of local jobs have been lost. Many firms have closed down altogether, and productivity drives in those remaining have meant the loss of many more jobs. As rationalisation brought widespread redundancies, workers with skills acquired over a lifetime, often with one employer, found they counted for nothing. With little comparable work available, they either remained unemployed or were forced into lower-paid, less-skilled work where that existed.

After 1966 unemployment rates in the five areas rose and remained consistently above the national average. At each slump the rate rose more rapidly, and at each boom it was slower to fall. In Canning Town, unemployment for nearly a decade has not fallen below 8%, four times the rate for the South East as a whole.

Unused skills

High though unemployment rates have been, they are still a poor indicator of the very serious problems affecting local working people. If it were not for the fact that many of those made redundant took jobs in the poorly paid but generally expanding activities of services and distribution, unemployment rates would have been even higher.

In most areas, the high proportion of residents working in higher wage industrial jobs in 1966 had fallen significantly by 1971; over the same period, the proportion of men working as skilled or semi-skilled workers fell, and the proportion of lower paid, unskilled workers rose. In Benwell, a survey of unemployed men classed by the employment exchange as unskilled showed that half of them did not consider themselves unskilled nor had their previous job been unskilled. What was happening was that more and more people were being turned into low-paid workers. Some of these have found work in the new activities which moved into the old factories or vacant sites of these areas. Warehousing, light manufacture, and local service industries provided some jobs. But, as we have seen, the jobs lost have been replaced by far fewer new jobs, most of which are low paid by comparison.

Doing the dirty work: Southalls, Saltley

Change in the skill structure of local residents: 1966-71

	% skilled		*%semi-skilled*		% unskilled	
	1966	1971	1966	1971	1966	1971
Batley	39.5	38.9	21.9	19.7	9.8	9.3
Benwell	42.6	42.2	19.6	15.4	14.8	17.1
Canning Town	34.4	32.4	21.7	18.9	25.0	24.0
North Shields	40.0	40.2	21.6	18.9	16.0	18.1
Saltley	44.5	37.4	26.6	28.7	16.0	20.3

Source: 1966-71 Census
Note: the trends reflect a significant overall loss of skilled and semi-skilled work opportunities for local residents and a growth of less skilled/low paid activities.

In Batley, Saltley, and to a lesser extent in Canning Town, the increasingly unskilled local workforce has been joined by black and Asian workers who had been encouraged to migrate to Britain when labour was short in the 1950s and early sixties. They constituted a hard-working, but

and providing the services, dustmen, Southwark CDP area.

unorganised and vulnerable workforce within older and newer sectors of industry. In Batley's textile firms, and large firms like Tate & Lyle and STC in Canning Town, they were employed on the nightshift equivalent of women's daytime jobs. Elsewhere, they were a major source of cheap labour; for example, in Batley's worst textile jobs and Southall's sanitary goods firm in Saltley.

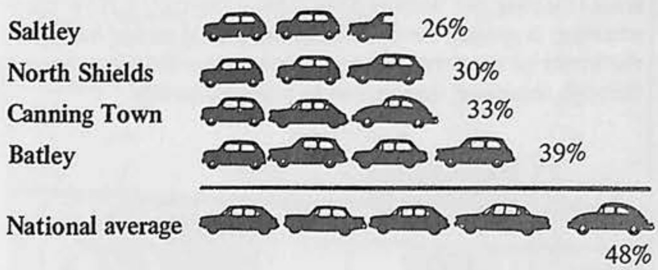
Longer journeys

The workers of each community are forced into low wage jobs over a wider and wider area. A survey of the Tate & Lyle workers made redundant in Canning Town in 1968 discovered that, by 1975, two thirds were travelling much further to work, a similar proportion were working for far less money (as caretakers, security guards, postal sorters or hospital porters) than sugar workers were then earning. Many Canning Town workers travel fifteen miles eastwards to the car works of Dagenham or ten miles west into Central London. In Benwell, local manufacturing offers fewer and fewer jobs for local workers. Most of the available manufacturing jobs are now located in places like the Team Valley Estate, or further away still in the new towns like Killingworth, which are difficult to reach from Benwell. So Benwell's unemployed either remain out of work or find jobs in the hospital services, distribution or other service work. In Batley, textile workers travel to the more stable firms in neighbouring Dewsbury, or all the way into the larger centres of Leeds and Bradford. Workers from Saltley also have to travel long distances to find work: and this pattern of working-class commuting increasingly applies to North Shields also. Communities where people once both lived and worked have now become dormitories for those who do the poorest jobs elsewhere.

In 1966, in most of the five areas a third of all the local resident workers had walked to work. By 1971, with this figure halved, transport problems had become acute. Less than one third of local households in 1971 owned a car, and local public transport is inadequate to the changing employment patterns. These areas were not built as middle-class dormitories, well linked by bus or tube to their city centres. As a result, journeys are long, expensive, and sometimes simply impossible. Thus many people are forced to seek low-paid work locally, or become long term unemployed or prematurely retired, in the absence of alternatives.

This widening 'journey to work' pattern has been institutionalised by the Department of Employment, which now advertises vacancies city wide. In East London, nine employment exchanges are now linked together to provide a computerised service over a huge area, and unemployed workers without recognised skills eventually have little choice but to take the advertised jobs, however low-paid and wherever they may be.

% of households with a car



Source: 1971 Census

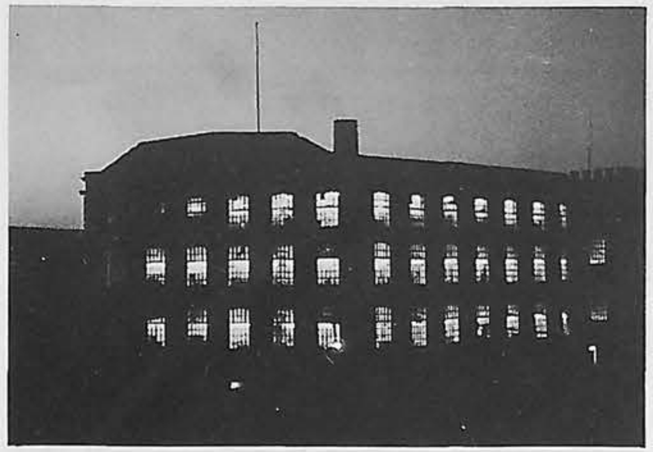
Services

So now it is the people who live in areas like these five who are the waitresses, porters and cleaners in the centres of London, Birmingham, Newcastle and Leeds. It is not just the private sector that uses them in such low-paid, unpleasant and low status jobs. State agencies have also taken advantage of their availability to provide services on the cheap. The expansion of government services in the fifties and sixties means that many residents in these areas are now employed in hospitals, local authority social services departments, schools and colleges and the DHSS – as cleaners, home helps, canteen workers and clerical workers. They provide an important source of work for people in Batley, Benwell and North Shields, and to a lesser extent in Canning Town and Saltley.

In Batley in 1929, less than 10% of the workforce worked in services (including construction) whereas 72% worked in textiles. By 1971, the respective figures were roughly 40% and 31%. But this growth in employment in services was mainly of low-grade, low-paid jobs, mainly in the public services like the health service and education. Other areas shared this pattern, Newcastle General Hospital near Benwell, together with Newcastle's other major hospital, employed 6,500 people in 1971. In the same year, the local authority, as well as the local hospital, were major employers in North Shields.

Many of the workers drawn into these expanding fields of work were women. Many had not previously worked outside the home, but others – like Batley's women textile workers whose numbers declined at a rate of 3.4% a year between 1959-69 – had been thrown out of jobs in the traditional industries. Without the growth of the service sector, local unemployment in such areas would have been much higher. As it was, this growth disguised the full extent of job loss without compensating the workers in any way for their loss of skills and wages.

This 'safety net' is now fast disappearing as the public sector is cut back. In Saltley, 230 workers, mainly ancillary staff, will lose their jobs when St. Peters, the local teachers' training college, closes in about two years time. Even before the most recent round of cuts, we documented the devastating effects the contraction of public sector work is having on the working class of these areas (*Cutting the Welfare State (Who Profits?)*). Now the situation is getting even worse as the public sector bears the brunt of the attempt to restructure the British economy through increased investment in manufacturing.



Shiftwork

Efforts by firms in the five areas to raise productivity have meant the permanent loss of many better paid jobs. They have also meant deteriorating working conditions for many workers still employed locally. Shift working has become widespread disrupting peoples' lives with anti-social and often irregular hours. For example, Tate & Lyle in Canning Town and Formica in North Shields have introduced continuous shift work. In Batley's textile industry, shift work was responsible for the loss of many jobs for women, as employers discovered they could use Asian men for nightshifts which women are not allowed by law to work. In some areas, part-time 'twilight' shifts for women have become commonplace.

Workers under assault: with services being cut (*below left*), shiftwork spreading (*above*: Batley), and housing deteriorating and being cleared, (*below*) areas like these develop from one form of exploitation to another, from poverty to poverty.

Under assault

In the five areas, the process from the creation of a working-class community to 'deprived area' status has taken less than a century. The last decade in particular has seen marked changes in their local populations, accompanying the basic economic changes in each area.

The depression of the 1930s brought long-term unemployment to the areas, especially on Tyneside, and many workers left their homes and localities altogether in search of work in the midlands and south east. In recent years people have left in much greater numbers to escape the declining employment situation and generally deteriorating state of local housing. In spite of often high rates of in-migration, most of the areas show a net population decline since 1966. This is most marked in Benwell, which has lost a quarter of its population, and in Canning Town, which has lost over a fifth. In both areas major housing redevelopment programmes have exaggerated the fall of population, but the underlying trend is clear. The total population loss figures disguise the selective basis of population changes. Most of the loss has been of younger, more skilled workers.

The significance of these changes is shown by the fact that the present rate of population change in the older areas of Newcastle is at least as great as that which occurred during the Industrial Revolution when the working-class community of Benwell was created. These five areas were built during the Industrial Revolution to provide labour for the new and growing local industries. Now this role has been undermined by the decline of these industries locally, and the older working class communities are left to carry the costs of industrial change by companies in no way accountable to the local people.

Control over local industrial jobs: 1973/74

Company	*Activity*	*Jobs*	*% of industrial jobs controlled*
Batley			
Fox's Biscuits	Biscuits	1425	
Bristall Carpets (Homfrays)	Carpets	1036	20%
Whitworth Hall (Homfrays)	Carpets	826	
J. Newsome	Textiles	620	
Thos. Carr	Textiles	258	
J. R. Burrows	Textiles	316	
J. Blackburn (English & Scottish)	Textiles	201	
Jessops	Clothing	215	
Joshua Shaw	Engineering	184	55%
Benwell – West Newcastle Riverside			
Vickers: Elswick	Engineering	2297	
Scotswood	Engineering	777	
Michell Bearings	Engineering	457	3531 55%
Glass Tubes & Components	Glass Tubes	708	
Anglo Great Lakes	Synthetic graphite electrodes	680	
Ever Ready	Batteries	c650	
Tress Engineering	Engineering	310	
Elswick lead works	Leadworks	c200	
Canning Town			
P.L.A.	Port	3500	
Tate & Lyle	Sugar refiners	3260	25%
I.T.T.*	telecommunications	2400	
Scruttons Maltby*	Stevedores	1840	
P & O Ltd	Ship repair	1680	
Overseas Mail Sorting Office	Post Office	1200	50%
Lamson Ind*	Printing	975	
Furness Withy	Stevedores	925	
Tube Investments	Metal foils	720	
Spillers	Flour milling	655	
North Shields			
Formica	Plastics	1000+	
Swan Hunter	Ship repair	1000+	
Dukes & Marcus	Gown manuf.	500+	
Universal Bedding	Bedding	250-500	
Spillers Tyne Brand	Fish Food	"	10%
Torday Ltd			
Thor Tools	Power tools	"	
Ronson Products	Lighter access.	"	
Newalls Ind.	Thermal insul.	"	
Levi Strauss UK	Clothing	"	
General Foam Prod.	Plastics	"	
AEI Ltd	Electrical eng.	"	
Saltley			
B.L.M.C.	Car manuf.	9400	33%
Southalls	Sanitary towels	1937	
Post Office	Storage/distribution of telephone equip.	1870	
Birmingham Co-op	Dairy	1500	
Metro-Cammell	Bus/railway carriages	1465	
W. M. Gas Board	Gas	1173	
British Rail	Goods/parcel/loco sheds	1000	64%
Motor Components	Car manuf.	745	

Source: Department of Employment Returns/Local Sources
Note: Since 1973/74 those firms marked* have partially or fully closed their plant.

2 THE OFFICIAL RESPONSE

The processes of growth and decline described in the previous chapter are not unique to the five areas. Throughout the history of British capitalism, working-class communities have been thrown together in particular areas as new growth industries have been set up and have drawn in a new labour force, and sooner or later each local industry has gone into decline, undermining the basis of these communities. But these processes have not gone unchallenged. Again and again demands have been pressed, strategies proposed, and governments have investigated the problems and come up with new solutions. Each new initiative is launched with a fanfare of hope and self-congratulation: this at last is to be *the* solution. Still situations such as those in the five areas develop and persist. The problems seem to be getting worse.

This chapter takes a look at government policies to deal with the problems of these areas – variously described officially as 'depressed', 'deprived', or 'disadvantaged'. There have been two influential accounts of what is wrong; they have in common the fact that they see the problem as being specific to particular areas rather than part of a wider problem which just happens to take a particular geographical form. The first, defining it as a 'regional' problem and calling for 'regional' solutions has long been incorporated in government policy and pressed as a popular explanation. The discovery of an 'urban' problem is more recent.

A regional problem

The regional explanation first emerged during the depression years between the wars. This was a period of rapid and drastic economic change. Fundamental shifts in the pattern of world trade and markets threw Britain's already depressed traditional industries headlong into decline. A severe economic crisis gripped all the industrialised nations of the western world, trade slumped, and the old British export industries were ruined. Coal, steel, shipbuilding, heavy engineering and textiles all went into rapid decline. The effects were felt most severely in those areas that had been built up around such industries in the nineteenth century. While Birmingham's unemployment rate was only 6%, 69% of workers in Jarrow, typical of many towns and villages in the north east, were out of work. It was the workers in these older industrial areas who were hardest hit by the depression – and these areas were concentrated in certain parts of the country, particularly the north and west. As entire industries collapsed, the effects were felt right across these regions. The severity of their plight was underlined as the general economic recovery that began about 1934 also passed them by.

The widespread devastation wreaked by industrial change on these regions, in contrast to the relative prosperity apparently enjoyed elsewhere, seemed to set them apart from the rest of the country. It is not surprising, then, that in this situation the *regional* character of the problems of industrial decline was emphasised. The official task came to be seen as one of reviving the *depressed regions* – of helping them to share in the increased prosperity of the nation as a whole.

Since the years of the depression, the official view of the nature of this problem and its solution has been developed, propounded in various documents, and embodied in a number of policies. Now, almost half a century later, the reality of relatively high unemployment in particular parts of the country still persists. Just as unchanging are the official analyses and approaches to it at both local and national level.

The interpretation that evolved presented the problems of the regions as marginal to the economic development of the country as a whole: these were residual problems, the legacy of a by-gone era, a blot on an otherwise clean record. From there it was an easy move to identify the solution in making changes *within* the regions themselves. If the problem was too many of the early heavy industries concentrated in certain parts of the country, so the logic went, the solution was to make these regions more like other parts with more 'balanced' industrial structures. Not only did this assume that what was needed was for old declining industry to be replaced with modern expanding industry, but also that if new industry could be attracted to the regions this would in itself solve their problems. The policy following from this was that the industrial structure must be *diversified* and more varied industry drawn in. There was also continuing concern to find new growth industries for the regions: in the sixties, for example, there was considerable enthusiasm for establishing the car industry in the north east.

These ideas have provided the basis for the successive packages of measures that have made up regional policy since the depression. They are the connecting link for that series of apparently ad hoc and disconnected policies which were meant to tackle the problem of disparities in economic welfare between different regions.

Regional policies

The government first intervened with measures to move unemployed workers from the depressed regions to places where there was work. Starting with the **Industrial Transference Board** of **1928** it set up various schemes to retrain those workers whose skills were apparently redundant and to encourage them to leave their homes and communities in areas of high unemployment. With the real pressures of poverty at their backs they needed little encouragement: the number of people who moved, whether of their own accord or officially pushed, was massive. So great were the migrations in fact that by the late thirties the loss of population from the depressed areas had started to be seen as a problem in itself by those in official circles.

During the inter-war years, the idea of promoting economic development in the regions themselves was far from orthodox. Government policy was totally opposed to solving unemployment by moving jobs to where workers were, directing employers rather than shifting labour. They stuck to the principles of laissez faire with an almost moral fervour. In 1936, the then President of the Board of Trade told a deputation from Jarrow asking the government to help establish new industry in the town, 'Jarrow must work out its own salvation'. Against attitudes like these, a variety of organisations in the depressed regions fought for more interventionist policies. They argued that mass migration should be stemmed and the regional economies rebuilt with diversified industrial structures. It took time, but gradually such ideas gained support.

By the mid-thirties migration policy was being supplemented by measures designed to create employment in the depressed areas themselves. But the notion of solving the regional problem by driving the workers to where the jobs were did not disappear from government thinking. It is still around today. On Tyneside the local radio station can be heard regularly broadcasting official advertisements to convince housewives that southerners are jolly, friendly people, and that they should persuade their husbands to look for work in the more prosperous parts of the country. More eloquent perhaps are the offers of substantial financial incentives for families willing to move.

Work to the workers

Despite the overlap though, by the start of the Second World War, the government had accepted the idea that the regions should be actively helped to redevelop so as to lay the basis for future independent economic growth. In **1934**, the **Special Areas (Development & Improvement) Act** had been passed identifying as 'special areas' of chronic unemployment, Scotland, Wales, northern England and Northern Ireland. Apparently the result of recommendations from a number of official investigators, it was a response to political pressure too: unemployment was averaging 15% across the country in 1932-3 and was not going unchallenged. The Act appointed Commissioners and gave them the power to improve infrastructure and acquire land for industrial development. In 1936, estate companies were established to provide factories in the Special Areas. More legislation in 1937 held out direct financial aid to industry in the form of rates, rent and income-tax relief, and loans. The Board of Trade was also given national control over new factory developments above a certain size, and this was extended in **1947**, when the system of **Industrial Development Certificates (IDCs)** was set up as a means of controlling the distribution of factory developments. Now companies wanting to expand their operations in one of the more prosperous areas of the country, like the midlands or the south east, had to apply for permission before they could go ahead. With the Board able to refuse them, the idea was that they would be driven out to invest in the needier, depressed regions of the country.

After 1952, the never-had-it-so-good postwar boom temporarily took the edge off the unemployment problems of the Development Areas, and the instruments of regional policy were little used for a few years. Then, in the late fifties, a sharp rise in unemployment in many areas prodded the government into action again. This time regional policy switched its emphasis to special assistance for projects designed to create employment in local areas of high unemployment. The **Local Employment Act of 1960**, renamed the old 'Development Areas', **'Development Districts'** and redefined them to include any area with an unemployment rate of more than 4.5%. In 1963, there was some move back to the idea of areas of development, when 'Growth Areas' were invented in the north east and Scotland.

A national plan

The first change made by the 1964 Labour Government concerned IDCs. These were now extended to cover office building, and the provisions relating to factories were tightened up. At the same time, **Regional Planning Boards** and **Planning Councils** were set up to complement the national economic planning machinery. The Labour Government's **1965 National Plan** clearly set out the philosophy which was to guide regional policy in this period. It was explicitly placed in the context of rational, informed, comprehensive planning. The priorities were clear:-

> There may at times appear to be some conflict between the national priorities of economic growth and the local claims of certain regions or parts of them. But regional policies will not be concerned with bolstering up small areas which have no economic future: they will be concerned with developing those parts of each region where there is a real growth potential.
> *The National Plan,* 1965.

The National Plan emphasised the fuller use of national resources through regional policy and, in particular, the fuller use of idle workers in the depressed areas. From this perspective unemployed workers were looked on as a bundle of unused factors, to be located and deployed by government policy in the light of their contribution to the growth objective. The National Plan was 'to provide the basis for greater economic growth'. But there was said to be a major obstacle in its way. According to many influential economists, among them Nicholas Kaldor, the biggest problem was going to be a manpower gap: it was predicted that the rate of increase of the labour force would be too slow for the needs of the expanding economy. Regional policy, then, was to be a means of increasing the number of workers available to industry by drawing in the reserve of unemployed from the depressed areas. In this way, the plan calculated, half the necessary 400,000 workers could be found.

1966 saw government legislation move the emphasis yet again from small areas of particular need to larger areas on which growth could be based. The 'Development Districts' were replaced with **'Development Areas'** and a new system of investment grants was introduced. This was essentially part of a scheme for increasing investment and productivity nationally, with favourable rates for employers setting up in Development Areas, rather than differences in the type of incentives they were offered. In **1967**, the **Regional Employment Premium (REP)** was introduced, which had the effect of subsidising these employers' labour costs if they were in a Development Area.

But in **1967**, there was another rapid increase in unemployment in some areas, and back the policy went to the strategy of the early sixties with relatively small areas, **'Special Development Areas'** within the Development Areas, picked out for special treatment in an effort to alleviate localised unemployment. From the original 8½% of the population in 1934 the development areas now embraced 20%. A further category of areas in need was created in 1969, when 'Intermediate Areas' were introduced with their own rates of subsidy.

'Selsdon man'

The next Conservative Government set about changing policy in line with the spirit of its 'Selsdon Man' philosophy: lame ducks were *not* to be subsidised. The Conservatives opposed investment grants on the grounds that they provided financial help for both profitable and unprofitable firms alike. They abolished grants and replaced them with tax allowances so that only profitable companies could benefit. This was particularly helpful to those big companies who could afford to cross-subsidise one operation from the profits of another, a procedure which enabled them to collect allowances for subsidiaries in Development Areas that were in fact unprofitable but could be made to appear profitable.

Under the Conservatives, the rules governing IDC policy were substantially relaxed. They also undertook to phase out the Regional Employment Premium, but the next Labour Government returned in time to save it and not only retained REP, but doubled the rate.

The Conservatives' **1972 Industry Act** confirmed and extended their version of regional policy. **'Intermediate Areas'** were extended, a system of **Regional Development Grants**, for plant, machinery and buildings, was set up and the previous system of loans was replaced with selective financial help – loans or grants, to companies who could prove they were creating new jobs.

Since 1972 the urgency seems to have gone out of regional policy, at least as far as the legislators are concerned. Despite minor changes made by the Labour Government in 1974, the system now stands broadly as it was then, and the official attitude seems to be to wait and see – give the provisions time to run and then review them thoroughly (a process now underway). What has changed then? Has the situation in the depressed areas become any better? Is it felt that regional policy though imperfect *is* broadly effective?

There is little evidence for either. Perhaps a more likely explanation is that the credibility of the regional policy solution is beginning to wear a little thing. Certainly the criticism has grown over this period and was taken up officially in the **1973 Select Committee's Report on Regional Development**. The promised **review of regional policy**, due to report in late **1976** or early **1977**, can be expected to continue the criticism.

By 1972 the regions in trouble covered a large part of the country as this DTI map shows.

The package

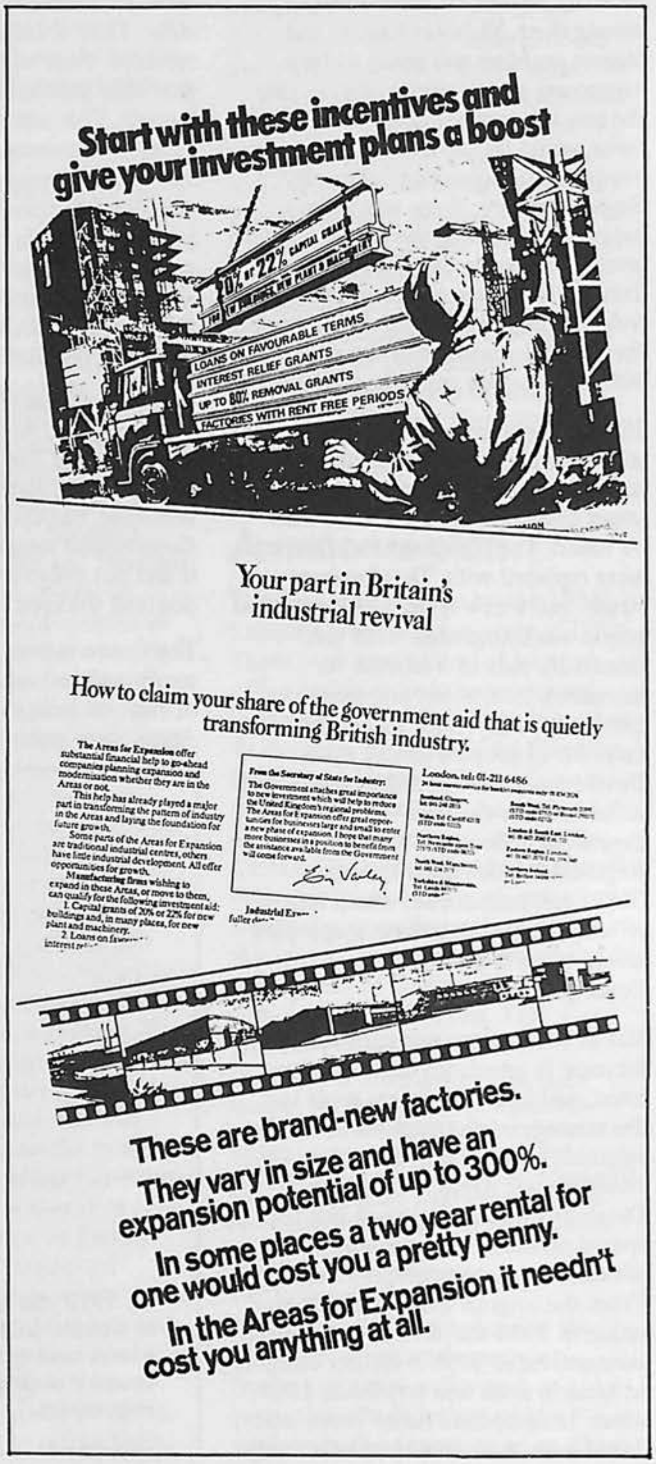
It's clear from that brief history how much regional policy has been chopped and changed since it was started in the 1920s. One of the commonest criticisms of regional policy is, in fact, its unpredictability. The constant juggling and alteration of incentives in an attempt to achieve the best policy mix has only made things so uncertain that firms are hesitant to relocate or commit resources to expansion, argue the critics. Yet underneath the apparent breaks and changes of direction in regional policy there is fundamental continuity. Basically, the package has been a varying combination of four elements:-

1. **Subsidies to industry for capital** – capital grants and tax allowances.
2. **Subsidies to industry for labour** – REP and SET premium.
3. **Indirect subsidies to industry** – infrastructure development, government training programmes, etc.
4. **Measures to direct industrial development** – IDCs and Office Development Permits (ODPs), and government-built advance factories.

The tools of regional policy have never been much more than sticks and carrots – and there have been carrots by the sackload. Governments, of whatever political line, have relied on restructuring the environment for industry to operate in, building modern advance factories here, new roads there, holding out grants and subsidies all round – hoping to tempt industrialists down the right path by a variety of inducements, rather than seriously trying to control economic development. Even the Labour Government's national Plan of 1965 did not amount to the direction of industry but was, rather, an exercise in 'indicative planning'. It outlined the developments the government would like to see but in no way proposed any serious control over the future development of industry. The apparent exception of this, IDC policy, is in fact the exception that proves the rule for it has been relatively little used. The Department of Industry's figures for acceptances and rejections of IDCs show that in the West Midland Conurbation (excluding Coventry) 92% of applications were accepted and only 8% rejected. Even when the available powers are used there is no real attempt, after a firm has been refused permission to expand in an already congested area, to put any pressure on it to set up in a Development Area, let alone in any particular place within one. Department of Industry officials in Newcastle admit that in a situation where they are effectively competing with other regions, even other countries, they usually have to accept the firms' terms if they want industry to come to the north. They may try to persuade firms to come to the declining parts of the region, but if a company says 'Washington or abroad', then the new town gets it.

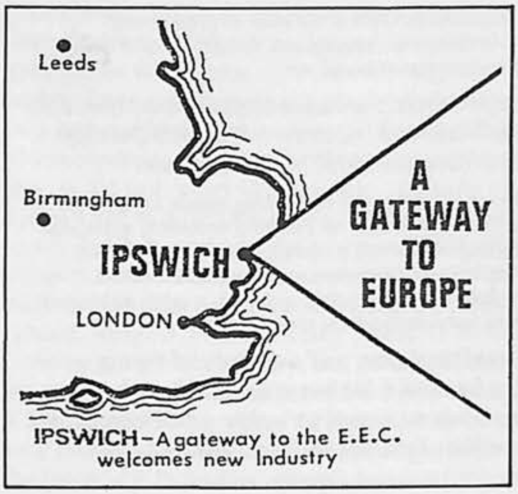
The other side of central government's non-directive approach is that local authorities up and down the country offer a range of juicy carrots in an attempt to persuade firms to come to their particular area. The result? Expensive competitive bidding whose outcome bears very little relation to any rational distribution of industry. Today the specialist, and often not so specialist, press, the hoardings and even the London underground are full of advertisements for this city or that. Each boasts how cheap accommodation is there. Each proclaims how this

Carrots from central government.



city is not as grimy as it is made out to be, that new town as soul-less as it seems. Each points out how cheap and plentiful workers are. Each presents itself at the centre of a crucial distribution network. It is difficult to see from the adverts why a firm should prefer Cumbernauld to Wigan or Peterlee to Warrington. The only people who seem to benefit from these outpourings are the advertising agencies and the departments every council sets up for attracting industry.

Seduction from the regions.



How effective?

There is a lot of disagreement about how successful regional policy has been. What criteria should it be judged by? On the one hand, it has obviously failed in what it set out to do. The huge disparities in unemployment rates between different areas are still there and the inequalities between the depressed and the prosperous regions remain. The interim report of the Northern Region Strategy Team shows, for example, that people in the north are still on average lower paid, more badly housed, in worse health, and generally worse-off than their counterparts in other parts of the country.

But some argue that, even though the new jobs created in the regions have been cancelled out by jobs lost from other firms, regional policy has still succeeded: if the policies had not existed, the problems of the regions would have been so much worse. Economists point to the fact that in a situation where manufacturing employment has declined in the country as a whole, the regions have done relatively well in gaining a more than proportional share of what new manufacturing there has been.

There is little disagreement that regional policy has brought some jobs to the depressed regions that would not otherwise have come, although it is difficult to disentangle the influence of regional policy from other factors determining industrial investment. A number of academics have tried to assess the success of regional incentives in attracting jobs. The economists Moore and Rhodes came up with the figure of 150,000 jobs created by regional policy in all Development Areas between 1963 and 1970. A more recent estimate by the Northern Region Strategy Team put the figure for the northern region alone at approximately 50,000 additional jobs between 1963-73.

What price?

But what about the cost of this limited success? The Exchequer has spent enormous amounts. In the ten years up to 1973 nearly £500m (at constant 1970-1 prices) was spent on regional development incentives in the northern region alone, excluding loans, factory buildings, and so on. Assuming that the figure of 50,000 additional jobs created is correct, each extra job in the north cost roughly £10,000 to create and maintain over this period. (Northern Region Strategy Team: Interim Report). It would be truly remarkable if such an expenditure of public money had *not* succeeded in luring a number of firms to the Development Areas in the name of regional policy. Add to this the costs of direct subsidies, the millions of pounds spent on infrastructure – the excellent network of motorways that now links the depressed north east to the more prosperous parts of the country, for example – and the nature of the operation is clearer still. According to the North of England Development Council, 18% of state investment in the north east since the war has gone on the motorway infrastructure around Newcastle. Recently, as well as British government investment, considerable amounts of money have been forthcoming from the EEC via its Regional Development Fund. This Fund is for infrastructural projects related to industrial activities, priority going to Development and Special Development Areas. The approved projects cover a wide range, including water and sewerage projects, port projects, the preparation and servicing of industrial sites and access roads to such sites. And this is not to mention the massive cost of advertising and promoting the regions for the benefit of prospective industrial investors.

What jobs?

Leaving aside the question of cost, doubts have also been growing about the *type* of jobs brought to the regions by regional incentives. For a long time, many people felt that any new job was welcome in those areas, but slowly it dawned on them that perhaps a perfume factory, for example, was not the answer to the run-down of a coal mine. Questions were also raised about the pay and conditions in some of the new industries. There was, and still is, the problem of instability. There are examples of firms who stay in Development Areas just long enough to get their government subsidies, and then move out again, usually taking their subsidised equipment with them. There is also evidence from the northern region which would probably apply to all Development Areas, that the new jobs are, as a whole, relatively vulnerable to national downswings in economic activity. Traditionally, the areas whose industries are based on the capital goods markets have been more vulnerable to variations in demand for their products than others. This was one of the arguments originally put forward by the regional lobby for diversification of the industrial structures of the regions. But still, the regions continue to be the first to be hit by downturns in the economy and the last to benefit when the economy picks up again.

North-West mounts campaign to fight Courtaulds closure

But no right to stop companies from taking the money and leaving.

Regional policy may well be a key cause. It has encouraged firms to set up branch factories in Development Areas, which, given the subsidies they rake in, they need not run at full capacity. While their main plants (usually not in Development Areas) have to be fully used to remain economically viable, it is obvious that the first to be cut back in a deflationary period will be those in the Development Areas. It is one of the ironies of regional policy that it has actually contributed to economic instability rather than curing it. This is one of the reasons why the emphasis of policy has recently shifted to encouraging the growth of indigenous firms rather than attracting 'footloose' industry. (The fact that there is little footloose industry around in the current economic climate may also have something to do with it.)

What power?

Major employers themselves often point out that they are hardly influenced by regional grants. For companies dealing in massive investment programmes, government bribes are of negligible importance. In their evidence to the House of Commons Select Committee on Trade and Industry, Unilever commented:-

> In the case of manufacturing employment it is difficult to demonstrate that the regional subsidies for investment or employment have had more than a small effect on location.

while GKN said:-

> From its own experiences GKN is not able to present any significant case to illustrate that regional incentives have been a decisive factor in investment decisions.

The second report from the Expenditure Committee, Sub-Committee on Trade and Industry – *Regional Development Incentives* (Session 1973/74) – concluded:-

> We are far from satisfied that the continuing search for a viable regional policy has been backed by a critical economic apparatus capable of analysing results and proposing alternative courses. Much has been spent and much may well have been wasted. Regional policy has been empiricism, run-mad, a game of hit and miss, played with more enthusiasm than success.

It is clear that, after almost half a century of trying, regional policy has cost a lot but still failed to solve the basic problem it was supposed to tackle – the inequalities in economic welfare between different parts of the country.

Rhetoric against reality

In the depression of the 1930s world capitalism had gone into convulsion. In Britain, economic change had been seen to be tearing the heart out of whole areas of the country, other parts seemed to be escaping almost unscathed. As we have seen, the policymakers explained this imbalance as a regional problem, which needed specifically regional solutions. This interpretation has persisted almost unchanged ever since. For a long time, the story was that the south east as a whole was thriving and expanding, while the whole of the north east was sunk in depression, with unemployed men in mufflers and cloth caps on every street corner. The picture was drawn with a very broad brush, the reality not quite so simple. It is clear from our evidence that Canning Town, for example, in the heart of the prosperous south east, was sinking deeper and deeper into economic decline throughout the affluent post war years. Its problems were similar in kind to those afflicting Benwell in the middle of the depressed north east – the problems of a working-class community whose economic base is collapsing.

While, in broad statistical terms, it is true that throughout the post war period the depressed regions of the thirties remained on average worse off in terms of unemployment, incomes and so on, than the rest of the country, this level of analysis served to obscure a more complex reality. The rhetoric of the regional problem in fact disguised what was happening on the ground, masking both the process of industrial decline and the operations of government policy.

We saw, for example, how in the late thirties, under pressure from the regional lobby, government policy shifted its emphasis from moving workers to work to getting employers to move jobs to where the workers were. By the time the war was over the policy makers could confidently claim that migration was no longer a major part of their strategy for the regions. But this was only true if the problem was considered, as it was by the policy makers, on a regional basis. In fact their policies embodied a number of assumptions, chief among them that movement *within* regions did not count as a problem. On these calculations one job lost in a declining area of Newcastle, for example, equals one job gained in the new town of Washington. From the safe distance of a town hall or of Westminster such assumptions may seem acceptable, but on the ground, workers were still being forced to move. Driven to move by government policy, out of the old cities into the new towns, from one part of a region to another, or, if they stayed living where they were, with increasingly long journeys to work, they were still paying heavily for the hoped-for industrial redevelopment of the regions.

Population policies

A string of policies made sure of this. There were new towns and growth zones, and in County Durham, the 1951 Development Plan classified the prospects for the country's towns and villages into categories A, B, C and D. The policy for D villages, many of them pit villages with the pits closed and no new work coming in, was simply to label them and let them die.

Workers were still being driven from place to place, but as long as they were not crossing the boundary lines on the policy-maker's regional maps their migrations could be officially ignored. It did not constitute a problem – rather it was considered to be its solution. Regional policies were said to be bringing 'work to the workers', but looking more closely at what was going on *within* the boundary lines showed not only workers being shunted around as always, but the government actively intervening to redistribute industry and population. After the war its prime targets were the cities.

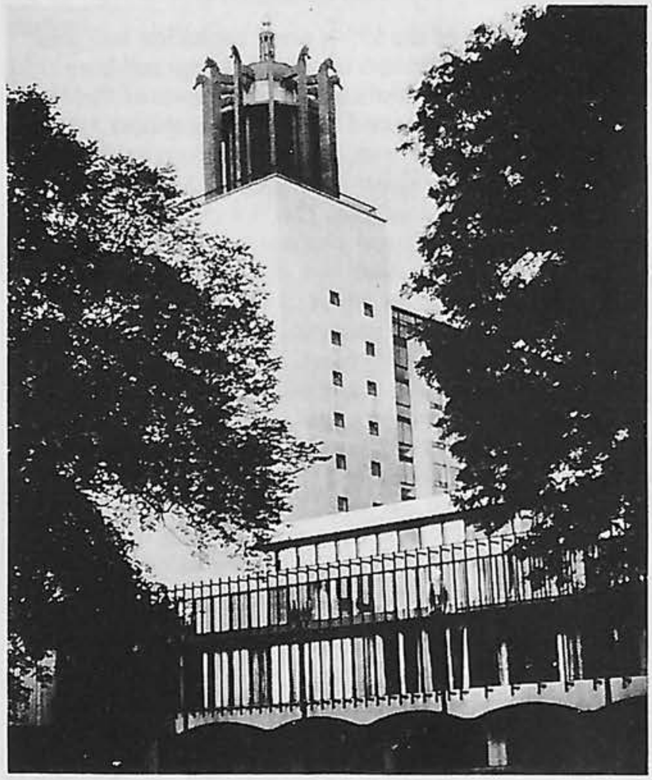
Population policies have, in fact, been an important component of regional policy. The 'growth zones' policy of the 1960s meant moving people out of the older urban areas and resettling them on brand new estates. As well as providing a ready labour force for the new industry it was hoped would also settle on these greenfield sites, this policy was very much tied up with the feeling that areas like the north east needed a new 'image'. Some of the strategy plans for the region envisaged the elimination of whole communities, the shipbuilding town of Wallsend on the River Tyne for one. Such places had to go, not only because the industry on which they were based was thought to be in an inevitable decline but also because, the planners argued, such old, impoverished urban settlements perpetuated the image of the region as an area of dereliction, decline, and decay. What was needed now, said those in control, was an image of newness, the north east going forward bravely into the future. So while elsewhere the D villages were conveniently written off the maps, costly, futuristic architectural projects carried the promise of a new era into the city centres.

Emptying the cities

Population policy was not just part of regional policy. It was also pushed as a progressive policy in its own right. As early as 1940 the report of the Royal Commission on the Distribution of the Industrial Population advocated that both people and jobs should be dispersed from the large urban centres where they were concentrated. Policies of decanting people from the cities have continued ever since. Under the urban renewal umbrella, a range of population policies have been put into action justified mainly by the feeling that cities are too crowded. All the inner parts of Britain's conurbations have been affected by redevelopment: houses have been cleared to make way for offices, shops and commercial developments, and many of the former inhabitants have been forced to leave. Official industrial and population policies for the cities have served largely to facilitate and subsidise movements that were normal developments anyway. They have given firms financial incentives to shift investment from the older urban areas to edges of the cities and new greenfield sites. They have 'zoned out' industrial uses which were declining anyway, and they have shifted large numbers of the workers out of the cities to provide a labour force for the new industrial uses.

As towns and cities all over the country were swept by such policies there were rumblings of opposition and recent years have seen considerable questioning of the urban renewal policies by politicians and planners as well as more widely. Gradually the old solutions have come to be seen as part of the new problem.

New image for the North East? Newcastle's new city centre.



The urban problem

Out of this shift the particular plight of the inner-city areas has now come to the centre of official attention. The maps have been taken out again and the boundary lines now encircle the urban areas. The symptoms are there for all to see: bad housing, localised unemployment, declining rate base, over-crowding, racial tension. And a new growth industry has sprung up, providing lucrative jobs for academics and professionals dedicated to the diagnosis and treatment of the 'urban crisis'. They have looked at the maps, collected the census data, chosen areas and run them through computers checking for 'social malaise indicators'. The categories include: unemployment, poverty, illness, crime, immigrants, deviancy. It is a game of numbers in which the prize for greatest deprivation goes to the areas with the highest scores. Once again the problem is defined in terms of areas, but now the inner-urban areas are vying with the regions for the forefront of concern.

The torch lit by the academics and planners has been picked up and carried further by official social policy. The sixties and seventies have seen a succession of programmes designed to research and tackle urban problems. These took up the new theme that things were going badly wrong in the older urban areas, especially in the large cities. The approach was piecemeal. The programmes themselves provided little more than cosmetic treatment. At best they could only relieve or cover up the more obvious symptoms of urban decline. The root problems were well beyond their reach. Even the apparently more comprehensive, like our own National Community Development Project, were in fact very limited in their conception and scope. CDP's original brief, for example, was based on the assumption that the problems of older urban areas could all be traced back to insufficient effort by the inhabitants of these places and to inadequate co-ordination of public services. (We examine this in more detail in our forthcoming document on Britain's 'poverty programme'.) Throughout, the urban programme has assumed that the problems of poverty and deprivation in such areas could meaningfully be tackled without reference to the basic economic context. This, as we show here, is totally unrealistic. The basic problem runs much deeper, and central to it and so to the fate of working-class areas, is the pattern of industrial development in the older parts of the cities.

The ineffectiveness of the urban programme's piecemeal approach has gradually discredited it. With agencies and programmes proliferating in all directions, local authorities began to turn down urban aid, for example, because it made no sense in terms of urban strategy. The Labour Government had promised a concerted approach to urban affairs but little had emerged. In the absence of a government initiative, the Labour Party's Town and Country Planning Sub-Committee decided to look specifically at the problems of the inner cities. Meanwhile, a number of individual local authorities started to formulate their own approaches to the issue. In the last year or so, several local authorities concerned with this inner city problem have begun joint discussions at both political and officer level. Discovering the extent to which they share common problems in relation to the inner cities, they are now trying to put up a common case for special treatment to the government. Though the central government's urban programme may have failed to solve the problems it was set up to deal with, it can be seen to have succeeded in another, perhaps even more important task, that of laying down the boundaries of the discussion. The 'problems of the inner area's, the academic's 'social malaise indicators', 'indices of deprivation' and arbitrary geographical boundaries are all now accepted as common and public currency. These are the definitions bandied about as local and national economic policy is decided. These are the ideas which underlie the new urban policy.

Task force to fight cities' decline urged by Shelter

By Pat Healy
Social Services Correspondent

A vast new urban programme, directed by a task force under the Cabinet, is urgently needed to prevent Britain's major cities from declining into the "ghetto hell holes" that disfigure American urban life. This is the message of a report published yesterday by Shelter. It asserts that without such a programme the decline of inner city areas is inevitable and irreversible.

moving away from cities, leaving behind the poor and disadvantaged minority. Their difficulties cannot be helped because remedial action is not built into the machinery. All efforts to bring help have defeated their object.

Mr McConaghy offers an answer based on effective communication between all relevant authorities with a real opportunity for public participation. His solution implies a vast redirection of public money to enable local authori-

A 'new' problem needed new solutions. The idea catches on.

REGENERATE OUR INNER CITIES

DANIEL CLARKSON makes out the case for Local Enterprise Boards to revitalise the centres of our industrial cities

FOR OVER a century inner city areas such as Hackney and Whitechapel in London, Small Heath and Saltley in Birmingham, Vauxhall and Everton in Liverpool, and Benwell in Newcastle have been the cradle of our industrial dynamism. They were the natural places where someone with a new idea could set up a business. There was a variety of premises at low rents, skilled labour and supplier firms in the vicinity and a healthy indus-

room for expansion – but that new firms are no longer born.

Committee recommendations for Small Firms, and selective import

have been very successful in regenerating small scale industry in high unemployment communities such as Bedford-Stuyvesant and Harlem in New York, and West Belfast in Ireland. Their success is due to a potent combination of central Government finance and local inititiative and control.

WORRIED

Policies for the city

It may seem surprising that it took planners so long to realise the scale of the job loss from the older urban areas, for, as the last chapter showed, the process of industrial decline had been taking place over a long period. The rediscoverers of the inner city have talked of a sudden and rapid collapse of industrial employment in the early sixties. In fact, there was no such rapid collapse. In the Inner London Boroughs, about which much concern has been expressed, the newly-discovered decline in industrial employment is simply a continuation of trends that have been going on at least since the First World War. The office boom of the 1950s helped to disguise them, but when it began to crumble in the early 1960s the facts became uncomfortably clear once again.

Only the process of heart searching and professional self-criticism by planners and associated academics is new. David Eversley set the tone in 1972:-

There is a net outflow of population from the large cities to the surrounding areas . . . In all the enthusiasm for this outward movement, nobody has stopped to ask what happens to the population, economies and social structures of the remaining old cities.
GLC Intelligence Unit, *Quarterly Bulletin*, June 1972.

Since then, a lot of people have asked this question – and few liked the answers they received. The 'urban problem' has now taken its place among the top priorities of the progressive planner and politician.

The argument

It is now widely accepted that more complex policies are needed to deal with the problems of the older urban areas. Still the debate about what these policies should be is far from reaching agreement. Simply decanting people out of the cities into new, lower-density settlements elsewhere now seems to many both unacceptable and ineffective. But saving the cities by retaining people and jobs there is an alternative that is by no means universally accepted. A significant number of planners and policymakers still think the older policies were right, though some argue for more sophisticated population policies in order to modify the effects of the decanting. One popular proposal is that the new towns should have to take a fairer share of unskilled and unemployed workers. At the moment immigration from the older urban areas tends to be selective in the other direction. Another strong contender is the idea that a better 'population mix' should be encouraged in the older areas. But though earlier notions of new towns, wholesale urban renewal, and so on, may still have some followers, the fashion in policy has swung very much in favour of saving the cities by keeping people and jobs there. Discussion now focusses heavily on the loss of industrial jobs from the older urban areas; the emphasis is quite correctly on the economic base of the areas in question.

A disinterested shift towards a more accurate analysis? Maybe. But it is also worth remembering that these ideas have been around for a long time, and have been ignored for most of it. Their adoption and official disillusionment with policies of wholesale clearance, urban redevelopment and building whole new towns have also happened to come at a time in the seventies when the worsening economic situation has meant that the money for such policies can no longer be found. It is in this climate that nostalgia for what has been destroyed has come to be not just acceptable public currency but the basis for 'new' policy initiatives.

The new orthodoxy

At a national level, as well as locally, a new orthodoxy is now clearly emerging in the form of urban employment policies, just as regional policy did earlier. All three major parliamentary parties now insist that the problems of the older urban areas require urgent action and that they are currently working this out in the form of policy proposals. The Labour Party *Programme for Britain, 1976,* argues, for example, that 'a number of immediate initiatives should be taken to alleviate the problems of our inner-city areas'. Among those suggested are revitalisation of the local employment situation, more flexible IDC policies, better use of existing buildings and sites, and measures to 'increase the mobility of the urban poor and to move more of them into the new towns'. There are clear similarities between this emerging policy at central government level and the types of policies already being implemented in various local areas.

The official version. But what will be done?

Mr Shore's new policy to bring back jobs to inner cities

By Christopher Warman
Local Government Correspondent

The Government's intention to breathe new life into the decaying inner cities, which will mean a reversal of recent policies, was declared firmly by Mr Shore, Secretary of State for the Environment, in a speech at Manchester yesterday.

Instead of encouraging more industry to move out of the inner areas, the Government is likely to concentrate resources terms. If cities fail, so to a large extent does our society. That is the urgency of tackling the problem, and why it has to be of concern to everyone in this land."

All Britain's big cities had lost population over the last 15 years; since 1961 the inner area of the Manchester conurbation had lost 20 per cent, and Liverpool 40 per cent.

"What is more worrying is the unbalanced nature of the migration, with a disproportionately there had been a growth of office jobs in the centres of most of those cities it had not compensated for the rapid decline of manufacturing industry in the inner urban areas.

What had happened had been due partly to conscious decision by individuals, and to conscious dispersal by government, but partly also to social and economic developments that had been both unexpected and unplanned. Because of the relatively high birth rates, it was greater than anticipated by the planners.

"It would be a mistake to assume that all the loss of jobs in inner areas had been caused by firms moving", he added. "Indeed, in all the evidence the greatest cause of job loss has not been the movement of firms, but simply their death.

"I am in no doubt that changes in policy towards inner areas are needed. Twentieth-century civilization has been based upon cities, and if in the rapidly a city could slide into decline if powerful action is not taken."

Mr Shore said that over the past decade government had become increasingly aware of the special needs of inner urban areas.

"Just as we are now all aware that the future of the nation is inextricably bound up with the fortunes of our manufacturing industries, so too is the future, and the wealth, of the inner areas. We shall need

Of the five CDP areas described here, the three inner-city areas have been the subject of just such demands and policies intended to revive their economic fortunes. In those areas of the country generally considered to be prosperous regional policy has been blamed for eroding the economic bases of the inner city communities.

The North East

In other areas too, policies are being brought in to stem the decline of the older urban areas. In the north east, for example, Newcastle's county authority, Tyne & Wear County Council, formed in the 1974 local government reorganisation, is committed to reversing earlier policies and trying to revive the older urban areas. Recognising how the loss of jobs speeds up urban decline, the Council is trying to attract industry back into the inner-city areas by preparing land, building advance factories, and offering lures of grants and loans.

A recent report by Newcastle's Central Research Unit agrees with Tyne and Wear's view of employment policy:

> The key element in attracting new employment to the City is the provision of suitable sites . . . It follows that any policy for increasing employment opportunities should concentrate on the acquisition and preparation of sites for potential investors.
> *Urban Trends*

This report also stresses the importance of the economic factor in urban problems: 'A recurrent motif in this study is that many of the problems to which the Council addresses its policies have their root causes in the economic circumstances of the city's households.' But while they acknowledge this as the prime cause, Newcastle Council leaves it to other agencies to formulate policies to deal with causes and chooses to concentrate its attention and efforts on the symptoms. In spring 1976 it published the discussion 'Green Paper' – *Top Priority: Newcastle's Approach to Priority Areas.* This set out to show by various statistical indicators how deprived the inner-city areas were in comparison with other areas in the district. Those areas which rated highly on several indicators were dubbed 'stress areas', and the paper proposed a series of minor projects like landscaping work, play facilities and so on (many of these projects had been cut out of the council programme earlier in the year in a round of expenditure cuts), to alleviate this stress. *Urban Trends* argued for an approach to tackling stress on the grounds that while its overall incidence has declined over time, in terms of distribution it is increasingly concentrated in certain areas of the city. Another official rationale for the stress area perspective is that it makes it possible to use corporate management principles at all levels: this approach is contrasted with the hitherto piecemeal and uncoordinated operations of the poverty programme:

> There have been and are currently several policies which in one way or another attempt to tackle stress, e.g. Community Development Projects, the Inner Area Studies, the Urban Aid Programme, Job Retraining Schemes, Housing Action Areas and social work in general. There are, in addition, currently 24 means-tested benefits operated by local authorities. These initiatives are not all palliative – some, such as the educational priority programme and retraining schemes, attempt to provide a better base for increasing employment opportunities and income levels. There is, however, no overall co-ordination of these initiatives. In principle the corporate management structures of the city provide a framework for identifying the comprehensive nature of the problems, for defining social objectives and for preparing a comprehensive programme of action.
> Newcastle City Council Central Research Unit, *Urban Trends.*

While Newcastle's *Top Priority* Report admits that it only tackles symptoms and not causes – and admits too that in attacking the symptoms of deprivation it is only taking a very small first step – the council have still launched it publicly with a great fanfare: 'the Top Priority Programme', the leader announced in council, was a 'declaration of war on poverty'.

London

The official debate about the problems of the Inner London Boroughs, as in the midlands, has centred around IDCs, regional incentives, new towns, and other policy measures thought to have contributed to job loss in the city. The GLC is calling for changes in central government policy to stop the loss of jobs and people from London.

Meanwhile, a strategic plan is being worked out for redeveloping Docklands, a plan which, if it goes through, will change the face of a vast area of east London. But the scheme has not gone unchallenged. Since the notion of 'developing' the area in a comprehensive fashion was first seriously proposed in the early 1970s there has

Job problems tackled

DESPITE the economic situation, the County Council has decided that one thing must not disappear, the effort to create new jobs in Tyne and Wear.

Unemployment is very high locally, and many of the jobs that do exist are in developing places like Washington and Killingworth. Working with the local Councils, the County Council has started to bring jobs back to where most people live. New factories are going up on odd bits of land lying idle in our towns.

In Benwell and Byker in Newcastle, Blackett Street in Jarrow and Hendon in Sunderland among other places, there should soon be a healthy number of new firms at work in County Council factories.

But our work does not stop there. The County Council are giving loans and grants to industries which expand and provide new jobs locally: are applying for grants from EEC funds that exist to help areas like ours: are keeping watch on the Government's plans for Scotland and Wales in order to make sure that the North East gets its fair share.

Unemployment is one of the biggest problems; small wonder that it is one of the County Council's biggest headaches.

been great controversy. The latest draft plan was produced by the Docklands Joint Committee (a joint committee of local boroughs and GLC) in March 1976. The object, says the plan, is:-

To use the opportunity provided by large areas of London's Dockland becoming available to redress the housing, social, environmental, employment/economic and communications deficiencies of the Docklands area and the parent boroughs, and thereby to provide the freedom for similar improvements throughout East and Inner London.

The plan emphasises how vital it is to restore a viable economic base for the area. It points to the symptoms again: the heavy loss of industrial jobs in London over the past ten years has hit east London particularly hard, it has resulted in high emigration from the area, high rates of unemployment, and ever-increasing amounts of vacant land. In order to prevent further loss of industry, says the committee, the authorities must prepare enough industrial sites, mainly on three large estates, to provide 30,000 industrial jobs in Docklands, they should also improve public transport and roads so that both goods and workers can be moved more easily, and improve training facilities.

The plan gives great emphasis to the alleged shortage of skilled workers in the area – a fact disputed by others involved in the area like the Joint Docklands Action Group, who present a detailed criticism of the draft plan in their report. One of the committee's proposed solutions is that a new type of housing (equity housing, which is a form of part-owner-occupation) should be provided to attract and keep skilled workers in the area. This proposal to attract a more skilled and middle-class home-owning population, has been a constant theme in the strategies for London's Docklands. Besides the explanation that this would keep skilled workers in the area to attract employers, it is also argued that a higher income population would attract the kind of private investment in the services which the area lacks. The desire to engineer a less class-polarised population in London has resurfaced in recent years. Its roots lie in the century-old fears which have haunted London's ruling classes – the creation of a huge working-class population on its doorstep in east London. The attractions of such a solution to the urban policy maker lie in the fact that the introduction of this population will 'improve' the statistical profile of the area without in any way reducing the problems facing the existing residents.

The Midlands

In the midlands these arguments have gained wide currency. Birmingham Chamber of Commerce, various local employers, members of the West Midlands and Birmingham District Councils and some officials of the local trade union movement have argued that IDC control has discouraged firms from setting up in prosperous areas in order to get them to locate in the depressed regions. This, they claim, is a significant factor in the general economic decline of the west midlands, and has been largely responsible for the lack of investment in Birmingham over the last ten years.

The East Birmingham Trade Union Research Unit has commented on these arguments:

Let's have a look at some of the facts. 'We cannot get certificates' say the employers. But they never offer any evidence to back their arguments. Perhaps this is not surprising. The Department of Industry figures for acceptances and rejections of IDCs in the West Midlands do not seem to justify their claims. *Between 1971 and 1975 in the West Midlands conurbation (excluding Coventry) there were a total of 512 applications – of which 470 (92%) were accepted and 42 (8%) were rejected.

Birmingham Area
*Approvals and Refusals (1971-1975)
(Schemes 10,000 sq. ft. and over)

	Approvals	*Refusals*
Birmingham	35	5
Washwood Heath	10	0
Small Heath	25	0
Aston/Handsworth/Selly Oak	47	2
Solihull/Sutton Coldfield	19	1
TOTAL	136 (94%)	8 (6%)

*Source: Department of Industry

Two arguments can be raised at this point – firstly that it was worse in the past and that past refusals have weakened Birmingham's industrial base. This, however, does not hold up. Throughout the 1960s, at least, the figures have remained much the same. A second argument used is that employers who do not think they will get IDCs do not bother to apply, so that their 'hidden refusals' do not show up in any figures. Although such a view can never be proved one way or the other, relying as it does on 'intuition', it does not seem very plausible if one considers the high level of acceptances – and also the fact that of the IDCs which are approved, about 40% are not even taken up. This is hardly evidence of eager investors being held back by evil government controls.
East Birmingham Trade Union Research Unit: *Fact sheet* 1.

Within the midlands, though, it remains clear that 'prosperity' has not been evenly distributed. Faced with decline in the inner-ring industrial areas, the official argument turns to blame regional policy. It assumes that nothing fundamental is wrong, just that some parts have been left behind by the region's overall progress, and these are still hit by regional policies applied to the region as a whole because the regional policies are not flexible enough to deal with exceptions like Saltley. So IDCs and other disincentives should be selectively dropped by central government. On its side, the local authority pursues a policy of positively encouraging investment, particularly by offering grants and building sites for new industry. It is trying this in Birmingham's old jewellery quarter in Hockley, for example, and also suggesting advance factories for other inner Birmingham areas like Small Heath. Now too, Birmingham City Council has decided to employ an industrial information officer, whose job it will be to attract more industry.

More of the same?

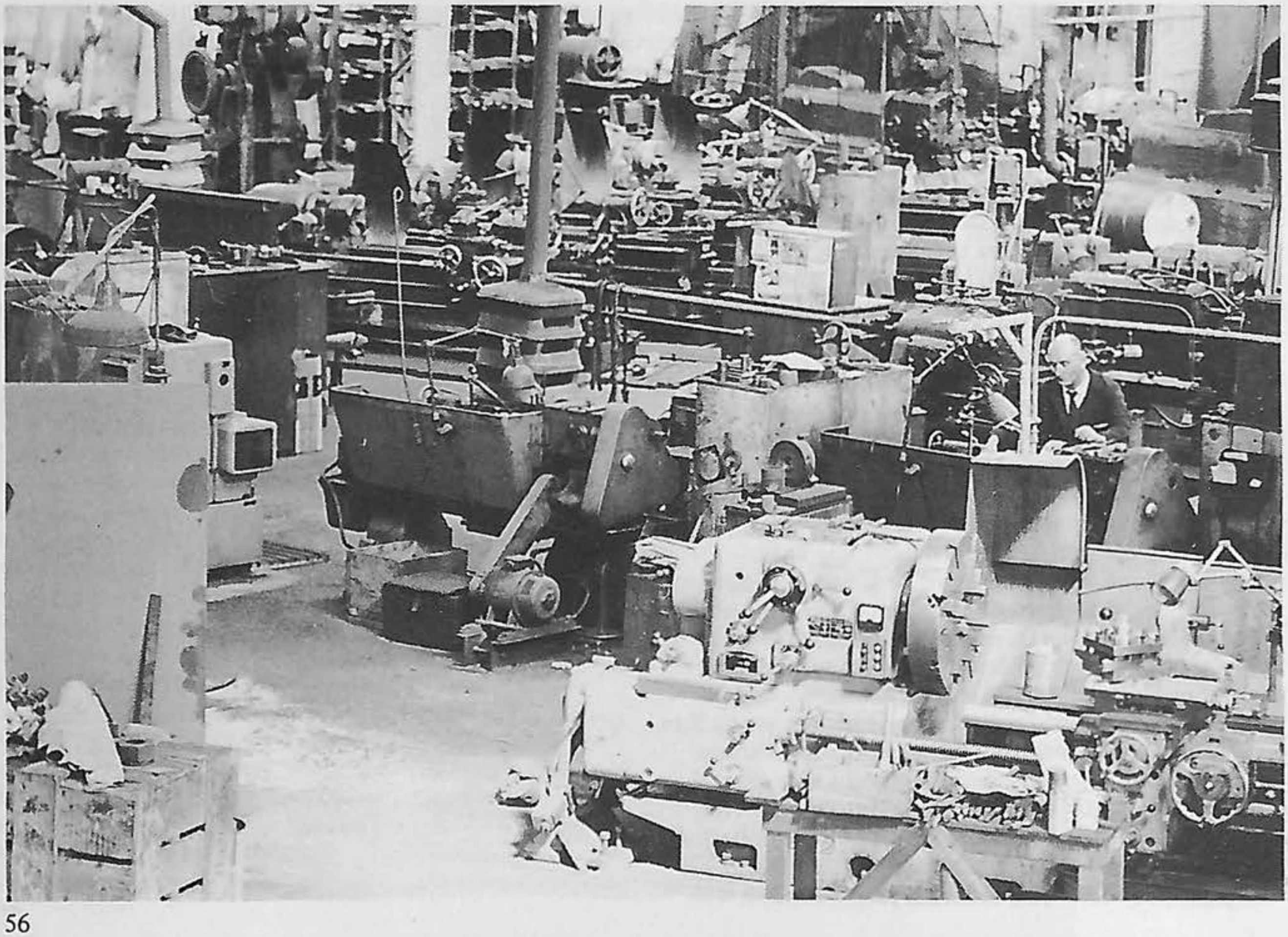
It is clear that there are similarities between the way in which the urban problem is being discovered, defined and tackled now and the way the regional problem was taken up during and after the depression. Both are ways of defining particular problems of capital as problems of certain spatial areas, due to the characteristics of those areas. The importance of this technique is that it diverts attention from the way in which the problems that appear in particular places are really particular manifestations of general problems – problems of the way the economic system operates.

Such an approach also puts across the problems of these areas, regions, inner cities and so on, so that they seem *marginal* – not in the sense of unimportant, but certainly peculiar to these areas; while things in general, of course, are fundamentally alright and 'normal'. All that remains to be done is to equalise indices of deprivation, achieve a 'balanced' population, and so on. Both regional and urban policies have been presented as attacks on poverty and inequality – and as such have a political significance beyond their immediate effectiveness. There are also elements in regional thinking and much of the current urban problem rhetoric which imply that the problems of these deprived areas could be solved if only their inhabitants would exert themselves a little more to improve their lives. As well as justifying lower state spending in these areas than straightforward measures of need would suggest, any given expenditure being assumed to have a multiplier effect, this also has the moral and political effect of throwing the blame for their situation back on the people themselves and distracting attention from the real causes of their situation.

In terms of actual policies, both central and local government spend more and more effort on trying to attract industry back into the older urban areas and to hang onto those manufacturing jobs that remain. They spend a lot of public money on bribing industry. They do it both directly via grants, rent-and-rates-free periods etc, and indirectly, by reclaiming and providing ready-built advance factories, and laying down a red carpet of new roads, services, and other infrastructure. There is no need to underline how much these policies basically resemble those that have been tried for so many years under the name of regional policy. The massive amounts of public money spent on regional solutions had little impact on the problems they were originally intended to solve. Perhaps this should lead us to question seriously the adequacy of the policies currently being put forward to deal with the urban problem. Undoubtedly, the attempt to bring back jobs and regenerate the economic bases of the older working-class communities reflects a proper concern with tackling the severe problems of poverty and bad housing at their root. It also represents a further questioning of the rights of private industry to move about at will without reference to the well being of the workers it picks up and casts off in its drive for profit. But are the policies adequate to the aim? The story of the failures of regional policy, whose objectives, assumptions and methods were very similar, would suggest not.

Merely to suggest the intention to reclaim and redevelop industrial land ignores the question of why land becomes and remains derelict. To encourage the growth of smaller-scale local firms disregards the fact that most of the firms on which the older working-class communities were based and which are now declining, if they have not already moved out of the area altogether, started off as small independent local concerns. Shifting the unskilled out of the older urban areas en masse because they are the most likely to be unemployed, poor and badly housed, fails to ask whether industry as it is presently organised doesn't actually *need* and *create* such a pool of cheap labour. One of the problems is that such questions are rarely asked and never adequately answered by those framing the policies. Perhaps there is another way of looking at the problems of the older urban areas.

3 DEVELOPMENT INTO DECLINE



It is clear that, in spite of all the policies adopted by successive governments to eliminate the inequalities between different parts of the country, huge differences in economic welfare still exist. The gulf between the depressed and the prosperous regions, the inner cities and healthier urban areas is as great as ever. For those who live and work in the old industrial areas the situation, far from improving, has actually got worse. To take only one indicator, unemployment, which nationally has now reached a post-war peak, is even higher than the national average in each of the five areas. The facts speak for themselves. 17,800 jobs went from Canning Town between 1966 and 1972, 13% of all jobs in Batley disappeared during the second half of the 1960s, 10,000 jobs have been lost in Saltley over the last ten years. It would be surprising if these areas had survived such drastic surgery of their industrial base. In Februray 1976, for *each* vacancy notified to the North Shields employment exchange (only ninety-six vacancies in all) there were twenty-one unemployed people. During the same month in the Washwood Heath exchange area which includes Saltley, eighty-two people were chasing *each one* of the sixty-eight vacancies. The problems of these areas are getting steadily worse.

Two sides of industry. ***Left*** **Shiprepair works, Royal Docks, Canning Town: a sea of old, underused machinery and a dwindling number of jobs.** ***Below:*** **supervising decline; plenty of work on the stock exchange.**

So far the 'solutions' have had no real effect on the problems of such areas precisely because they have treated them as *special* problems, and ignored the wider social and economic system in which they occur. The processes of industrial decline which we described in Chapter One are not abnormal events or independent problems within a broadly satisfactory system, as regional and urban policies imply. Decline is a normal part of the development of the economy as it is presently organised.

The existence of areas of economic and industrial decline in the context of national economic growth is only one symptom of the uneven development of capitalism. The contrast between developed and under-developed countries, between town and country, between industries or different firms in the same industry, as well as between different parts of the same country or even the same city are all part of the same process. Economists usually depict industrial development as a system in which the play of market forces normally irons out all differences and inequalities throughout the economic system: a self-regulating process by which supply will always tend to equal demand, wages and prices will tend to equalise everywhere. The reality is very different. Throughout its history capitalism has consistently failed to develop evenly or harmoniously. If we just look at British capitalism, it is clear that its history is one of intermittent crisis and depression, during which significant inequalities between regions and areas grow and persist. Other capitalist economies display a similar pattern. Uneven development is a pervasive characteristic of capitalist development.

Explanations

At the local level, the symptoms of industrial decline often seem easy to explain. When looked at in isolation, the working-class communities of Batley, Benwell, Canning Town, Saltley, North Shields and others like them seem to be victims of local disasters. A local firm collapses, with local consequences – a local tragedy.

At this level, areas may appear to be victims of their own history and geography. Specific characteristics, like proximity to a river or a coalfield, make particular areas more or less attractive locations for different industries at different times. At a superficial level, such explanations seem quite satisfactory. For example, many firms were established in Canning Town because the raw materials they needed for their production process were brought in by ship, and the docks were there at hand. When some of these industries began to use home-produced raw materials instead, the firms found themselves increasingly in the wrong place. At one time there were three animal feed mills processing imported grain; the shift to domestic grain, together with the use of bulk tankers which revolutionised distribution methods, now mean that animal feeds can be produced and marketed more efficiently by a number of small mills sited in country towns outside London. Meanwhile, changing methods of transport and distribution have taken trade away from the Canning Town docks, and with it the jobs that used to employ local workers. So we have 'decline'.

But though accounts like these may explain why certain changes in technology or markets mean that particular industries are no longer operating in Canning Town or Benwell, they do not even begin to explain *how* or *why* these rationalisations and technological changes have happened. The more closely we look at the histories of individual firms in the five areas, the clearer it becomes that we cannot understand them in isolation from the wider story of industry and the economy. The more understanding we gain of the separate areas, the clearer it is that they cannot be explained as separate areas.

The similarities in the making and breaking of the five communities reveal a common pattern behind the apparently local tragedies. Looked at from a broader view the picture emerges stark and clear. Each specific local situation of job loss, closures, poverty and large-scale unemployment is part of a far bigger pattern of economic change.

Changing scenes

Capitalism has developed a long way since the foundations of industry were laid in the areas we have described. The empty shipyards on the Tyne, the derelict mills in Batley, the redeveloped sites of Vickers and British Leyland and the empty berths along the Thames all date from the time when these places were part of the industrial heartland of the country, and when Britain was supreme in world manufacturing industry and international trade. Their present state is evidence of enormous change. The role of these industries in the British economy, and of Britain in the world economy have been transformed.

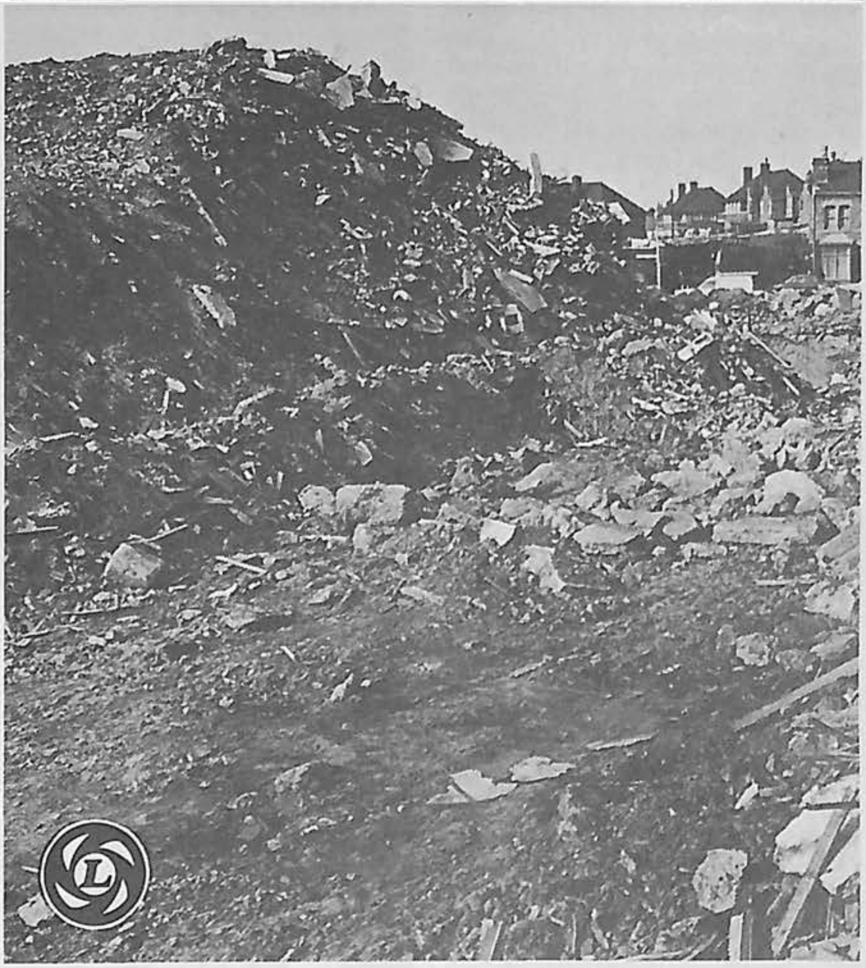
As we saw, these firms grew up in the nineteenth century alongside a British Empire that opened up new markets and new sources of raw materials and brought more and more areas of the world into the international capitalist economy. Since then, the geography of the world economy has changed significantly. Just as our five local industrial areas have ceased to be important industrial centres within the country, so Britain as a whole has been transformed from the 'workshop of the world' into 'the sick man of Europe'.

The last ten years have seen the death of the post-war boom that made the western world look so secure and affluent for so long. The spectre of depression has returned to haunt European capitalism: everywhere factories are lying idle or underused and millions of workers have been thrown out of work. British capitalism finds itself with particularly acute problems. There is high unemployment all over the country, high inflation, an adverse balance of payments and rising national debt. With backward production techniques, both in terms of organisation and of equipment in its industries, output per worker in Britain is one of the lowest in the industrialised world. Output levels have fallen dramatically and with them standards of living for the first time since the war. Meanwhile in 1975 investment in new manufacturing plant and equipment was 20% *less* than in 1974, and it is likely to be even lower for 1976. So more and more factories close as whole industries fail. It has been estimated that British industry has been closing down at an average rate of 2½% every year since 1970 with only one-third of that lost capacity being replaced. And between 1969 and 1972, 4.5% of Britain's manufacturing jobs were lost, far more than many of our leading competitors. What kind of development is it that produces results like these?

No ships to lift. Abandoned shiprepair dock, Canning Town.

A major industry in trouble: British Leyland

British Leyland is the main employer in the Saltley area. The company is the product of a long series of mergers and take-overs that took place in an effort to achieve some sort of rationalisation between the various, small, car-manufacturing plants in Britain. In the Saltley area, British Leyland was left heir to plants set up at different times by different firms. These bore little relation to each other. They are still known locally by names from the past like Mulliners and Forward Radiators (both now part of Triumph, Bordesley Green), Nuffields or Pressed Steel Fisher (now the Common Lane van plant), the Wolseley or Tractors and Transmissions (now the Drews Lane plant). The number of small factories still operated by British Leyland highlights the haphazard development of the company – picking up bits and pieces here and there and eventually ending up with a mess.



British Leyland's van plant at Adderley Park, Saltley. Closed in 1972 the site is now being redeveloped as a warehousing estate and lorry park by a Wimpey's subsidiary. But new tenants are hard to find – so far there is only one.

Mergers

The explanation of the mess hinges on the Second World War. Though the history of the British car industry goes further back this was the turning point in the process that formed British Leyland and its current problems. For the British car industry was fortunate: the war disrupted the European industry on a huge scale, but Britain's industry was left virtually intact. While Europe had to rebuild, the British car industry, temporarily relieved of most serious competition, found itself able to produce and sell cars quite profitably with its existing plant and technology. Yet this crucial period saw new techniques of mass production becoming available and the new European plants were able to incorporate these. By the time the European industry was on its feet again, the British car industry had been overtaken. Stuck with outdated equipment, technologically behind other producers, the manufacturers were increasingly unable to compete in the international market.

1945 to 1955 had been the golden years of the British motor industry. Profits had been huge, employment boomed in spite of increased automation, and the home market was expanding. But Britain lost ground in car exports after the mid-fifties as the European industry recovered. To make matters worse, the Empire and the ready market it provided was dwindling while tariff reductions removed much of the protection from the home market. Faced with the cold wind of competition, the British car industry wilted.

Development

With their excess capacity and declining market, British car firms could only have remained competitive by rationalising their facilities and producing fewer models with larger production runs per model for the industry as a whole. This would have required significant mergers as well as large capital investments. Indeed new mergers were a prerequisite if production was to be centralised and rationalised and previous mergers had not achieved this; British Motor Holdings (BMH) was an uneasy amalgamation of Austin and Morris, both still run as separate empires, while Leyland had virtually no central management either.

Discussions had been going on since 1964 about BMH and Leyland, yet it was not until 1968, after a good deal of government intervention with both pressure and cash, that the British Leyland Motor Corporation (BLMC) was actually formed. In the interim, the two sides dragged their feet, hoping for better prices and positions, at a time when their foreign competitors, realising the need for mergers and rationalisations, were actually carrying these out.

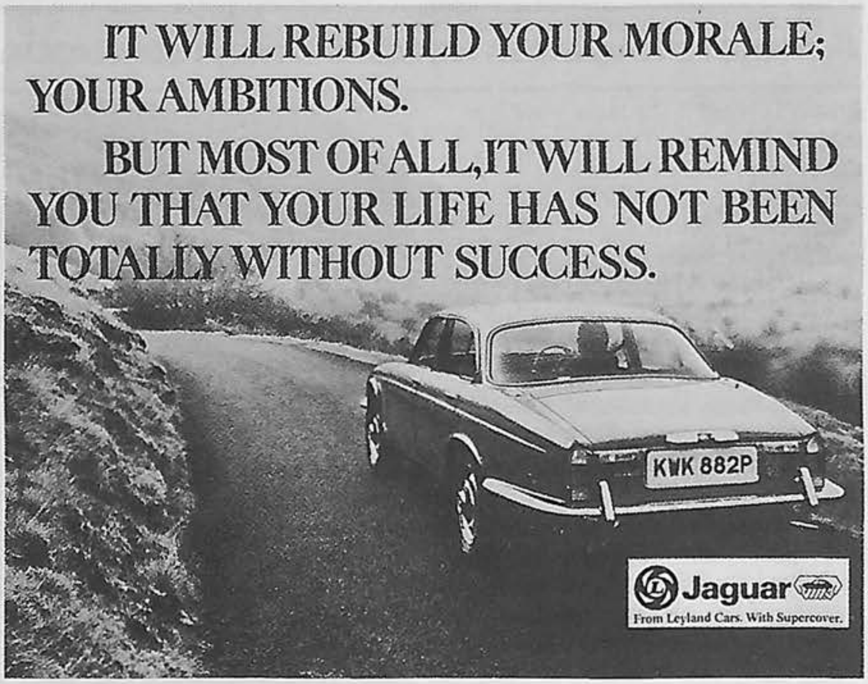
Investment

For the British car industry in its boom years it was a case of under-investment but high dividends. The years from 1959-65, for example, were very profitable ones for the major companies; but during this time they distributed £133m in dividends, about 44% of their net income after tax. As total profits fell, distributed profits still remained relatively high leaving a net loss. Yet even if *no* dividends had been distributed, only £50m per year could have been invested throughout the car industry between 1959 and 1965. And *each* separate firm needed more than this to carry out an adequate investment programme.

Starved of investment, the British car firms (especially BMH) were less capital intensive and less efficient than their European competitors. These, investing a higher proportion of their profits, became more capital intensive, and now have higher productivity, and consequently perform better in export markets.

BLMC

British Leyland's recent problems have been largely due to inadequate investment in earlier years. As the Ryder Report noted, its profits were insufficient anyway to finance the investment needed to keep the company competitive. Moreover, the policy of reinvesting relatively little of its profits in the company continued in the new British Leyland. In every year of its existence (except 1973) British Leyland paid out the major portion of its profits in dividends. The Ryder Report stated:



British Leyland. ***Above,*** **the myth;** ***below,*** **the reality; and** ***opposite,*** **the competition, 4880 acres of the VW plant, Wolfsburg, Germany.**

The serious under-provision for depreciation has been brought out dramatically in the evidence we have heard and seen about the under-capitalisation of British Leyland's production facilities. In the automotive industry, most machinery is replaced after eight to twelve years. In British Leyland more than half the machines and equipment are over 15 years old. Apart from the need to introduce new models, British Leyland would in any event need a heavy programme of investment to bring its machines and equipment up to modern working standards. This record of under-investment is the main reason for the low productivity of British Leyland's workforce compared with say Fiat or Volkswagen. It also engenders low morale among the workforce and worsens industrial relations.
The Ryder Report

Effects at Saltley

The variety of factories in Saltley testifies to the long process of development that eventually produced British Leyland. Triumph, Bordesley Green, started life as Forward Radiators elsewhere in Birmingham. It was long after moving to Bordesley Green that the firm merged in 1956 with Mulliners who made bodies for the Triumph Herald and Standard Vanguard. In 1958 it was taken over by Standard Triumph which itself became part of the Leyland Motor Corporation in 1960. In 1968 BLMC was created and the Triumph Herald was phased out in a rationalisation of competing models.

BLMC was formed in order to facilitate the rationalisation and concentration of the British motor industry. With both Leyland and BMC's history of poor integration, their merger produced an even larger collection of badly co-ordinated plants and the new company was faced with the urgent need to rationalise all its productive facilities. The Saltley area had already seen the effects of centralisation. British Leyland's light commercial vehicle production had formerly been carried out at two plants in Saltley, about a mile away from each other. The old Pressed Steel Fisher factory at Common Lane had produced the bodies and these had then been transported to Adderley Park (formerly Morris Commercial) for assembly. In 1971 the decision to close Adderley Park was announced. Altogether £6m was spent on producing an integrated factory at Common Lane, and the total workforce in both plants was reduced from 6,000 to less than 2,000, which represents a significant increase in productivity. Yet in the battle for market shares in this sector of vehicle sales, British Leyland had lost out to Ford. Although almost all of those who worked at Adderley Park were found alternative jobs within British Leyland, there has been an overall decline in Leyland's local employment of over 4,000 workers since the merger in 1968. Now part of the Adderley Park plant is being used temporarily for storage; the main part is gradually (it has taken four years so far) being turned into a warehouse estate, while the remainder is up for sale.

Another side to this rationalisation of the industry is the attempt to reduce the number of competing models. After BLMC was formed, for example, the Triumph Herald was phased out to cut down overlap. This has led directly to the rundown of one plant in Saltley, Triumph, Bordesley Green, over the past five years, which includes a spares site manufacturing Herald petrol tanks, now on a ten year declining programme. In 1969, 1,000 sheet metal workers were employed in the whole complex in Bordesley Green. In 1975, there were 450. The entire workforce was only 780 in 1975.

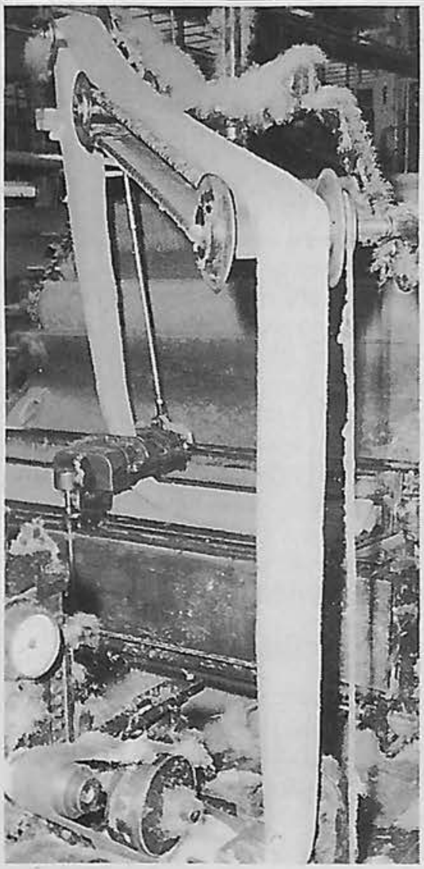
So far the only significant local redundancies have been at Adderley Park and the Bordesley Green (Triumph) plant, but the future clearly holds further cutbacks and redundancies in store. The Rover plant in Garrison Street, Bordesley Green, produces spares and components for the Rover range, but with a number of other Rover plants in Birmingham its operations are supposed to be centralised at the main Rover plant in Solihull, which will doubtless involve a further loss of jobs. In fact, if more resources had been available, more jobs would have disappeared already.

So far, the major rationalisation in Saltley has been a defensive operation rather than aggressive investment. Further rationalisation and concentration is needed to restore the competitiveness of the industry, as well as massive new investment. Although British Leyland is now a fairly large company, by international standards it still comes fairly low down in the list in terms of assets and sales. In 1975, BLMC ranked tenth in the world in terms of motor vehicle sales, after three American, two Japanese and four European firms. The company is far behind most of its competitors in scale and size of production. Compared with the Volkswagen plant at Wolfsburg, which covers 4,880 acres, employs 40,000 people, and can produce 4,000 vehicles a day, the car plants in Saltley appear quite primitive.

The state intervenes

While it was clear that the numerous independent firms which went to make up British Leyland could not survive on their own, their coming together has obviously not solved all the problems. Not only does the British car industry still face more problems than many foreign car manufacturers, but the legacy of under-investment and low productivity makes it much less capable of overcoming them. While General Motors embarks on an investment programme of $4b over five years, British Leyland was struggling to keep to a programme of £500m over five years and even considering extending this to seven years. It was its failure to carry out even this modest (by American, European and Japanese standards) programme that led the company into the arms of the government. The state's plans for the company, as embodied in the Ryder proposals, involve much more money than British Leyland had ever planned to invest – and their plans had far exceeded their available funds. The hope is that by massive investment productivity can be increased sufficiently to restore the company to a competitive position in the world market.

Collapse of a marginal industry: shoddy



Unlike the car industry Batley's staple industry has never represented a prime target for capital in its continuing search for the more profitable sectors of industry. After its early and short-lived heyday, shoddy production, recycling woollen waste, settle down to a marginal existence. It was of marginal interest to capital as a whole, marginal to the economy at large, and provided little more than a marginal living for its workforce. Treating waste products made elsewhere, Batley ended up with everybody else's rubbish! Neverthless, the town was once the centre of a relatively large industry which clothed America's slaves as well as the British Army. It made profits and continued to dominate employment in Batley until its final collapse in the late 1950s and 1960s. Today, only a few hundred people are employed in the shoddy trade in Batley itself, although the industry remains of considerable significance in neighbouring Dewsbury.

Years of neglect

'The inevitability of technological change . . .', 'Unfair foreign competition . . .' These are some of the phrases used so often to explain the collapse of shoddy and other sections of textile production. An alternative would be to view the industry's inability to compete as the inevitable result of years of neglect by the majority of owners. By not investing in improved machinery or technical innovation, they failed to secure their own companies' or the workers' futures. Increasingly over the years the low profitability resulting from capital starvation failed to generate sufficient internal funds for investment, and in turn made it difficult for the firms to borrow on the open market. The situation in the industry in general was exacerbated by the predominance of small and family firms. When surpluses had been made in more profitable times, especially during wars, the owners either took the money out for consumption or invested it in other fields rather than ploughing it back into the industry itself. Many local firms, after all, had done well enough over an extended period of years to make substantial personal fortunes for their owners. When harder times came, it was inevitable that such companies would be ill-equipped to compete for falling markets. In recession, they merely cut production, laid off the workforce and waited for the next period of expansion and easier profits. It was only a matter of time before the owners of such fundamentally archaic enterprises decided to call it a day, realise their assets and re-invest in other spheres altogether. Whatever might happen to the workers and to Batley was someone else's problem.

The logic of profit

But the fate of the wool textile industry cannot simply be ascribed to the failings of a particular group of selfish and short-sighted men. The shoddy industry was one that by its nature was never likely to attract many investment funds. The wool textile industry grew up at an early stage of

industrial development. It was based on a relatively simple technology and was labour intensive, with an apparently low potential for improved profitability. So it failed to attract external capital, and the internal structure of the industry remained one of small family firms who kept labour costs low. In the absence of competition they were able to make profits adequate enough for survival in their existing form. War and empire protected the industry from the effects of competition time and time again, and still few major investments were made. If profits could be made in the short term, why bother about the long term? By the time the post war boom had come to an end it was too late to remedy the situation. The owners were no longer making the big profits they had enjoyed before. Profitability was simply too low to allow sufficient investment to be made to improve productivity, and in the sixties investment actually declined. The only option remaining was mill closures together with the rationalisation and centralisation of the rest of the industry.

Whilst the shoddy sector was the first to collapse, and only residual elements now remain in Batley, a similar fate is now being faced by other sectors of woollen and worsted production; and it is these sectors which now provide the main source of employment both in the town and over an extensive surrounding area.

Rationalised too late

The recent history of the woollen textile industry is of a belated effort to force a drastic rationalisation on a backward sector of a backward industry. This has led to a severe contraction of employment in Batley and the wider areas of West Yorkshire. Although the industry's rationalisation began relatively late, it has mirrored similar processes which had already gone much further in more advanced industries like engineering, motor vehicle manufacture and other sectors of textiles like cotton. Replacements of obsolete machinery and improved levels of mechanisation have been accompanied by a more intensive use of capital, through working a smaller overall labour force on a continuous shift basis.This frequently leads to the failure of small companies or their integration into the centralised production systems of the larger companies. The government have taken an active role in accelerating this rationalisation process as we show in the next chapter.

Ten years of concentration

The backwardness of the woollen textile industry as a whole is reflected by the fact that at the end of the 1960s it comprised almost 1,500 establishments owned by about 1,000 independent organisations, employing on average 140 workers each. Only 15% of these were public companies or their subsidiaries, but these accounted for 48% of manpower. The remaining 85% of companies were privately owned. Only three companies were capitalised at over £1m. The average size of textile firms in the Batley area was even smaller than that of the industry as a whole.

This structure of predominantly small and independent firms across the industry as a whole has changed considerably over the last decade. The larger, publicly-quoted multinational and national companies like Coats Paton, Illingworth Morris and Allied Textiles, have gained an ever larger share of production and a large number of textile workers have been thrown out of work.

This general trend, together with the particular weakness and small size of the local textile firms, has created a situation in which Batley's industrial assets have been ripe for the picking. Local firms, increasingly vulnerable in the face of intensified competition from abroad and from the larger and more efficient domestic companies, were left with the choice of merging, being taken over, or closing down altogether.

In 1966, the pattern of ownership and control in woollen textiles locally was predominantly one of independent firms. By 1975 there had been some significant takeovers. Five wool textile firms became subsidiaries through takeovers during this period. J. Blackburn & Co Ltd was taken over by Scottish, English & European Textile Ltd; William Crabtree & Sons Ltd by Wormalds, Walker & Atkinson Ltd; the Heckmondwike Flock Co Ltd by Silentnight Holdings Ltd; and Batley Padding Ltd and Rest Assured Ltd were taken over by the conglomerate, Thomas Tilling. Sirdar Ltd has also recently established a new subsidiary in Batley. There are inevitably more closures and more redundancies to come, and external companies will continue to take over local firms until, in time, the industry in Batley is dominated by a handful of firms.

The workers suffer

Takeovers, bankruptcies and closures are only different aspects of the same process of rationalisation. Some firms have closed down altogether and left their mills vacant and semi-derelict, others have ceased production but realised their assets by selling off the buildings for other uses, other firms have been taken over then subsequently closed down. To the workers involved, it matters little what category of closure or redundancy scheme throws them out of work.

A key feature of change between 1966 and 1975 in Batley has been the high rate of turnover of textile firms of all sizes. More than one-third of all textile firms present in 1966 had closed by 1975, although a similar number of very much smaller firms had opened during the same period. During that period, the total employment of textile firms present in Batley fell from 5,500 to 3,000. Those firms which survived have, almost without exception, severely reduced their labour forces. The whole wool textile industry has lost nearly half its workforce in the past six years – an overall loss of 48,000 jobs. Batley itself lost nearly one-third of its jobs in textiles during the period 1961-71 and many more have disappeared since then.

Profit and productivity

The key point, too often conceded in general terms but ignored in specific analyses, is that the motor force of the capitalist economy is the search for profit. Capital is put into producing goods for sale on the market only so long as such production gives a sufficient return on investment.

The drive to maintain and increase profits shapes the fate and form of industries, and in their turn the places where they are located and the lives of the workers who run them.

Competition

The goods firms produce have to compete on the market with similar goods made by other firms. Within industries different companies vie for profits and survival. When the big employers first established themselves in each of our five areas their main competitors were other British firms. In Benwell, Armstrong's had a fierce rival in the armaments industry: Whitworth's. The two firms struggled for control of the market until their merger at the end of the nineteenth century. Increasingly since 1945 firms have had to compete with foreign companies, even for their own home markets. The pressures of competition are still severe and the options available to companies trying to deal with it remain broadly the same.

This competitive struggle constrains firms. It means that they cannot simply boost their profits by raising prices without running the risk of losing their markets. Only firms in a monopoly position escape the pressures of competition. For the others, competition forces them to look for ways of producing the same goods at less cost. As firms have most control over the cost of labour, this is their chief target in their effort to cut costs.

Labour struggle

But competition is not the only pressure shaping capital's search for profit. Historically, there has always been strong counter-pressure from the workers it uses to create these profits. The working class have struggled to defend themselves against the efforts of employers to cut labour costs at their expense – whether by directly squeezing wages, lengthening the working day, or simply making people work harder. The growth of workers' organisation and the rise of trade unions has challenged the right and power of employers to boost their profits simply by cutting wages. This is the struggle that is continually fought out at the point of production. What the industrialist perceives as a problem standing in the way of his efforts to increase profits for his shareholders is for the workers who create those profits the struggle for the right to a decent life. It is the struggle to earn a decent wage, achieve security and continuity of work, and obtain safe and bearable working conditions.

and production

Faced with a situation where they cannot cut their labour costs directly, firms do this indirectly by investment aimed at raising productivity. This has, in fact, always been the main way for firms to increase or maintain profits. If they can squeeze more and more production out of each unit of labour, they have effectively cut their labour costs. In the long run, the firms which survive are those which manage to increase productivity enough to be able to capture markets from their competitors.

We have seen the process at work in the history of the five areas. Drives to increase productivity, either by introducing new technology or by reorganising methods of production to make it more efficient, can have drastic effects on a firm's workforce. Unless the firm is expanding its output rapidly, either by increasing its share of the market or holding its own share in an expanding market, increased productivity inevitably means fewer jobs and often large-scale redundancy. In the older areas, as we have seen, a large proportion of the firms are parts of old-established industries, for which overall demand is likely to be static or falling relative to existing capacity. Therefore, the consequences of increasing productivity for workers here can be much more drastic than in new industrial areas. For workers in the older industrial areas increases in productivity almost always mean lost jobs.

In some cases, employers will use the opportunities offered by new kinds of technology and new ways of organising the production process to shed sections of their workforce. The creation of 'inevitable' redundancies following the introduction of more efficient techniques can be a useful way of getting rid of 'militants'. This also enables employers to reorganise those workers that are left in ways that make it harder for them to resist or organise. The need to introduce new technologies and methods of production is basically determined by the requirement to increase productivity, but within this questions of timing, choice of new location, and preference for one new technique rather than another may be influenced by considerations related to workers' resistance.

Opposite: **technology versus workers.** *Left*: **a container berth at Tilbury, main focus of the Port of London Authority's new investment. Ten miles downriver from Canning Town's old docks, its new technology means only a tenth of the old number of workers are needed and the containers can be stripped elsewhere by lower paid workers.**

Technology against the labour force: the docks

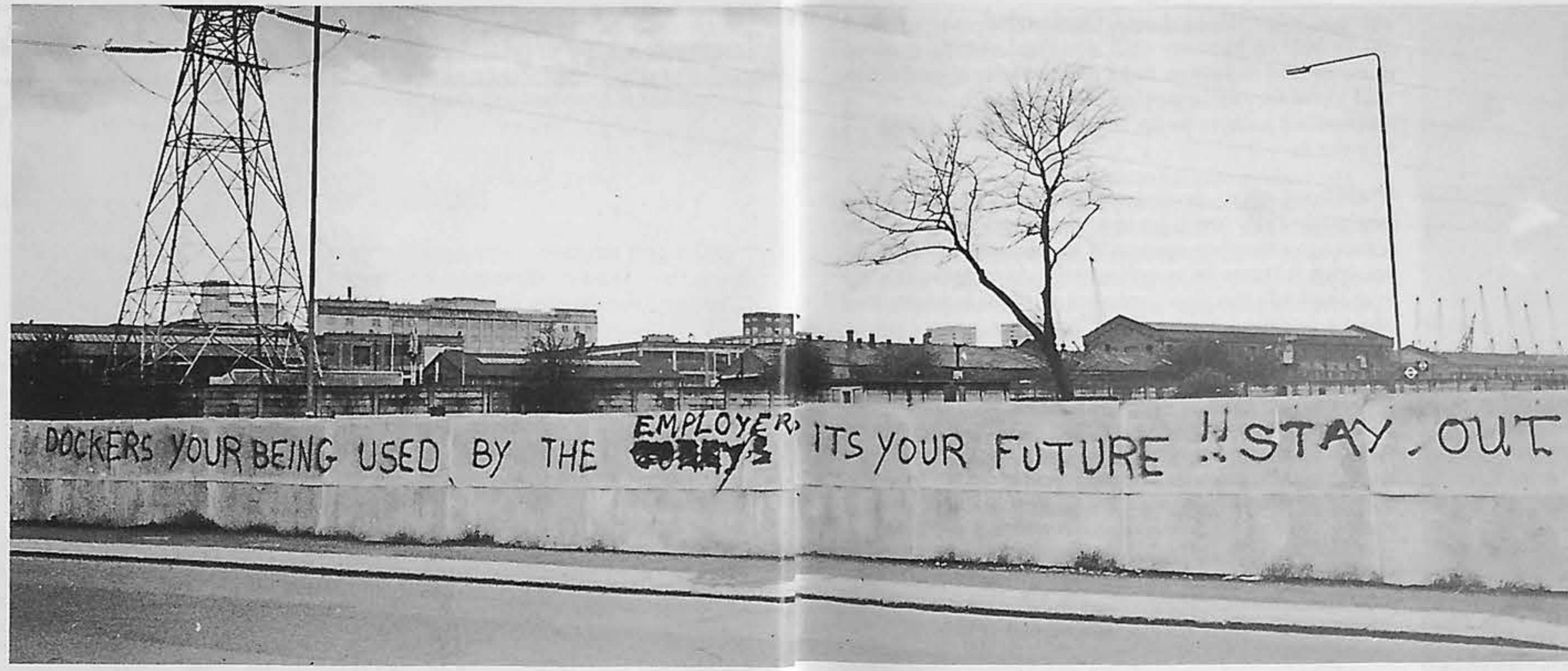
The last ten years have brought a sudden and dramatic change in the structure and distribution of Britain's ports. The number of workers in the industry has halved from the 62,000 in 1966, and the focus of growth has shifted away from the old centres of trade which grew rich on the Empire such as London, Liverpool, Clyde and Tyneside towards small-scale ports like Felixstowe. In the mid-sixties the old major ports still controlled 80% of Britain's foreign trade. By 1974, the smaller ports had captured most of the national growth and increased their share to 33%. Unregistered ports like Felixstowe flourished while in London trade fell absolutely, and in Canning Town Royal Docks employment halved and a high proportion of berths came to lie empty.

Containers

The restructuring of the docks was the by-product of decisions by international shipping companies to invest in a whole new technology, handling cargo in huge bulk carriers and containerising unit cargo throughout the transport industry to allow integrated movement between sea, rail and road. The potential economic advantages were considerable: a single container ship, for example, can carry the equivalent of four cargo ships. But the advantages of containerisation do not apply equally to all areas of international trade. Large areas of the world still have no outlets which can cater for this technological revolution, and the growth of UK trade with Europe did not by any means have the same advantages of economy as the long distance journeys across the Atlantic. Did it really warrant such large-scale re-investment? There were good arguments against the total containerisation and in favour of flexible alternatives like palletisation or 'seabees' instead.

But the shift into containers and the geographical changes within the port industry did carry enormous advantages in terms of increased productivity of dock labour. Capital investment in such new infrastructure could reduce the number of workers employed to as little as a tenth of the current total. The advantages of switching to the new technology were clearly political as well as economic.

The ports had traditionally been a labour-intensive industry. In the early days employers had enjoyed a plentiful supply of disorganised, low paid, casualised poor from London's East End to develop London's ports with. But they had seen this convenient source of labour turn into a well unionised, high-wage workforce. By 1967 the decasualisation of dockwork added a further pressure as dock employers lost much of their ability to bargain wage increases for productivity deals, and as a result much of their ability to increase productivity significantly. This encouraged them to move very rapidly into containerisation. They shifted the trade to new centres where expansion could easily incorporate the new jobs, rather than use the older centres where a head-on collision was inevitable as the introduction of more efficient methods reduced the demand for labour. Not only did they move the cargo to new ports but shipping and stevedoring companies like P&O and Vestey used the opportunity to sidestep dock workers altogether and establish new outlets outside the docks in cold stores and container depots operating under the names of subsidiary companies. Here lower-paid warehousemen were employed to do the work.

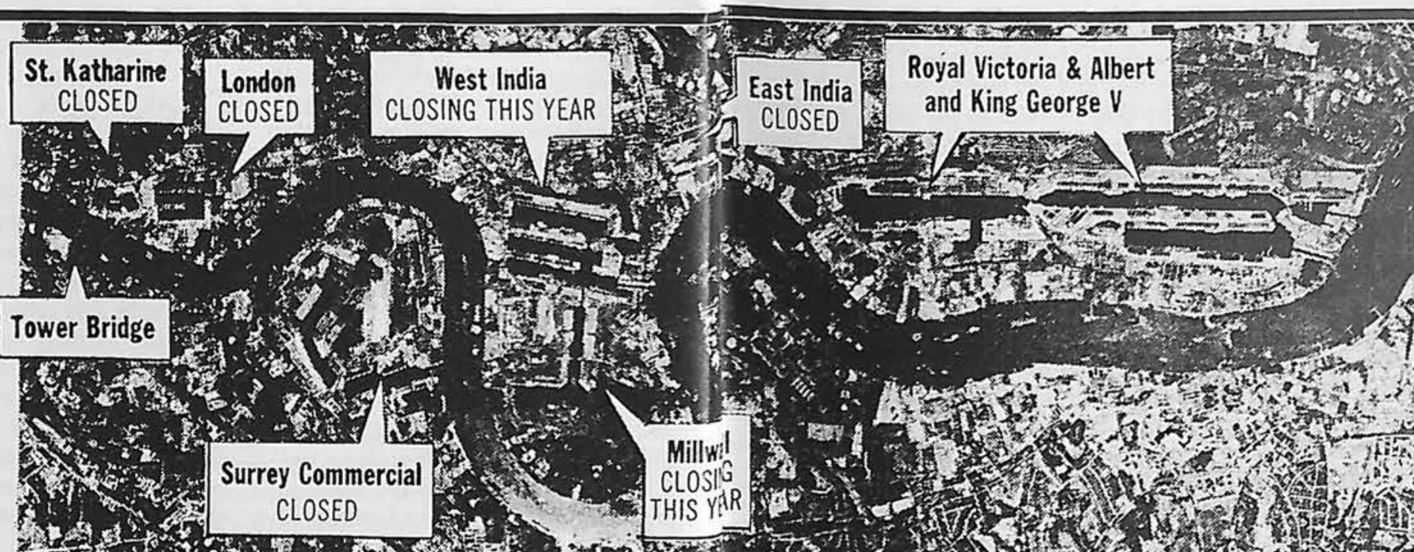


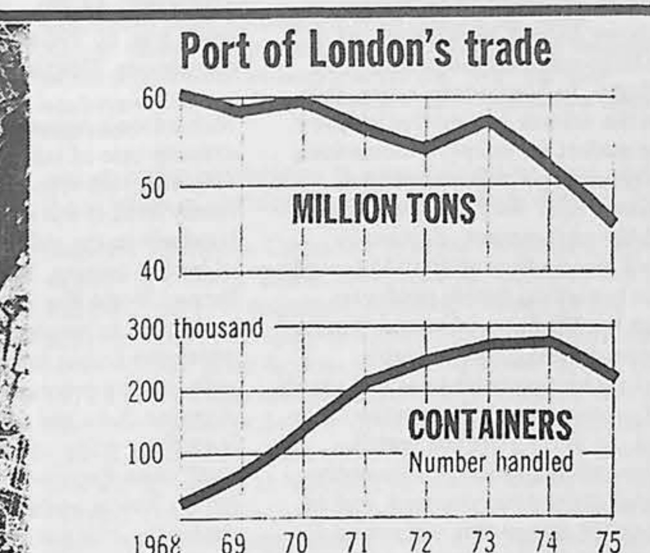
Seeing the work slipping away from the older upstream docks – often as a result of the activities of their own employer – registered dockers demanded the right to such work and insisted that all small ports should be included in the national registered docks scheme. As they defended their livelihoods from this continuous rundown in the late sixties, the Royal Docks became the focus for bitter strikes. The dockworkers won concessions to the principle of a 'five mile corridor' but ultimately gained little in terms of alternative jobs. In the main their struggle has only gained the unwanted dockers advantageous terms in a series of severance schemes. In the long term they and the community have lost their major source of local higher wage work.

Investing in overcapacity

The Port of London Authority (PLA), in its efforts to retain traders and compete with the super-port of Rotterdam as well as Southampton or Felixstowe, has invested heavily in new container berths at Tilbury at the expense of closure and rundown of the upstream docks. In Canning Town, the Royal Docks are now the last upstream dock. They too lie substantially underused. Much of the 2,100 acres which the PLA owns is now derelict – a property asset which it wishes to sell at commercial values to subsidise its expansion. Speculative sales followed the earliest closures. Now land values have fallen, and political controversy over the social role of a public landowner like the PLA in the redevelopment of docklands has accentuated its growing financial embarrassment. This culminated in its recently published annual report where it drew attention to the financial problems of overmanning and explicitly stated its wish to cut the workforce yet again.

The lack of a national ports strategy now means that in many respects the unco-ordinated speculative investments of the sixties have once again created an inefficient surfeit of docks capacity. New small-scale ports, like Felixstowe, have benefitted from a high level of investment. They are well equipped and efficient, employing a relatively small number of workers with few traditions of, and little apparent necessity for, militancy. The growth of these ports has been at the expense of old areas like Canning Town's Royal Docks and their related industries and workers.





Restructuring

The drive for increased productivity has been accompanied by the restructuring of production both within firms and between them. Within a company new methods of production may mean that goods once produced in several plants can now be more efficiently and cheaply produced in one. 'Rationalisation' will then mean the closure of some plants and concentration of production in others. In some cases, it will pay a firm to close production in one of its factories even without new investment; if an older plant is still profitable but less efficient than plants elsewhere it is possible for a firm to increase the total average productivity of its operations by shutting down the older plant. The effect of such rationalisations on the total number of jobs in that firm or industry may only be minor, but in particular small areas the impact on local workers can be devastating.

The geography of capital

Again, workers in the older industrial areas suffer most. On the one hand the plants where they work are likely to have the oldest technology and therefore to be the least efficient and most vulnerable to closure. On the other, they were usually built on relatively small sites that left little or no room for later expansion. Since new methods of production tend to call for ever larger plants, the sites in the older areas are not going to be the ones the companies choose to invest in.

Where firms' efforts to reorganise production in order to raise productivity brings job loss, workers will often organise to resist these changes or to demand some compensation in return for accepting them. As can be seen from the docks this gives employers an added incentive to relocate new plant in a totally different area, where they can start afresh with a new workforce, perhaps one without traditions of organisation or militancy. And when firms decide to build completely new factories to incorporate the newer technology and methods of production, they rarely choose the older urban areas. It is almost always more profitable for them to go to new areas of growth rather than older areas, preferring the new towns or the edges of existing cities where space is plentiful and land cheap. The relative profitability of operating in such areas is largely dependent on the intervention of the state, which provides infrastructure and a range of other indirect subsidies to private enterprise wanting new factories. It also depends on the fact that the individual firm does not have to take into account the *social costs* of its move. The state partly pays for these in such forms as rate support grant and unemployment benefit. But the present and future generations of workers left behind in the older

Rationalised into decline: West Newcastle

In West Newcastle both Robert Stephenson's and E & J Richardson represent examples of firms taken over by multinational corporations during periods of declining demand for their products. In both cases, takeover formed an integral part of the large-scale rationalisation of an industry. In Stephenson's case, this was the railway locomotive industry. The market for railway locomotives, always strongly export-oriented, declined after the First World War, and the replacement of steam by diesel locomotives after 1945 brought little benefit to British producers since the US firm of General Motors captured most of the available markets by aggressive sales techniques and proven technical expertise in the field. So in the post-war period a major rationalisation of locomotive manufacturers was required, and an important role in this was played by large diversified engineering firms.

In Stephenson's case, English Electric took over its plants in Newcastle and Darlington, closing the former in 1960 and the latter in 1964. Locomotive building formerly carried on at three plants in the English Electric group was, by 1964, concentrated at a single one, Newton le Willows.

Richardson's represents an even more extreme case of rationalisation following takeover. A small, old family firm, it was one of literally hundreds in the old-fashioned industry of leather tanning. Following the Second World War world-wide changes took place in tanning as a result of which the British industry found itself with massive overcapacity. In this situation there was some danger of large firms going under as well as small ones. Barrow-Hepburn is the largest firm in leather tanning, and during the 1960s it countered this rapidly worsening situation by, on the one hand, diversifying into other products like chemicals and machinery and, on the other, buying up other tanning firms and, in most cases, closing them down.

E & J Richardson, in Elswick, Newcastle, was taken over by Barrow-Hepburn in 1969 and by November 1971 they had closed the works and concentrated its production at a tannery at Leeds (which was also subsequently closed).

In both of these cases, the aim of takeover was to remove unwanted competition and overcapacity by, firstly, sheer control, and secondly, by closure. Both examples expose how, in industries where rationalisation is needed, that rationalisation process takes place with no overall plan which can take account of the social factors involved, but is left to the vagaries of private enterprise decision-making, takeover and profit.

urban areas pay the heaviest price in a variety of social, personal and financial ways.

From mergers

These developments, the drives to increase productivity and restructure productive capacity, have been accompanied by the reorganisation of ownership and control of industry. Those firms which are best placed to survive are those which succeed in raising productivity sufficiently to enable them to capture markets from their competitors. In order to command the resources necessary for such investment, firms have to combine with each other by mergers and takeovers. Such a process also begins to eliminate competitors and place the firm in a more dominant position. Only a few individual firms manage to expand consistently and take a larger share of the market. Those that are able to increase their market share take over their competitors or drive them out of business.

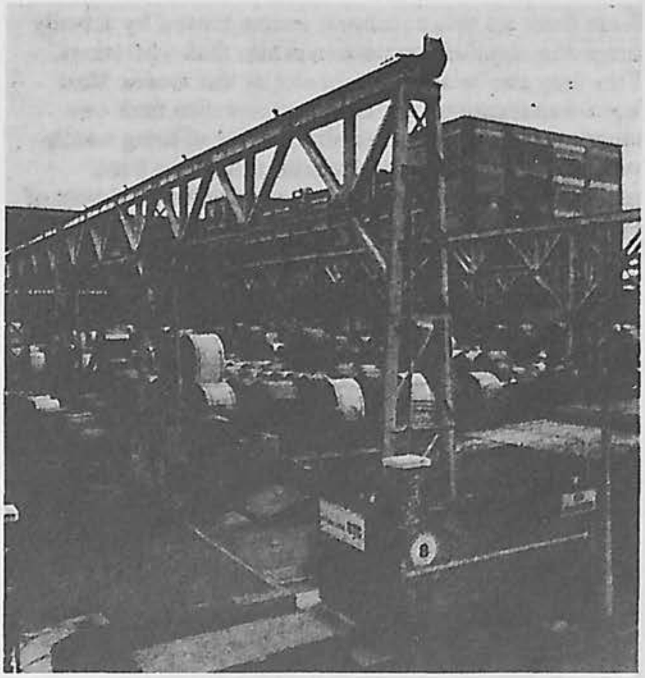
This process has been going on for a long time. In Saltley in the nineteenth century railway carriages were being built at three different sites. Production was going on in several other parts of the country too. In 1902 five railway carriage building companies in Birmingham, Manchester and Lancaster amalgamated to form one firm, which later came under the joint control of Vickers and Cammell-Laird, and then under the sole control of Cammell-Laird who bought Vickers out in 1968. While all this was going on, production became increasingly concentrated. By 1931 rationalisation meant that all the original firms' production was centralised at Birmingham. Saltley was lucky, as two out of the three remaining plants were there. Plants in other places were closed down. But by 1968 more rationalisation had reduced the operations to one site.

In Britain as a whole, production has become increasingly concentrated among fewer and fewer firms. There are over half a million British companies, but less than 1% of them account for half of Britain's assets, half its output and half its trade. In 1950 the top 100 companies accounted for a fifth of manufacturing output but by 1970 their share had risen to half, and is estimated at 66% by 1985 (NIESR forecast).

For workers, mergers, takeovers, and the increasing concentration of control mean more redundancies. And for the same reasons as before these redundancies are most likely to hit the older industrial areas.

to monopoly

The increasing concentration of production places many companies in a stronger position in relation to their markets. Increasingly powerful in relation to both customers and suppliers, they are in a relatively stable and secure position. Firms in a monopoly position are more able to plan production because they can count on secure markets, and are under less pressure to keep their prices down. But the privilege of security is not shared by their workers.

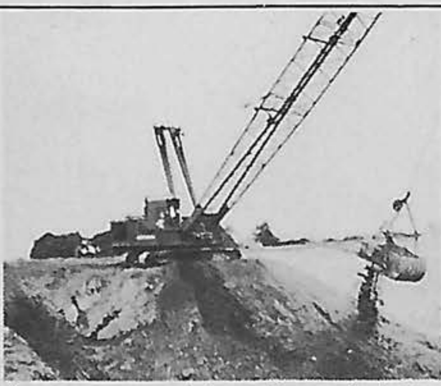


Rational development at STC. *Top*: the Canning Town works, employing 2300 workers in 1974, in 1975 announced redundancies and then closure for 1977. *Above*: inside the cable shop of the new works at Newport where production has been transferred. With the new equipment Canning Town's closure gains Newport a mere 200 jobs.

Standard Telephone Cables, for example, employs 2,000 workers in Canning Town. The firm, a subsidiary of the US multinational ITT, acquired Submarine Cables Ltd and achieved a near monopoly in submarine cable manufacture. However, STC plans to close its Canning Town factory in 1977 and centralise cable manufacture at Newport, where they have chosen to develop newer technology – plastics instead of paper insulated cable. While only a few hundred jobs will be created at Newport, thousands will be lost in Canning Town. With the prospect of further investment in fibre optics cable, even fewer workers are likely to have jobs making cables for STC in the future.

Some firms are able to achieve greater control by actually integrating suppliers or customers into their operations. They may also be able to cut costs by this means. Most larger manufacturers, for example, now own their own storage and distribution facilities instead of using middlemen. Almost all the new warehouses that have been established in west Newcastle in recent years are depots of big national and multinational firms such as Cadbury-Schweppes and Boots.

'With Strength and Courage'. *Vickers World* boasts the company's successful diversification policy. West Newcastle has seen little of the benefits.



A new agreement brought manufacturing work on US designed cranes to Newcastle

The launching of the new look Roneo range of duplicators

New contracts were won by Vickers Oceanics for work in the North Sea

Diversification

Other firms have attempted to escape the pressures of competition in particular areas of production by changing to new activities. There are several examples from the five areas of firms who have, more or less successfully, moved out of traditional areas of operation when faced with a declining market or squeezed by more efficient competitors. In the inter-war years, several firms based in Canning Town diversified in response to post-war shortages and changed markets. Tate & Lyle, Unilever, and trading companies like Vestey, further extended their control of materials, shipping and markets into the plantations of the West Indies, Africa and Latin America. Their attempts to diversify their industrial base at home were also successful. Former munitions factories on the north and west fringes of London were taken over after 1918 to process food and produce electrical goods for the growing home market. Unilever's surplus profits from their traditional activities were channelled into a wide variety of light industry here, from tinned peas to cosmetics. In this way many firms which started life in Canning Town continued to expand and make profits with new activities in new places.

Vickers also attempted, very unsuccessfully, to diversify during the same period in order to cut down its dependence on arms and heavy capital machinery. Since the war, the firm has moved into the production of office equipment and printing machinery. But the old sites in west Newcastle have received little new investment.

Successful diversification allows firms to spread their risks, shift out of less profitable operations, and generally maintain or increase their profits. But for the workers in the traditional industries diversification is rarely a solution. Tate & Lyle used much of the profit made from sugar refining to move into the more profitable activities of transport and distribution. Now that the firm no longer has a profitable future in sugar refining and is running this down, it is the workers in the old dockland areas, who originally created the wealth of the company, who will suffer. Meanwhile, Tate & Lyle is still making massive profits for its shareholders.

Nos of firms controlling 50% of the workforce: 1974

	Nos. of firms
Batley	9
Benwell	1
Canning Town	6
North Shields	21
Saltley	7

International economy

It is clear then that the local events described in Chapter One, the collapse of the economies of the five CDP areas, are part of an international process of restructuring and concentration of capital. Nowadays most companies are no longer dependent on any one place, but spread their activities widely, often throughout the world. Industry in Benwell, Canning Town, North Shields and Saltley has long been dominated by the external control of national and multinational companies and public corporations. Even in Batley, traditionally a town of small locally controlled firms, the number of jobs controlled by external companies has doubled in the last ten years as rationalisation and takeovers have gone ahead. Now almost half the workforce are employed by companies from outside the area.

A survey of all five areas in 1974 showed that a high proportion of the top and most profitable industrial companies (including half the top fifty companies in the UK) had interests in Batley, Benwell, Canning Town, North Shields and Saltley. Some of the biggest, like Unilever or British Leyland, have factories in more than one of the areas. As well as employing large numbers of workers directly, large corporations also indirectly control many smaller firms and have other interests like land or property there.

These five CDP areas are part of a world-wide economic system. The pursuit of profit operates at an international level. New centres of production are continually being formed; the older centres become peripheral and fall into decline as capital moves on to more profitable places. Even Batley, once the centre of shoddy and mungo production, is losing what importance it had as this section of textile manufacturing is centralised around Prato in Italy.

The places where new investment and industry are being developed are increasingly outside Britain altogether, as the process of capital concentration continues to shift resources from the weaker to the stronger firms and sectors. This is not to say that British capitalists do not still own substantial parts of the most advanced sectors of capital. But the industry left in Britain is increasingly peripheral to the international capitalist economy – a collection of branch factories of multinational corporations who take little notice of the inducements held out by national governments touting for investment.

The rise of the multinationals

Many of the largest multinationals are British-based, with branches throughout the world. The British economy itself is increasingly subject to foreign capital penetration, which is the result of direct investment in Britain by foreign firms, mainly from the United States. At the end of the 1960s, 40% of all US direct investment in Britain was owned by three corporations: General Motors, Ford, and Standard Oil (NJ). A more recent trend is toward the international interpenetration of capital; West European firms, unable to compete on their own with US giants as well as the huge Japanese corporations, have increasingly sought to form links across national boundaries. Under the pressure of international competition, private firms have redoubled their efforts to raise productivity, to extend the range and scale of their operations, and to absorb or merge with foreign competitors. Such European mergers have included Agfa-Gaevert, Dunlop-Pirelli and the attempted Fiat-

1974-5: Half of Britain's Top 50 Companies now have major interests in local firms

Old industrial area	*Parent company*	*National rank by turnover 1974/5*
NORTH SHIELDS	Imperial Group	6
	GEC	9
	Exxon	17
SALTLEY	ICI	4
	British Leyland	7
	GKN	16
	Dunlop Holdings	18
	Thorn Electrical	34
	Joseph Lucas	48
CANNING TOWN	Unilever	5
	British Leyland	7
	Shell Mex BP	8
	GEC	9
	Courtaulds	11
	Rank Hovis McDougall	31
	Tate & Lyle	37
	Tube Investments	46
BATLEY	British Leyland	7
	Thomas Tilling	30
	Coats Paton	42
BENWELL	British Leyland	7
	GEC	9
	Courtaulds	11
	Thorn Electrical	34
	Cadbury Schweppes	39
	Boots Company	43

Source: Times 1000, 1974/5

This table indicates how many of the top British corporations have interests in industry in the traditional industrial areas of the five places. Public corporations are not included here, although represented in most of the areas.

Citroen link. The development of the EEC has to be seen against this background, facilitating the process of capital concentration and relocation within Europe.

Pick of the map

The multinationals can and do choose from the world map, and the world's workers. Although the major industrial investment still takes place within the countries of the developed capitalist world, many large firms also set up plants in less developed countries like Spain, Taiwan and Brazil, where wages are lower and working-class organisation weaker. Countries like these have other advantages for industrialists, like repressive governments to help to keep down wages and union organisation. This increased flexibility in dealing with their workers is one of the most important advantages of multinationality to a firm. Where a company has duplicate facilities in different places, production can be shifted between plants quite readily, giving it a very powerful weapon in disputes. At present it is difficult for workers to challenge the freedom of capital to move about the world. The development of international trade union organisation is still at an early stage.

Firms gain many other advantages by having production facilities in several countries. A multinational company can operate transfer pricing arrangements by which, for example, a British-based firm may buy components from a foreign subsidiary at well over the market price, making the British company's profits appear lower, and reducing the amount of tax it has to pay in Britain. In such ways, a multinational can play off the different national governments against each other and gain the advantages of the varying fiscal and industrial development arrangements in each country. The limits this imposes on a nationally-organised regional policy are clear.

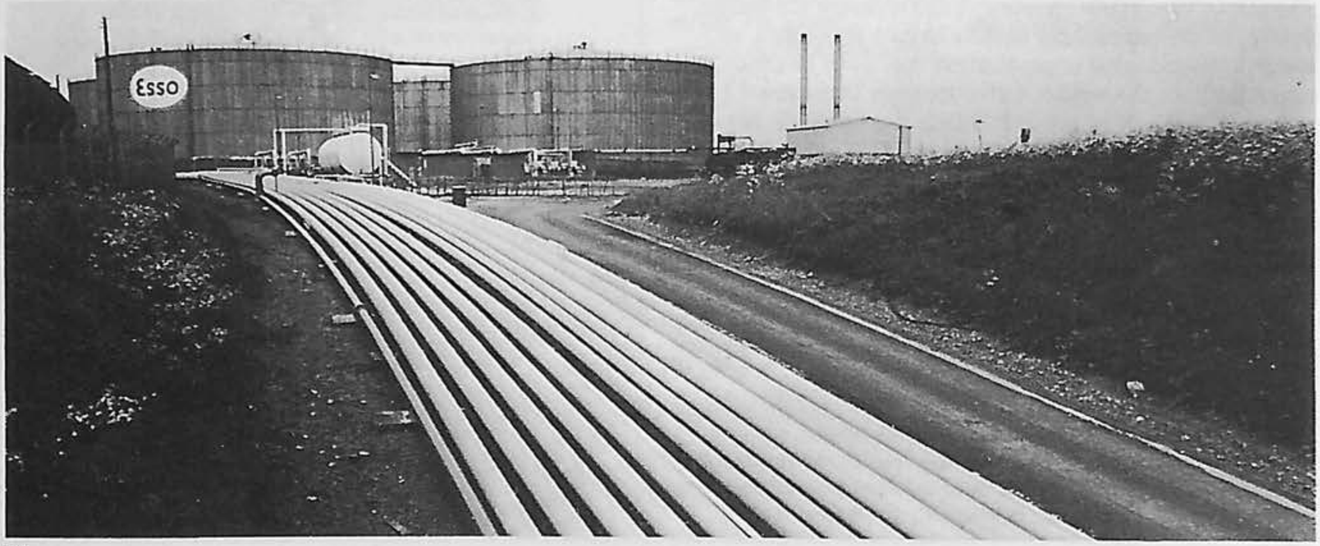
The older urban areas

While capital moves around Britain and the world in search of profit, the workers of the old industrial areas are thrown out of work, forced to abandon their skills, move away, or accept lower paid jobs or no jobs at all. The decline of working-class communities, the break-up and demoralisation of the labour force and the attendant weakening of labour organisation paves the way for capital to use them in the new ways we have described earlier.

The explanation of persisting poverty, unemployment, and all the other features of 'deprivation' in our five areas is to be found in the nature of capitalist economic development itself: its need constantly to restructure, to find new outlets and new locations, and to keep down its labour costs throughout a variety of changing market and competitive circumstances. The development, stability and prosperity of expanding industries and areas implies and depends on the progressive under-development of other areas.

These deprived areas are part of capitalism's normal development. The faster it develops, the more devastating the effects. In fact, the situation for Britain's older industrial areas would probably have been even worse had British capitalism not been relatively backward. Otherwise the necessary restructuring of industry would have taken place at a faster rate.

Normal development. *Below*, a multinational thrives: Esso's oil refinery and terminal at North Shields occupies prime Port of Tyne Authority land but employs few people. *Opposite*: an old industry declines. Green & Silley Weir, shiprepairers in Canning Town once had work for many skilled engineers. Now its parent company, P&O, has moved on into the container and oil industries.



Profits of decline

The constant restructuring of capitalism and the changing pattern of industrial location which it implies, means that the necessary 'labour inputs' for industry, workers and their families, have to be shifted around the country. We saw in the last chapter how planning and regional policies have helped to achieve this movement of population under the guise of lowering density in the cities, reviving the depressed regions, and so on. There are obviously likely to be lags in the process of adjustment of population to industry, as it does not take place according to any explicit, rational plan but on the whole by the play of market forces. Consequently, there will always be some people in the wrong place at the worng time. The decline of the industries in the older urban areas leaves behind many workers who have made their homes there and are unable to find alternative employment when those industries no longer need them. In the longer term, many people leave their homes to find work in more prosperous areas. Others remain trapped in a situation of declining employment opportunities and deteriorating housing.

But the decline of the older industrial areas is not just an unfortunate consequence of capitalist development. These 'pockets of deprivation' have not just been left behind by the march of economic progress. While it is true that such areas contain workers for whom capital no longer has a use and who have simply been thrown on the scrap-heap, they are also the home of many unskilled, unemployed and underemployed workers who are actually positively necessary in the economy. This point can best be explained by looking at the role of such areas in the context of industry's fluctuating demand for labour in the economy as a whole.

Expendable labour

Individual firms do not have a stable demand for labour. Faced with fluctuations in demand for their products, they will seek to lay off workers in order to cut costs and protect their profit margins. These relatively expendable workers will be mainly the unskilled and semi-skilled. Over time, the more advanced technologies and methods of organising production available to industry often mean that a higher proportion of the total workforce falls into this category. The firm does not just need to be able to lay such workers off when necessary, it also needs to be able to rehire them in large quantities as and when it needs them again. So it is in its interests to have numbers of available workers near at hand. This 'flexibility' is necessary in order to maintain the profitability of production.

Demand for particular products does not just fluctuate in the short run. It is also subject to larger cyclical swings. Some industries are more vulnerable to these than others. To some extent, as we have seen, individual firms can

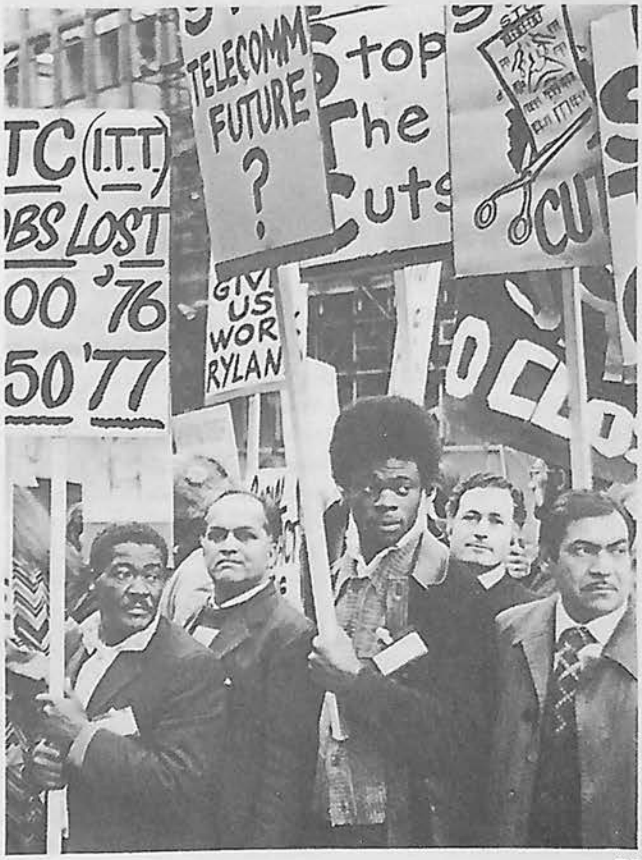
'The development stability and prosperity of expanding industries and areas implies and depends on the progressive under-development of other areas'. Work: *left* presser, J J Textiles, Benwell; *centre*: textile workers, Batley; *right*: ragpicking, Canning Town; *bottom* STC workers resist, Canning Town. Not 'deprivation' but 'exploitation', the development of capital rests on the backs of workers like these, the more vulnerable and less organised the better.

cope with fluctuations in demand by operating below capacity in slack periods and at full capacity when demand for their products is running high. But there are limits to this, particularly in those industries which are subject to wide fluctuations in demand. This means that even in an advanced industrial economy like Britain's there are opportunities for smaller firms to undertake production which is not sufficiently profitable for larger, more highly capitalised firms, but which may nevertheless yield a high return to the 'marginal' producer for a period. It is generally true, as we have argued, that small independent firms have less and less of a place in our economy because standards of production are set by the largest, most advanced, and most efficient firms, and others have to follow if they are not to go bust or be forced into mergers or takeovers. However, for the reasons just set out, at any one time many smaller, more backward firms are able to survive outside the mainstream of economic development, in areas of production which are not sufficiently profitable for the large corporations. These marginal firms take up the slack in the market in periods of relative boom. When demand slumps again they are often forced out of production. Such enterprises depend for their existence on the possibility of being able to draw on reserves of unemployed workers. Small marginal firms will actively seek out areas where such workers are to be found, and they also look for the more vulnerable and less organised sections of the workforce, such as immigrants and women.

Depriving an area

As we saw in chapter one, most of the new jobs that have been created by private firms coming into the older urban areas have been of the more marginal type, providing low incomes, poor working conditions, and insecurity of employment. In some cases, they choose to relocate precisely in order to gain the advantage of a workforce that is less organised and can be employed at a lower wage. Many clothing firms, for example, have shifted from their traditional centres of production from cities such as Leeds and moved to areas like the declining mining villages of the north east or of Wales where they can employ local women who need the work and have no alternative opportunities. These are exactly the sort of 'marginal cases' to which regional subsidies are likely to make enough difference to affect a location decision: as we saw, the larger companies that might provide better jobs are hardly influenced by regional grants. Incentives intended

to encourage decisions 'on the margin', by offering just that little bit extra to firms to choose one place rather than another, are unfortunately likely to attract just such marginal employers.



Those places described as deprived are usually areas with particular concentrations of unskilled and irregularly employed people. They are the so-called 'expendable' labour, workers for whom industry has only an intermittent demand but who are nevertheless as a group vital to its continued profitable survival. They will tend to concentrate in particular areas for housing reasons; the older urban areas offer cheap, old, private housing, or where this has been cleared, council housing, often of a poor quality. So the people who serve the bottom end of the labour market will move to these areas to join those existing residents who have been left behind by industrial change. Increasingly over time such areas have come to be defined by their collective characteristics, high rates of unemployment and so on, and the label 'deprived area' is slapped on them. But such labelling, without an understanding of both the historical development of these areas and their role in the wider economy, only serves to obscure the real nature of the processes at work. One of the effects of the urban policies being devised to deal with the problems of 'areas of deprivation', just like the earlier regional policies aimed at 'depressed regions', is to focus the search for explanations and solutions on areas and the people living in them, distracting attention from the basic question of the organisation and control of the economy.

4 | THE STATE & INDUSTRY

Trying to intervene: Chancellor Denis Healey presents remedies for unemployment at a Treasury press conference in 1975. Left, Michael Foot.

So far we have examined government policies simply in their own terms, asking how successful they are in achieving their explicit aims. Chapter two dealt with state policies designed to tackle the problems of declining areas. We saw that regional policy has had some limited success in preserving jobs, although it has consistently failed in its main aim of evening out the imbalances in economic welfare between different areas of the country. Its effects have been largely cosmetic. In chapter three we looked at the real pressures shaping company decision-making; these far outweigh the effect of the relatively small amounts of government 'incentives'.

This does not mean that regional policy has no effect at all; it may not solve the problems of the people in the regions, but it certainly eases the profitability problems of many private firms. Unilever themselves admitted that 'what they [regional incentives] did was to increase the profitability of investment'. Much of the money given away as regional incentives finds its way indirectly to shareholders as increased dividends. In other cases, this money adds to the funds available for other sorts of investment – property speculation or overseas investment, for example.

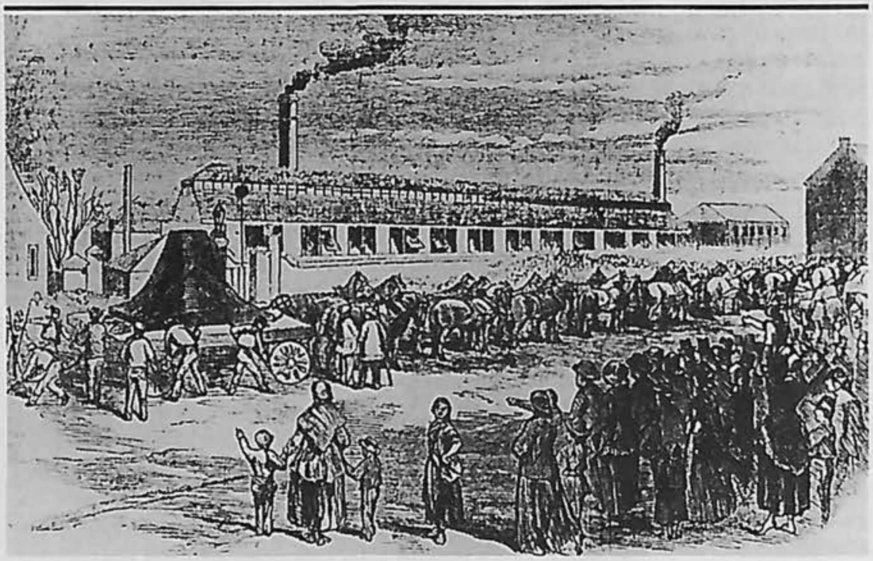
Without proper monitoring or control of what happens to regional subsidies there can be no guarantee that regional policy will have its intended effect of creating *additional* employment in the Development Areas. The important point is that from a national point of view, regional aid, which is nominally aimed at creating jobs, actually contributes to an overall decline in employment because it goes to pay for the restructuring and rationalisation of industry. In North Tyneside in 1974, Thor Tools received state assistance under regional policy provisions in order to expand, and created forty new jobs at the expense of another plant in Harlow which was closed. In the case of large employers, of course, government aid will simply be swallowed by the great maw of rationalisation. British Leyland's new plants at Bathgate and Workington, for example, were parts of an ongoing programme of rationalisation which brought the closure of other lorry and bus plants in the UK. The production of some vans was transferred directly from the declining and out-dated Morris Commercial Plant in Saltley to Bathgate in the late 1960s. Regional aid simply iced the cake. Evidence to the House of Commons sub-committee showed that eight companies in receipt of REP, Chrysler, Ford, Unilever, GKN, Courtaulds, British Leyland, Vauxhall and Dunlop, had employed 670,000 people in the UK in 1970 but only 656,000 in 1974.

But the state's activities affect the economic life of Britain's older industrial areas in many other ways too. In whose interests? Does it merely facilitate economic processes that would have happened to some extent anyway, or does its intervention ever counter the operations of capital in the interests of the deprived areas?

The state and the 'free' market

What is state intervention? It is often suggested that government policies interfere with the operations of the 'free market', that they serve to modify and counter the effects of industrial change, whose nature and course is determined by decisions taken elsewhere, either in the 'national interest' or to protect particularly disadvantaged sections of society. In this view, state intervention is about the introduction of planned policies in a situation which is otherwise governed by the free market. What it overlooks is the fact that the state plays a major role in creating and controlling this market, both at home and abroad. Governments are not independent of the market nor do they simply intervene in it from the outside. For example, they play a particularly important role as large-scale consumers of the products of private enterprise. Of all the ways in which the state has an active influence over the fortunes and profits of private industry, its role in the market is perhaps its most traditional one. The history of the impact of war and empire on local industry is the clearest example of this.

War and Empire



The profits of war, 1861. The arrival at Elswick ordnance works, Newcastle, of a monster anvil for the manufacture of Armstrong guns.

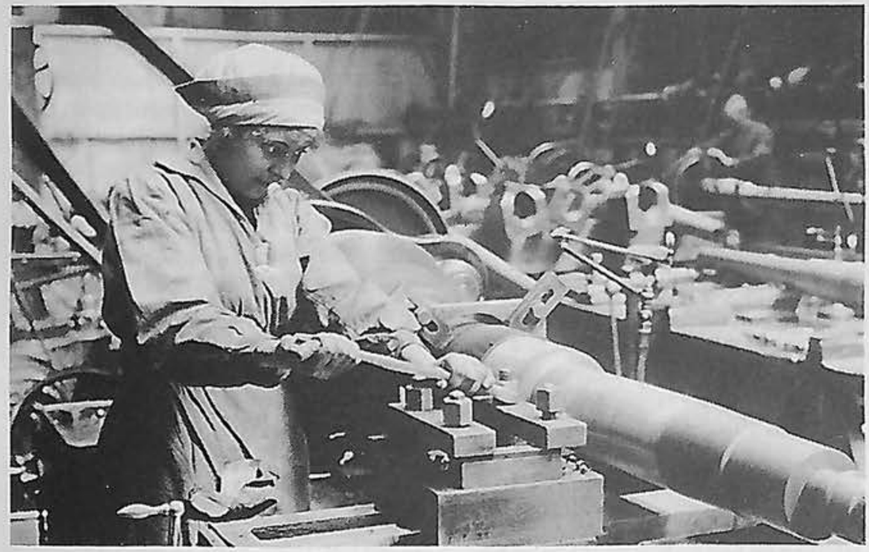
Historically, some of the first manufacturing firms to develop were the arms producers and suppliers of military equipment of one sort or another. Employment in Benwell has traditionally been highly dependent on arms manufacture and heavy engineering. The Armstrong engineering works in Elswick, whose output was always dominated by arms, opened in 1848. During the nineteenth century it sold its goods all over the world, not just to the British Army. In 1899 another similar works was opened at Scotswood. In the First World War. Armstrongs built one third of Britain's gun production. The decline in production after the First World War, despite attempts at diversification, was not overcome until the arrival of the Second World War and in the 1920s Armstrongs was taken over by Vickers under government pressure to save it from closure. In the inter-war period, it was no longer so acceptable to sell arms to the highest bidder, and, in any case, simple arms production like that carried on in west Newcastle was built up in many other countries: in Britain, it was more and more concentrated into Royal Ordnance Factories. During the Second World War, employment at the local plants (now owned by Vickers) soared to 20,000 but slumped soon afterwards. It is now down to less than 3,500. In the 1964-71 period, 2,740 jobs were lost at Vickers. As Vickers still accounts for an important proportion of manufacturing employment in west Newcastle, its decline has considerable effects locally.

Arms and the state

Vickers' relationship with the state has been a doubled edged one. Its existence has depended on it to a very large extent. Graham Turner comments in *Business in Britain* that, by virtue of government contracts, Vickers Ltd has been 'in effect a nationalised industry without the protection such an industry can expect'. The rationalisation and diversification carried out by Vickers since the mid-sixties has been done on the basis of profits made from past and present government contracts and the compensation from the nationalisation of its steel interests in 1967. It also spread the risk of its loss-making aircraft business in 1960 by entering into partnership with GEC to form the British Aircraft Corporation, (itself relying on vast amounts of government aid) with a 50% share in the company. It is now also increasingly moving out of heavy engineering into printing and the manufacturing of office equipment.

At the same time, however, the decline of state expenditure on basic arms orders, and the attempts to organise arms production on a wider international basis, both in order to develop technology and encourage cheaper production, have led to a relative decline in Vickers' arms trade. The government is now largely committed to producing heavy

The 1914-18 boast: 'today Britain is one great arsenal' . . . with 'a vast industrial army . . . ceaselessly engaged upon the production of munitions'.



Worker at Armstrong Whitworths, Elswick, 1916. With five million men sent to the trenches women were drafted into the 'vast industrial army'.

ordnance in its own ordnance factories, although the Chieftain tank is still widely used both at home and abroad. Vickers' financial results were continually poor throughout the 1960s, falling from an already low after-tax return on capital of 5.8% in 1958 to 2.8% in 1967. This reflected both the decline in government orders and the state of the industries in which Vickers was involved – particularly heavy engineering and shipbuilding, where the decline in employment has consistently been accompanied by large-scale government aid. Vickers' profits have now increased, since the management shake-up which brought in Lord Robens at the top, and the diversification away from its traditional output which began in 1971. A major recent investment by the Engineering Group of Vickers (of which both the Elswick and Scotswood plants are a part) is a new £2m general engineering works at Crayford in Kent. The shift away from the products associated with Benwell is being accompanied by a shift away from the factories built there. Any future expansion of employment (excluding the possibility of another world war using conventional weapons) at Elswick and Scotswood is unlikely, and the process of diversification is likely to be accelerated by the compensation due from the expected nationalisation of Vickers' shipbuilding interests. Already parts of the Elswick and Scotswood sites are being redeveloped into warehouse and industrial estates. Vickers is managing to ride out the storm, while contributing to the decline of Benwell.

Clothing the army

In Batley, too, the vagaries of military demand have had a serious impact. Vickers have been able to pull through easily with government help at the expense of employment in areas like Benwell. But the producers of shoddy and mungo in the Batley area have never played an important enough part to ensure similar survival and profitability. No government has ever felt that they were significant enough to worry about. The requirements of clothing for military purposes had come to be one of the industry's most important and profitable markets, but the rundown of military demand which followed each war or imperial adventure led to savage cut-backs in shoddy production with the loss of many jobs in Batley, as we have seen.

Imperial markets

The role of the state has also had a more indirect effect on the economic fortunes of west Newcastle and Batley. The industrial production of both areas depended to a large extent in the late nineteenth and early twentieth centuries on the development and strength of the British Empire. The arms from Armstrong's went not only to help Britain in its colonial wars, but also to its client states, while there was a boom in shoddy, after its original decline, as a result of the Boer War and the First World War. On Tyneside, too, the state was an important buyer, particularly as many local yards were involved in building ships for the Navy.

The Empire was also vitally important for the development and subsequent decline of the railway carriage manufacturing industry in Saltley, although this was not so directly

Overcoats for all. The Imperial army embarking for 'the colonies', 1846.

connected with military expenditure. Metro-Cammell is now part of the Laird Group, but its local plants were owned by Vickers before the Second World War. They, therefore, provide additional examples of how closely Vickers was tied to the fortunes of the Empire. The Metro-Cammell plants were an integral part of the empire building process, supplying ornate carriages all over the world, as the railways spread. The end of the Empire, however, meant that the countries concerned began to set up their own carriage works. Meanwhile, at home British Rail produces most of its own carriages. This has, of course, meant a massive contraction in the skilled carriage-making industry in Birmingham. As late as the early 1950s, Metro-Cammell employed over 5,000 workers in carriage manufacturing in plants in the Birmingham area, at Washwood Heath, Saltley and Wednesbury. Most of these were employed in the area around Saltley. Now it employs only about 800, on a site in Washwood Heath, which it shares with a bus producer (Metro-Cammell-Weymann, also part of the Laird Group). The end of the Empire seems to have brought far more problems to workers in Saltley and the other old urban areas than to those who actually profited from the Empire.

Who profits?

No one would argue for a return to war to bring employment back to Benwell or Batley, or for the revival of the British Empire to bring back work to the docks of Canning Town or the carriage works of Saltley. The relative prosperity which war and empire brought were only won at the expense of other workers forced into wars about which they knew little and at the expense of colonial rule over large areas of the world. In any case, there never was any halcyon period for the places we are discussing. The privilege of insecure employment in the nineteenth and early twentieth centuries was its limit. When orders dropped off seasonally or due to the sharp boom-slump cycle, men were laid off. In the docks casual labour was only taken on when the employers needed it, so that many dockers were left out on the stones for long periods. The point is, yet again, that those who depend on jobs for survival are the ones who suffer the decline and unemployment as the British Empire comes to an end and production for war changes. The major companies like Vickers and Laird which built themselves on war and the pickings of empire survive with renewed corporate vigour, while their workers, and ex-workers suffer. No government has considered itself responsible for providing them with alternative employment.

The seeds of their own destruction? Though the war market has brought short reprieves for workers in declining areas, in turn the state has turned those weapons on the problem areas themselves. *Right* the *Daily Express* view, 1936. *Below* the British Army in action in Belfast, a 'distressed area' of long standing.

WORK AT LAST

Intervening in production

Since the Second World War the state has played a more and more important part in the actual organisation of production. This development is not unique to Britain. Large sectors of all the advanced industrial nations are now part of the state machine or heavily dependent on it. Although the increasing importance of the state's role can be traced back to the turn of the century, it has accelerated enormously since 1945.

This increased importance is the only basis on which private industry as a whole could survive. The state took on the jobs which private firms could no longer handle, but which were necessary to ensure the continuation of profitable production. This has involved a whole string of policies, ranging from housing, social and educational expenditure through broad attempts to maintain national economic policies to direct aid for industries and firms, and even the outright nationalisation of various industries. All of these policies and others have affected the economic life of Britain's older industrial areas, influencing different firms and different industries in different ways.

Where capital flounders

The central reason for increased state involvement is related to the issues we considered in the last chapter. Several cases of firms and industries were described there which would or could not reinvest sufficiently to increase productivity and remain competitive. The failure has been widespread, and many firms and even whole sectors of industry have become locked in a vicious cycle of low investment and low profitability. In such cases only expenditure on a scale far beyond that possible for an individual firm can bring a significant increase in industrial productivity. So the state has intervened where private capital flounders. State involvement is the spur needed to encourage the process of rationalisation and centralisation. Sometimes the state acts to bring about the necessary rationalisation and restructuring of firms or industries by actually taking them into public ownership and doing the job itself. More often, it acts indirectly by pumping massive amounts of public funds into private industry (through regional policy, for example) and by drawing up plans for rationalisation and encouraging their implementation.

Regenerating industry

The last decade has seen the state move into a closer relationship with private capital than ever before. By the early sixties, it had become clear that conventional Keynesian 'demand management' methods were inadequate to ensure the major objectives of full employment, low inflation, economic growth and a healthy balance of payments. Successive governments since then have become more actively involved in trying to manage the economy at the level of the firm and the industry.

These attempts to plan and promote the restructuring of British industry in order to reverse its declining industrial competitiveness have taken a variety of institutional forms. Planning weapons have ranged from the Conservative-created National Economic Development Council and National Economic Development Office (NEDC and NEDO) through the next Labour Government's National Plan (1965) to the strengthened role the present government has given to the NEDC to supervise its industrial strategy. Meanwhile a variety of financial assistance has been given in an attempt to facilitate the restructuring process. There have been such devices as the Industrial Reorganisation Corporation (IRC) (set up in 1966), its Conservative equivalent – the Industrial Development Executive – and the provisions of the 1972 Industry Act, and the money currently given by the National Enterprise Board.

These massive amounts of public money being pumped into private industry have not been accompanied by any significant increase in *control* of private capital by the state. Industrialists have bitterly resisted any attempts to impose a greater measure of control or accountability on their activities; the recent defeat of the original proposals for the National Enterprise Board is only one in a long line of successful efforts by British industrialists to fend off any challenge to their freedom. Yet the long gaggle of firms ready to fight to the last for their independence from the state are nevertheless very dependent on it for their profits.

The five CDP areas have all felt the impact of these government policies to speed up the process of rationalisation and concentration. For them, restoring the productivity and profitability of a company or industry often means simply a more rapid rundown of sites in the older areas and an even faster loss of jobs.

Slim with wool

In the last chapter, we saw how the textile industry that dominates Batley is faced with the urgent need to raise productivity but lacks the resources to achieve this: enter the Wool Textile Scheme.

The origins of this scheme are to be found in the efforts of the Labour Government of 1964-70 to expedite the process of industrial change by intervening directly at the level of the firm. The 'little Neddy' which was set up at this time for the wool textile industry commissioned a study of that industry from a firm of consultants: the document they produced in 1969 was called *The Strategic Future of the Wool Textile Industry*. This report argued that there were too many mills in the industry which were too small, contained obsolete technology, and employed too many people. The future lay in a 'slimmer but fitter' industry. The report concluded that measures should be taken to ensure that slimming process – the closure of some of the outdated plants, the scrapping of older equipment, and the concentration of the industry into fewer firms. Fitness would be achieved by raising productivity: the level of investment was to be increased, and multi-shift equipment introduced. This report was accepted by the Wool Textile EDC (the 'little Neddy') which included representatives of both sides of industry, and subsequently by the government.

A scheme of assistance was introduced under the provisions of the 1972 Industry Act. This provided government money for companies wishing to replace existing equipment with more modern equipment. Moreover, companies wanting to scrap their equipment altogether and close down operations would be compensated by the government.

Such provisions are inherently easier for larger companies to exploit than small ones. Big national companies or multinationals can always shuffle resources and equipment between their many mills in order to take full advantage of the scheme. On the other hand, small firms, of which many remain in Batley, have not on the whole been in a position to take advantage of this scheme. Consequently, one of the results of government intervention has been to subsidise the activities of the larger and more efficient firms at the expense of the smaller ones that have traditionally provided the bulk of employment in Batley.

In this context, it can be seen that the closures, redundancies, bankruptcies, continuous shift systems and all the attendant hardships for Batley's shrinking workforce, together with the subsequent asset-stripping there and elsewhere, have in effect become part of government policy. Public funds are being used to assist and accelerate the market forces of centralisation and rationalisation. This means, as we have seen, the larger multinational and national firms eating up the small and medium sized firms, and spitting out those, together with half the workforce, which do not sit profitably and comfortably in their big new business framework. While government has assisted this process, it has been content to leave the creation of alternative employment largely to the operation of market forces.

State and sugar

It may seem surprising that Mr Cube, that staunch fighter for freedom and enterprise, is currently seeking active state aid. The relationship between capital and the state is never straightforward. The story of Tate & Lyle, however, gives some insight into its complexities.

Tate and Lyle is a major employer in Canning Town with over 3,000 workers at its Silvertown refinery, which is the firm's largest. In the past many jobs have been lost from there. In 1966, the Silvertown refinery employed 5,600 people: in the same year rationalisation at the nearby Plaistow wharf refinery cost another 2,800 jobs locally. Tate & Lyle is now threatening further reductions in employment, vociferously blaming this on EEC restrictions on cane imports and the competition of the state-controlled British Sugar Corporation. It is clear that the government's involvement, both in helping the BSC to develop its

The Thames refinery, Canning Town.

operations and in carrying out EEC policy on sugar, has hit the company's profits and is indirectly responsible for the rationalisation of cane sugar production and the consequent job loss. However, the case of Tate & Lyle is more complex than this, and illustrates a number of other aspects of current processes of industrial change as well as the role of the state.

In 1936 the government attempted to loosen Tate & Lyle's tight grip on British sugar production by taking a 36% controlling interest in the British Sugar Corporation, which was created by an amalgamation of a number of small sugar beet refineries in Britain.

Prior to Britain's entry into the EEC, the Commonwealth Sugar Agreement controlled the supply of raw cane sugar to Britain from various sugar-producing countries. In addition, the price of sugar was fixed by the British government (the same price for beet and cane sugar) who thus effectively determined Tate & Lyle's sugar profits. Britain's entry into the EEC changed the situation. Firstly, the Commonwealth Sugar Agreement was ended and imports of cane sugar were cut. To make matters worse for Tate & Lyle, its supply of partly processed beet was also lost when it was decided that the BSC should do all the refining of raw sugar beet as part of a drive to increase efficiency. Secondly, the British Government, during the EEC negotiations, agreed to cut the sugar 'refining margin' between raw materials costs and price – thereby ensuring that the port cane refiners could no longer make an adequate profit. The intention was clearly to force the cane sugar refineries out of sugar production in line with the EEC policy of developing a self-sufficient sugar industry using home-grown beet. In this sense, Tate & Lyle is right to attribute some responsibility for job loss to the government who are engaged in promoting the rationalisation of the sugar industry on a European level. Yet this is only part of the picture. To understand it better we need to look at Tate & Lyle itself.

Tate & Lyle Ltd

The company of Tate & Lyle was originally formed through the merger in 1921 of the two 19th century sugar firms of Tate and Lyle. Tate & Lyle is now a large multinational with twenty-five principal subsidiaries in Britain and thirty-three overseas. Tate & Lyle Refineries Ltd, said to be the largest sugar company in the world, is a UK subsidiary of the Tate & Lyle Group. Tate & Lyle has a 75% share of the imported cane sugar refining industry in Britain. The other 25% is controlled by the smaller company of Manbre and Garton. Tate & Lyle operates three large cane sugar refineries near major British ports – at Silvertown (in Canning Town), Liverpool and Greenwich.

Before Britain joined the EEC, the UK sugar industry had surplus refining capacity. The changes in policy that followed entry into the Community merely brought these problems to a head. There was already a need to increase productivity by reducing the workforce: British cane refining was carried on with old machinery and plant, it was a relatively labour intensive process, and was not sufficiently profitable anyway. Tate & Lyle had been trying to get out of this section of the industry even before government policy forced their hand: it had tried in 1970 to gain access to the profitable French beet refining industry, but was stopped by the French government. The company also tried to buy back into the British beet industry, but met the refusal of the British government.

Tate & Lyle's willingness to let its cane sugar refining operations decline anyway, can also be deduced from their unprofitability relative to the firm's other activities. Well before entry into the EEC, the company had been using its profits to diversify successfully into other activities, particularly transport and distribution. In 1974, for example, storage, distribution and shipping operations together accounted for almost half the company's very substantial profits.

In this context, it seems likely that Tate & Lyle is criticising the government for its sugar policy – and encouraging its workforce, by forming action groups and organising marches, to put pressure on the government to modify this policy – in order to get some sort of aid, while carrying out the rationalisation programme that would in large part have been necessary anyway. The firm wants state aid to subsidise the transfer of their activities to other areas; their main concern is for an orderly and profitable withdrawal.

As for the British government, as we have seen, their main concern is for a more efficient European domestic sugar industry, in line with EEC policy. Meanwhile, they take no responsibility for the workers who are the victims of this industrial rationalisation process. They have left the traditional cane processing industry to rationalise itself; where and when jobs are to be lost is being fought out between Tate & Lyle and Manbre and Garton.

Background to reorganisation.

Now Mr Cube turns from crushing the cane to bashing the beet

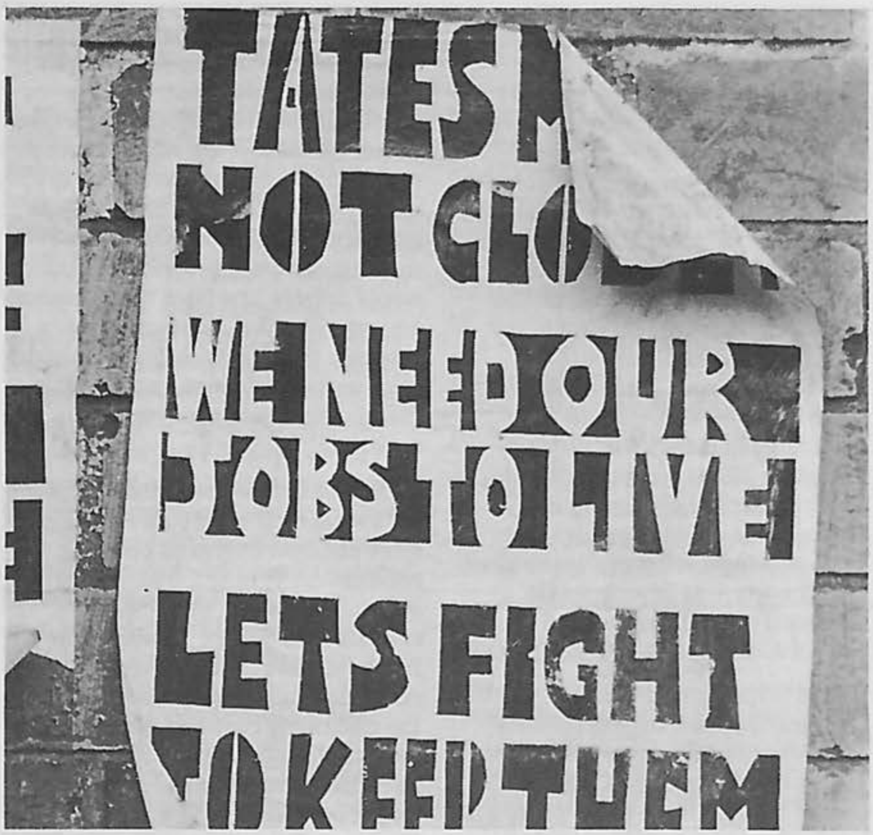
RICHARD MILNER reports on the latest threat to Britain's sugar industry

MR CUBE is at it again. First, the sharp question from Dickson Mabon MP (Greenock) to the Minister of Agriculture about UK sugar policy: Fred Peart is carefully non-committal. Next, a mass protest by 2,000 Merseyside workers over the potential closure of Tate & Lyle's refinery at Liverpool. Mr Lyle and Mr Tate are carefully non-committal. And third, a bitter attack from John Edmonds of the Municipal & General Workers' Union against Government plans to sweeten up British Sugar Corporation. For bewildered outsiders the name of the game is Beet Bashing versus Cane Crushing or Who takes Sugar?

To students of the subtle art of winning politicians and influencing events, these opening discords herald another virtuoso performance by Tate & Lyle with orchestral arrangements by K. H. Publicity. After battling successfully for major revision of Common Market sugar policy, Mr Cube is now squaring up to restore his grip on the UK sugar business—or at least to shift responsibility for any corporate retrenchment on to the Government's shoulders. Fred Peart has probably got the message from chairman John Lyle and executive director Saxon Tate. Never mind the policy, think about the unemployment.

The big sugar predicament

Our present sugar predicament can be summarised quite simply. Britain gets through about 2,600,000 tons of refined sugar every year. Some two-thirds has traditionally been produced by Tate & Lyle, and Manbre & Garton from imported cane sugar, while the rest has come from home-grown beet processed by the British Sugar Corporation. But Europe's sugar industry stands on its own beet. So when



Tate & Lyle has made proposals to close one of the Scottish refineries and increase the other's productive capacity to 150,000-170,000 tons, to close another refinery in Liverpool (which is located in another former CDP area), to reduce Thames (the Canning Town refinery) to 650,000 tons while changing to three-shift working, to cease raw sugar intake at Hammersmith and make a range of products from input coming from Thames. This would bring an overall reduction in employment of 1,560 jobs, 490 of which would be at Thames. Tate & Lyle has recently taken over Manbre and Garton so that they can dictate the terms of restructuring. Whatever detailed plan is finally implemented, it is clear that the losers are once again the workers in the old dockland areas, facing more redundancies with few alternative jobs in view.

Tate promise sweetens Manbre

TATE and Lyle has given Manbre and Garton satisfactory assurances over the future of employees, Manbre chairman Mr Frank Smith says in a letter to shareholders. One of Manbre's main defences against the bitterly-contested £48 millions bid from Tate was the fate of its workforce under planned rationalisation of the cane sugar refining industry.

1976. While Tate & Lyle take over Manbre & Garton with sweet promises, in Liverpool (*right* and *top*) the threat of closure hangs over the workers. Rationalisation will certainly mean redundancies, where and when are the only questions.

Nationalisation —a challenge?

In spite of the massive levels of state aid over the years, British industry is still chronically under-invested, uncompetitive, and relatively unprofitable. As a last resort, the state sometimes has to take over the running of particular firms and industries altogether. Nationalisation is seen as a solution when all the bribery and cajoling has clearly failed.

Nationalisation of industries like shipbuilding and aerospace manufacture – affecting North Shields and Saltley – will take vast sums of public money rationalising the rump of such firms as Swan Hunter and the Laird Group (who own Metro-Cammell). It will probably also allow private industry a second chance by leaving it with the most profitable parts of these firms. There have been suggestions, for example, that Hawker Siddeley, after the nationalisation of aerospace with compensation of about £70m, could take over another railway manufacturer, such as Metro-Cammell, and become a viable and profitable concern in this market (see *Railway Gazette International,* January 1975).

The share of the nationalised industries in the five areas is certain to become even more significant in the future. British Leyland, the main employer in Saltley, is now effectively state-owned. The nationalisation of shipbuilding and shiprepair will include Swan Hunter's shipbuilding and shiprepair yards and the marine engineering works of Richardson Westgarth; all these are in the riverside belt of North Tyneside from North Shields through to Wallsend. In both cases, nationalisation is seen as a last desperate attempt to sort out the problems of the industry. Private ownership has not succeeded in carrying out the necessary rationalisation, now it is the state's turn.

Challenging capital? The chairmen of Britain's nationalised industries, February 1976. Standing (from left): Sir William Ryland (Post Office); Mr Freddie Wood (National Bus Company); Sir Patrick Muirhead Thomas (Scottish Transport Group); Mr Kenneth Robinson (London Transport); Sir Daniel Pettit (National Freight); Sir Peter Menzies (Electricity Council); Sir Humphrey Browne (British Transport Docks); Lord Boyd-Carpenter (Civil Aviation). Seated (from left): Sir Richard Marsh (British Rail); Sir John Hill (UK Atomic Energy); Mr Nigel Foulkes (British Airports); Sir Monty Finniston (British Steel); Sir Derek Ezra (National Coal Board).

Last chance for British Leyland

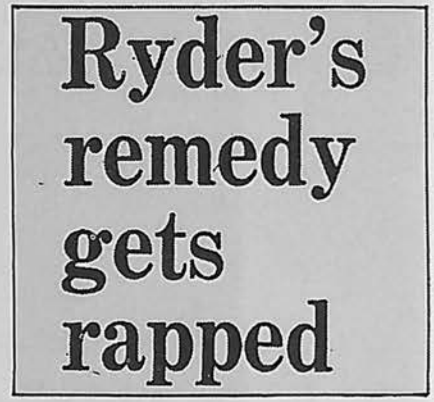
The history of British Leyland, recounted in the last chapter, shows how a company can get into such difficulties that it can no longer survive as a private concern. The state has no option, if it wants that firm or industry to survive, but to take control. British Leyland is a major exporter, as well as supplier for a large home market, and the government has for a long time been involved in trying to keep it viable. In fact, British Leyland owes its very existence to the state. The Industrial Reorganisation Corporation played midwife to Leyland and British Motor Holdings. It has been helped along ever since. At the time of the merger in 1968, the IRC as well as engineering the talks also gave the new company £25m, to which it later added another £10m for machine tools. In total, British Leyland received almost a quarter of all the funds loaned by the IRC during its existence. Since British Leyland was founded it has consistently been among the companies which have received the most state aid. Not only by direct injections of cash, but also in terms of massive amounts of unpaid tax, BLMC has been continuously subsidised from public funds. In 1975 it was rescued by the state once more via the Ryder Report, with promises of £700m government aid up to the end of September 1978 (£200m in equity capital and up to £500m in long term capital in stages). The government, through the National Enterprise Board, has also taken a major shareholding in the company.

British Leyland, September '75, Lord Stokes (*centre*), president, and Alex Park (*left*), new managing director, adjourn from a meeting where shareholders revolted at the government's plans to intervene. Nor were the shareholders the only ones to protest (*below right*).

The second problem was the replacement of outdated and inefficient plant and equipment. As the large-scale introduction of new machinery could not be carried out in the cramped space of old factories, the answer to both problems is the closure and run down of many factories and the centralisation of their production elsewhere. We also saw in the previous chapter how the Saltley area has already been affected with the run-down of Triumph, Bordesley Green, because its work overlaps with other British Leyland plants – this plant is just one of many which will be affected. The local Adderley Park plant has also been closed down and production transferred to other plants.

The fact that British Leyland is effectively state-owned offers few crumbs of comfort to the workers who will have to pay the cost of improved 'national' economic performance.

The state's increased financial involvement is clearly designed to accelerate British Leyland's drive to greater productivity. The Ryder Report pointed to two main problems. The first was the need to reorganise production facilities to provide for specialisation in particular manufacturing activities. This means an end to Leyland's overlapping model ranges, and to the situation where the production of many parts is spread about in plants all over the country.


Ryder's remedy gets rapped

Another government rescue

The state of the shipbuilding and shiprepairing industry remains today of paramount importance to workers in the North Tyneside area. Although shipbuilding is carried on mainly to the west of North Shields itself, from Willington Quay through to Wallsend and Walker, in 1966 some 11% of Swan Hunter shipbuilding workers in those yards lived in North Shields. Many other North Shields workers work in marine engineering and other industries which supply the shipbuilders. In nearby Wallsend, 41% of the total workforce were engaged in shipbuilding and marine engineering in 1971, mainly in Wallsend itself.

In North Shields there is the Swan Hunter Shiprepairers (Tyne) Ltd, shiprepair yard, traditionally known as Smiths Dock. In 1972, some 9% of the workforce in North Shields were shiprepair workers. Together with those North Shields residents who work in the shipbuilding yards further west, those in marine engineering, plus those in firms which service all three industries, a significiant proportion of workers in the local area are dependent on the future of the shipbuilding and shiprepair industry.

Shipbuilding—the state pays

The example of the shipbuilding industry shows yet again how the state has to intervene where private capital is failing, even in the apparently more 'successful' firms like Swan Hunter. The shipbuilding industry provides an even starker example than the car industry, probably because, as an older industry, the processes at work are further advanced. Internationally, it has attained a remarkable degree of concentration: Britain, the world's fifth largest builder, provides only 3.6% of the world's ships.

The British shipbuilding industry has been dependent on goverment aid for survival and reorganisation for many years. Up to 1972, Swan Hunter Shipbuilders Ltd, with major yards at Willington Quay and Wallsend, had received nearly £6m from the Shipbuilding Industry Board following the 1966 Geddes Report (by a government committee of inquiry into the shipbuilding industry). They received a further £12m in the form of shipbuilding construction grants under the provisions of the 1972 Industry Act between 1972 and 1976. Swan-Hunter, now the only shipbuilding company on the Tyne, and a major UK shipbuilder (accounting for about a quarter of UK shipbuilding revenue) is due for outright nationalisation under the current Aircraft and Shipbuilding Industries Bill (1976).

Apart from such direct financial support, the shipbuilding industry also gets a significant range of assistance from the state in other ways. It is exempt from customs duty paid on imported materials used in ocean-going vessels. It does not have to pay full taxes on some items affecting shipbuilding costs and the government also sponsors research and development into shipbuilding and shipping.

Between the wars

North east shipbuilding has a long history; in 1890, the area's shipyards built a third of the world's ships. In the slump that followed soon after the First World War, the industry was drastically reduced in size. By 1922, 56% of UK berths were empty, and although the Tyneside firms struggled through the 1920s, the continuation of the slump into the thirties prompted action from the yards' owners. Headed by Sir James Lithgow, of Clydeside, they set up a company called National Shipbuilders Security Ltd, with the specific intention of reducing the capacity of the industry by closing down berths. Directors of this company, or trust as it really was, were drawn from shipbuilding companies all over the UK, and they were backed by the Bankers Industrial Development Company, set up by the Bank of England. With a share capital of £10,000 in £1 shares, and with borrowing powers of up to £2½m, they set about buying up redundant or obsolete shipyards, re-selling the sites for any other use *except* shipbuilding, and this was written into specially drawn up covenants. To compound the north east's fate, the trust aimed specifically at berths which built cargo vessels, tramp ships and similar craft, the area's bread and butter work, for it was in this sphere of production where the major 'over-capacity' lay. The NSSL closed hundreds of yards in the 1930s – in the north east alone seven yards (forty-five berths) were closed in 1931, and a further twelve yards (fifty-nine berths) by 1939. By 1934, it had reduced the industry's capacity by 1 million tons. Only a meagre 24,000 tons of shipping were produced by Tyneside yards in 1932 (compared to 300,000 tons as

Advertised in 1966, closed in '68, the yard has been empty ever since.

Leaving for a mealbreak, workers at Swan Hunters, during the Second World War.

recently as 1928, a comparatively good post-war year). Yards to suffer on the Tyne included the Northumberland Shipbuilding Company at Howdon and the Tyne Iron Shipyard at Willington Quay (both adjacent to North Shields) which were both sold to the NSSL. Another yard in the same area, Eltringham's, was put up for sale as a going concern. These closures and sales were disastrous for the local workers. On Tyneside, in 1931, 60% and more of shipbuilding workers were unemployed, and these figures were to worsen. In 1933 the Tyne only managed to produce 11,000 tons of shipping, its worst year of the depression, and in 1934, 70% of shipbuilding workers in the north east were on the dole.

The state intervened in the mid-thirties with a voluntary 'scrap and build' scheme, offering sums of money to British shipowners if they scrapped two tons of shipping for every new ton built. The scheme was unsuccessful: each shipowner waited to see if other shipowners would act first – and none did.

Recovery for the Tyneside yards was slow. An upturn did come towards the end of the decade, but the Tyneside shipbuilding industry was never to recover fully from the depression, and would never regain its pre-First World War size. Whereas it had once supplied a third of all world tonnage, it was left by the end of the thirties with only some 12%. Foreign yards, especially in Germany and Sweden, were now building vessels for countries which UK yards had once supplied, and were also producing vessels for UK shipowners. Traditional markets had already been lost to foreign competitors.

Post war decline

The post-war years saw a further erosion of the former dominance of UK firms. Japanese production increased by more than thirty times during the period 1955 to 1971; their share of the world market went from 10% to 50%, while British firms struggled to produce just about the same output over the period and saw their market share dwindle from 26% to 3.6 %.

Why has the British shipbuilding industry lost so much of its share of the world market? The reasons are obviously complex, including the massive state involvement in and protection of the shipbuilding industries in countries such as Japan. Only small sections of the British industry – mainly those with the kind of standardised production characterised by Austin and Pickersgill's SD14 – have remained competitive; for the rest, lack of long-term investment in the past has meant that productivity has been low in relation to foreign competitors, and profitability insufficient to generate the necessary funds from within the industry for further re-investment. Over the period 1967-72, European companies invested an average of £3,300 per employee while UK firms could only manage £1,300 (and the discrepancy would be even greater in comparison with Japanese firms).

Swan-Hunters, however, were probably one of the very few British shipbuilders to carry out major investment and re-equipment of their yards between 1956 and 1965, when the British shipbuilding industry was seriously falling behind in the world market. In this period, the Wallsend yard, Neptune Yard, and the Wallsend Dry Docks were all re-equipped. Among other things, the

Leaving for good? The Everett F. Wells overseeing Hunter Street, Wallsend, 1976.

original equipment laid down in 1903 for the construction of the 'Mauretania' was now finally taken out of use. But perhaps it was 'too little, too late': despite the programme of investment, the company still failed to capture a substantial share of the new markets.

Restructured

The British industry has made efforts to cut capacity and increase productivity. The reorganisation that has gone on in the industry over the past ten years has meant thousands of jobs lost through redundancies and natural wastage. But the process is not yet finished. In 1966, the Geddes Report called, amongst other things, for greater centralisation and rationalisation, for the setting up of specialised yards, and new standards of efficiency and performance. The urgency of their findings was lost as, after 1966, a temporary boom filled order books; but after 1968, heavy losses were incurred, especially on fixed price contracts. On the Tyne, the Geddes recommendations were pursued in 1968, with the establishment of the Swan Hunter Group, merging the major shipbuilders on the Tyne (Vickers Ltd (Shipbuilding Group), Swan Hunter and Wigham Richardson Ltd, Hawthorn Leslie (Shipbuilders Ltd), and John Redhead & Sons Ltd). (Also brought into the Group were the Furness Shipbuilding Co Ltd (Teesside); the Smiths Dock Co Ltd (Teesside, with repair yards on Tyneside) had already been taken over by Swan Hunter and Wigham Richardson in 1966). Government money was made available to back this restructuring through the Shipbuilding Industry Board; so, although it was a 'voluntary' grouping, it was very much promoted and supported by the state.

This new Swan Hunter Group has implemented some of the Geddes recommendations, with a specialist joiner's shop for the whole Tyne, the specialisation of particular yards, a new steel working facility at Wallsend, and the mechanisation of certain processes. It was, apparently, insufficient. The government subsidies failed to achieve enough of the kind of re-investment that Geddes envisaged. In spite of a £10m investment programme to modernise the repair yards and an order book in May 1974 worth £400m, Swan Hunter was unable on its own to undertake investment on the scale required to make it internationally competitive. Swan Hunters is one of the more advanced and better equipped shipbuilding companies in Britain; its inability to survive and compete, in spite of its success relative to the rest of the British industry, highlights the problems of the British shipbuilding industry as a whole.

That the problems persisted was confirmed by the findings of the Booz-Allan and Hamilton consultants report of 1972, commissioned by the Department of Trade and Industry in the early 1970s when the Conservatives were in office. The basic problems, said Booz-Allan, had not been solved, and apart from various options involving massive new investment, the consultants recommended a cut of up to 50% in the UK industry's labour force, estimated at 69,000 in 1973. Although the report set out no programme of action to follow up its findings, it is probably correct to see the present nationalisation proposals as a further stage in the rationalisation and reorganisation of the industry recommended by the report. The government has obviously decided that investment approaching anywhere near the scale required can only come from public funds, and that a 'harmonious' cutback in labour can most easily be carried through under nationalisation. The Secretary of State for Industry, Mr Varley, has recently gone on record as saying that there will be no easy options, and that the industry will need to shed labour. Though nationalisation may save the British shipbuilding industry, it will not save jobs for shipbuilding workers.

and again—shiprepair

Swan Hunter also own and control a significant proportion (at least 50% in terms of employment) of the Tyneside shiprepair industry, with yards at Wallsend, North Shields and South Shields. The Tyne still remains the largest shiprepair estuary in the UK, with an estimated 30% of UK shiprepair employees and up to about 1974 the yards maintained their levels of turnover and profitability, in contrast to the performance of the industry in the UK as a whole. Nevertheless, much of the plant and equipment of the North Shields yard is outdated and inefficient.

A report by the consultants, PA Managements, to the Department of Industry in 1974 (complementary to the Booz-Allan report) pointed to the fact that the British shiprepair industry had lost half its men and half its trade over the previous decade; this decline would continue unless there was investment in modern, efficient facilities. However, it was 'unlikely that the industry will be able to attract or provide funds for investment on the scale required'. Further rationalisation was needed, and unless there was substantial investment allied to this, a further 2,000 jobs at least would be lost by the late 1970s. Cramped conditions and a lack of modern facilities characterised the UK yards when compared to continental ones. The report came at a time when the Tyne yards were apparently booming; they had expanded output by 8% between 1968 and 1972, in spite of the general UK decline, and had derived more trade in the recent past from servicing vessels engaged in North Sea oil work. The Tyneside employers gave the report short shrift.

But booms and slumps in shiprepair follow each other swiftly, and soon after 1974, the Tyneside shiprepair industry was feeling the full effects of the slump in shipping. The local employers soon followed up their earlier optimism with gloomy forecasts. The chairman of North East Coast Shiprepairers said that the industry as a whole was experiencing its worst spell since the depression

The early morning shift going in to Swan Hunter's repair yard, North Shields.

forty years before. Late 1975 brought a crisis point, with 400 men laid off by Swan Hunter Shiprepairers alone, and several hundred more on 'idle-time'. There were large scale redundancies in other UK shiprepair yards in late 1975 and early 1976. Greenwell's dry dock at Sunderland (state-owned through the North East Coast Shiprepairers) was closed with the loss of 400 jobs; at the South Shields yards of the same company, three hundred jobs were lost between September and December 1975, and a further 125 in January 1976, with more redundancies probably to come. This loss of jobs at Greenwell's is permanent though that is not necessarily the case with the other redundancies. Shiprepair is notorious for rapid fluctuations in its labour levels mainly because of the short-term service nature of the work. Nevertheless the general trend is certainly one of long-term decline in jobs.

Cutback in North Shields

Employment in shiprepair traditinally fluctuates as orders come and go, but the general trend in the North Shields yard over the past few years has been down. At present, approximately 1,300 men are employed, compared with almost 1,800 in 1971. Some men not in the 'permanent' labour force are engaged on fixed term contracts (e.g. for three weeks) to avoid restrictions on casual employment and the regulations imposed by the 1975 Employment Protection Act. Apprenticeships have been cut back this year, as they have throughout the whole of the Swan Hunter Group.

The ship repair industry is also due to be nationalised under the current nationalisation bill so that the state can take over the job of trying to make it competitive once more. The PA Managements report said that new investment would mean new jobs. But in the current slump new plant would be under-used and uneconomic. So it is likely that all nationalisation will do is facilitate a drastic pruning of the industry.

The state as employer

No-one should imagine that the existing nationalised industries have brought job security or featherbedding to their workers. The examples of British Leyland and Swan Hunter have shown how nationalisation, far from preserving jobs in the older industrial areas, tends to bring an even faster rundown of employment than the private sector could achieve. It is difficult to believe, for example, that the employment run-down in British Rail since the war could have been achieved so smoothly by a private concern, while Sir Don (now Lord) Ryder commented in an interview with *The Sunday Times* that the Gas Board's shift from gas manufacture to the simple distribution of North Sea Gas, with all the conversion involved, would have been impossible had the industry not been nationalised.

The nationalised industries are the clearest examples of state involvement in economic life. They were taken over by the state either because they performed vital servicing functions which private industry could no longer undertake efficiently, or because the levels of investment needed to achieve efficient production were far above what could be raised by private industry. In general, they either deal with basic services, transport for example, or the basic production industries, like coal or steel. Often, the nationalised industries are the older ones with equipment and techniques dating from the nineteenth century. This means that they, or their remnants, are generally to be found in the older urban and inner-city areas. In all five areas covered by this report, nationalised industries and public authorities have been and continue to be major employers. The evidence shows that they have in fact contributed to the decline of these areas.

Saltley's gasholders: used for storing North Sea Gas.

Victorian relics

In Saltley, Canning Town, North Tyneside and Benwell the old gas works have been closed down. Jobs have disappeared, and the areas have been left with many acres of derelict or semi-derelict land. A similar process operated in areas where British Rail has been of importance. Sites where thousands of men once worked are now either derelict or under-used – employing only a handful of workers if any at all. In Canning Town and North Shields, nationalised port authorities preside over decay and decline. Here again, the physical evidence of decline – vast tracts of vacant land – is there for all to see.

The Saltley area was already a centre of gas manufacturing in the nineteenth century. Today its skyline is still dominated by large gasholders. So significant was gas production in Saltley that residents and visitors used to talk of the 'Saltley smell'. From Nechells Works to Windsor Street there is an almost continuous belt of land owned by the Gas Board, over sixty-five acres of it, while the local Washwood Heath Plant covers a further thirty-four acres. In 1923, 4,000 workers were employed by the City of Birmingham Gas Department, and as late as the 1960s over 1,500 were employed in gas manufacturing. Now only one hundred are left. Although few of the workers involved actually lost their jobs, another door has been closed for new employees. Some of the land is now being temporarily used by the North Sea Gas conversion teams, and some towers are still used for storage, but most has been left derelict. One site alone, Nechells East Gasworks, covering 16.6 acres, has still not been developed despite promises dating from the late 1960s.

Meanwhile, in Canning Town, the Beckton Gasworks, once the largest in Europe, has closed down too, leaving behind a huge slag heap, known locally and not very affectionately as the 'Beckton Alps'. The gasworks once employed 10,000 workers, although by 1966 it was only employing 5,000. In the area covered the Docklands Area Study in London, the Gas Corporation own 700 acres of land, which are at present unused.

Of course, gas manufacturing was never a particularly pleasant occupation, nor was its production pleasant for people living nearby, particularly when the wind was blowing in the wrong direction. But, the disappearance of gas manufacturing facilities had little to do with such considerations. It was part of the search to raise labour productivity, and reduce the costs of gas to industry. It takes less labour to supply North Sea Gas than it did to produce the same calorific units of town gas even using the most advanced manufacturing technique. Again, no-one could object to this in itself. But the decline in employment and the lack of any alternative as well as the wasted and ugly tracts of land which are left behind cannot be justified. The price of advance has had to be paid for by the Gas Board's workers and the residents of older areas like Saltley and Canning Town.

Nationalised decline: *above* some of the Port of Tyne Authority's vast landholdings. Much of it is unused. *Below* the derelict site of Saltley gasworks temporarily used as a vanpark for Servatomic, a GKN subsidiary involved in North Sea Gas conversion work.

In the image of capital

It would be easy to conclude from all we have said that nationalisation can provide no solution to the employment problems which beset working-class communities in the older urban areas. Certainly, the examples from the five CDP areas suggest that the activities of nationalised industries have resulted in the loss of many jobs, while the jobs that remain are often insecure, badly paid and unpleasant. However, it is necessary to bear in mind both the conditions under which firms are nationalised and the way the state has chosen to run them.

1st January 1947, Lord Hyndley, first National Coal Board chairman, unfurls the nationalisation flag. It is still being paid for today.

The loss-makers

The 'first generation' of nationalised industries were consistent loss-makers, inefficient and suffering from severe and chronic under-investment long before they were nationalised. The railways and the coalmines are typical. As well as the problems they inherited from private enterprise, the early nationalised industries still suffer from the financial burdens of the compensation arrangements. When the coalmining industry was nationalised, £309.7m was paid out to the coal-owners and a further £78.5m to the Royalty owners (such as those who owned the land). The National Coal Board had to borrow heavily do to this, and by March 1973 had only managed to pay back £108.5m; today it is still saddled with a heavy debt burden on the original capital sums as well as huge interest payments.

The alleged 'unprofitability' of the nationalised sectors must also be seen in the light of government policies towards the pricing of goods and services produced by them. Successive governments have used their powers to hold down public sector prices. This has been claimed to be a counter-inflation device; it was argued that the advantage of lower prices for steel, power and so on would be passed on by private manufacturers to the consumer. A more realistic way of looking at it is as a hidden subsidy to the profits of private industry. Firms receive crucial supplies at prices below those which would obtain if they were produced in the private sector, i.e. at a profit; moreover, private industry had actually demonstrated its failure to produce these goods and services economically, which is why these sectors were taken into public ownership at all.

Chances missed

Another reason why the possibilities of nationalisation cannot be judged by past and current practice is the failure of governments, Labour and Conservative alike, to use the opportunities presented. The existence of a nationalised sector opened the possibility of advance toward industrial democracy or towards a more socially responsible and integrated planning system for British industry. Yet nationalised industries so far have operated as commercial enterprises, concerned foremost with their own viability in orthodox financial terms. They are run undemocratically, as is the private sector, and with no more obligation to take into account the social costs of their activities or to promote broader social objectives than their 'free enterprise' equivalents. The cost of this narrowly-defined role is heavily paid for by state workers – the low wage earners of the Post Office, the railways, the Gas Board. They operate in under-invested industries, providing subsidised goods and services so that private companies can make profits.

Just like private industry, the state as employer reaps the benefits of the loss of manufacturing jobs in the older industrial areas. These areas are a ready source of labour for its low-paid service industries as well as the older basic nationalised industries. In most of the five areas, for instance the Post Office has expanded as an employer in recent years. It now employs over 1,800 workers in Saltley, mainly in service and warehousing jobs on former industrial land. In Canning Town, its contribution has been the new Overseas Mail Sorting Office, employing 1,200 people. Many of the residents of these areas are drawn into work in the worst paid jobs in the welfare state: in hospitals, for local authority social services departments, in schools and colleges. They are the cleaners, the home-helps, the canteen workers, the street-sweepers and the dustmen. Working for the state offers these people no more control over their woking environment than working for private industry.

An alternative

In the British economy, public and private sectors are unequally divided between the unprofitable and profitable industries. The public sector does not operate in the 'commanding heights' of the economy. The role that it is assigned is basically that of taking on functions which private industry is no longer capable of performing but which are neverthless vital to the maintenance of the private enterprise system as a whole, and in these terms it has been successful. But this basic fact is often lost sight of when the nationalised industries are charged with general inefficiency; their 'unprofitability' is blamed on nationalisation itself, and it is concluded that nationalisation is no solution. Plans to extend nationalisation to the more viable sectors of the economy always meet bitter opposition, both from those industrialists directly affected and from wider sections of society who fear that the present economic system might be undermined by the example of 'successful' industries under public ownership.

The most recent attempt to take into public control some profitable sections of industry, the original National Enterprise Board proposals, collapsed under pressure from the Confederation of British Industry and other entrenched interests. If introduced in their full, original form the proposals should have enabled the government to begin to exercise some real control over economic development, in contrast to the 'voluntary' planning framework which, to date, has failed. In particular, it could have intervened to control the activities of some of the major multinational firms, both through direct public ownership under the auspices of the National Enterprise Board and through a system of indirect controls. The latter would have included the take up of public controlling shareholdings in leading firms, the enforcement of planning agreements between government, unions and employers, and the right for unions to have information on the forward strategies of the large companies. Planning agreements, intended to make leading private sector firms and public corporations more socially accountable, would have covered such areas as forward investment programmes, manning levels, job creation and location, technological development, export programmes, and pricing policies. In other words, the combined system would, for the first time, have begun to offer a public enterprise system with some power, but at the same time accountable to workers and others whose livelihoods depended on or were affected by it.

The retreat

The measures designed to implement this system were altered beyond recognition before half of them were ever even included in Bills. The Labour Cabinet never accepted the basis for taking over the twenty-five leading companies earmarked for direct control. Hysterical reaction from the CBI, equally hysterical presentation of this by the press, and the willingness of the government to pay more attention to them than to their own Party, all conspired to castrate the measures. Between 1974 and the present, we have been left with the tattered remnants of the original ideas: a planning agreements system which is totally voluntary and seldom, if ever, used; and an NEB which is under the strict control of the Secretary of State for Industry, and which has no powers to compulsorily acquire any company nor to even purchase more than 10% of its shares if it is unwilling to sell, without his permission. The NEB is also strictly limited by the inadequate level of finance available to it – £950m over five years. One of its roles is very similar to the previous Labour Government's Industrial Reorganisation Corporation: that of promoting industrial efficiency and profitability and assisting in the reorganisation of industry. There are now no requirements for firms to disclose information to workers: so the line of social accountability has disappeared. There is, however, a strong upward line of accountability, with the NEB forced to answer to the Department of Industry, to the various Commons Select Committees, and ultimately to the NEDC (the Conservatives' planning and co-ordinating body), a similar structure to that long advocated by the CBI.

The present government's strategy neglects the issues raised by the earlier programmes, and relegates the NEB and planning agreements system to subservient roles in the *Attack on Inflation* and the *Approach to Industrial Strategy*. The aim of present policies is to ensure the adequate competitiveness of British firms, and to restore their profitability; to these ends public expenditure is being reduced so that resources can be channelled into private industry. The re-assertion of the importance of high profits for a 'vigorous' private sector, and the choice of a basically voluntary planning machinery, based on the NEDC, means that the government have clearly opted for capitalist solutions to capitalist difficulties.

The real issue

What does this mean for the kind of problems we have been addressing in this report? The critical point is that the original proposals for the extension of state ownership and control had built into them an appreciation of the structural and regional implications of such a strategy. What were the central planks of the industrial, economic and regional policies are now minor vehicles for channelling state money into private industry. The original proposals, whatever their inadequacies, did recognise that the 'regional problem' and the 'inner-city problem' were themselves products of a certain mode of capitalist development, and that it was inadequate to deal with them by merely re-jigging varieties of incentives or by positive discriminatory practices. They saw that simply planning the infrastructure whilst leaving the underlying industrial and economic structures to the whim of the private entrepreneur had been proved to be no solution. The problems of industry, employment and the overall allocation of resources were integral to the 'regions' and the 'inner cities', and planning had to encompass them in a more systematic and directive way. In the words of one of the originators of the alternative approach of the last few years:

> As for hopes of regional job creation, and the ending of the social injustice which has blighted Scotland, Wales and the North for so many generations – forget them, unless we do what needs to be done. (Judith Hart, *The Guardian*, 1.7.75)

The tale of the National Enterprise Board proposals, August 1975 to March 1976.

Labour to scrub the 'unacceptable face of capitalism'

By our City Staff

Wide-ranging reforms of the City, designed to erase the "unacceptable face of capitalism," were proposed by the Labour party yesterday on the same day as the Bank of Eng-

ings of the Stock Exchange and of what it identifies as the weaknesses of the Takeover Panel. In the introduction to its proposals, it rejects the

based on the principle that the Commission always has overriding authority. The case for legislative power rests on the fact that the voluntary system has not shown the necessary

Economist attacks NEB

By PETER RODGERS, Industrial Correspondent

The National Enterprise Board's philosophy received an unexpectedly sharp attack last night from Lord Seebohm, chairman of Finance for Industry, which is the city's addition to Britain's industrial recovery armoury. It emerged last year with Government encouragement, particularly from Mr Harold Lever

He said: "This is the philosophy behind the NEB, with its initial one billion pounds spending money—but can we believe with the debris of 30 years of State planning around us that the consequences will be other than ruinous?"

He added

within our no longer creeping collectivism, or direct political action must be taken to recreate the conditions of its success.

Shortly before, at an inter-

Government faces new attack on NEB guidelines

By VICTOR KEEGAN, Business Editor

The Government is expected to come under fresh attack from its left-wing next week when it announces guidelines for the operation of the National Enterprise Board which will further circumscribe the actions of the NEB. It is believed concessions to industry which will sooth the

Constraints on NEB will anger the Left

By PETER RODGERS, Industrial Correspondent

The Government has put new constraints on the National Enterprise Board—revealed in draft guidelines published yesterday — which are likely to cheer private industry and anger the Left wing of the Labour Party.

Among them is a lower level on the stake it can buy in a company without getting Government permission, if that company's board opposes the NEB purchase. Ther is also a new limit of £25 millions on the size of loan, guarantee, or joint venture which the NEB can get involved in without Government permission, and an instruction to stick by the City code on takeovers and mergers, the Stock Exchange listing requirements, and the fair trading legislation.

Other conditions which have clearly pleased the Confederation of British Industry include confirmation that the guide-

holding in International Computers from the present 10 per cent.

The guidelines, which have been published for public comment but which are unlikely to be changed much, make it clear that the Government will monitor closely the NEB —although it promises to keep out of day-to-day management. The guidelines say that the Government will try to keep its oversight of the NEB to long-term strategies based on annual medium-term investment plans and budgets, but inside that there are a long series of moves which the NEB can make only with Government permission.

The guidelines, for instance, confirm the impression that subsidiaries of the NEB as big as British Leyland are still hampered in their own takeover policy. This is shown in a negative way by a general permission for subsidiaries to buy more than 30 per cent of the

prices, but the transfer cannot be made without the permission of two other key shareholders, GEC and Plessey, each of whom have about 20 per cent.

Next week's publication of the NEB guidelines is all the more sensitive politically because of the way the recent Public Expenditure Review clipped the financial wings of the NEB.

By the time the NEB has paid its share of the funding of some of its incoming patients like Rolls-Royce (1971) and British Leyland, it will only have about £550 millions left out of its original kitty of £1,000 millions. It had always been presumed that lame duck situations like Leyland forced on to the NEB by the Government would — in keeping with the spirit of the White Paper (The Regeneration of British Industry)—be paid entirely out of the Government's kitty rather than that of the NEB.

Although it is always open to the NEB to ask for more money from the Contingency Fund (on which other departments will also be making competing claims) it looks as though the NEB will have less money available than originally envisaged.

A combination of this and the guidelines seems bound to trigger a fresh row in Parliament even though many Left-wing MPs realise that their battle to make the NEB as interventionalist as its founding fathers envisaged was lost long ago.

NEB no hospital for lame ducks—Ryder

Sir Don Ryder interview

'I want to see the National Enterprise Board as a soundly commercial animal'

Conclusion

The present national economic crisis has brought the problems of all these areas to a head. The near collapse of British manufacturing industry has badly affected the older industries in the places we have described and will continue to do so. And the present economic strategy of the government, designed to speed up the reorganisation and rationalisation of British industry, will only accelerate the decline of the older areas.

With one hand the government pours words and money into more 'special' policies and programmes designed to relieve the problems of these areas. With the other it introduces severe cuts in public expenditure in the name of restoring profitability and investment in manufacturing industry, doing far more damage to these places than any special policies can make up for. Many of their public sector workers will certainly lose their jobs, to be joined in the dole queue by others made redundant from industries investing in capital rather than labour, or from plants rationalised out of existence as industry reorganises.

These declining areas have little chance of being 'regenerated' again. There is so little mobile industry at present that a successful 'work to the workers' policy is nothing more than a liberal utopian dream. The irony here is that in this situation the competitive bidding by development agencies and local authorities continues on an increasing scale. When there is scarcely any mobile industry to cajole and bribe, there are more potential bribers in the market all doing the same thing, all with an even smaller chance of achieving any sort of solution to the problems.

Nor is this the only contradiction in policy. While the government invents ever more 'special' programmes, it abandons the very policies that might really begin to cure the problems of the inner cities and older declining areas. The most relevant measures are not to be found in tinkering with housing or labour markets, nor with population dispersal policies, nor in the creation of special development agencies or of regional assemblies – but with measures designed to control the activities of capital. In this respect, the National Enterprise Board proposals we discussed in the last chapter, whatever their inadequacies, pointed the way forward. Until policies are implemented which seriously challenge the rights of industry and capital to move freely about the country (not to mention the world) without regard for the welfare of workers and existing communities – who end up carrying the costs under the present system – the problems and inequalities generated by uneven capitalist development will persist.

Throughout this report, we have deliberately avoided coining new policy catch-phrases or inventing new mechanisms; neither have we dealt with the political structures which will be necessary before any new policy measures can be implemented. We recognise, however, that labour organisations have a major task in front of them in achieving the kinds of changes which are vital to solve the problem we have outlined. Now is the time to organise to achieve these aims; to acquire the political thrust so that measures can be formulated and implemented which will begin to control investment in the social interest, to produce a socially rational distribution of industry, and to ensure that the costs and benefits of industrial change are shared evenly by all sections of the community.

Industry, the State, and the older urban areas

The Costs of Industrial Change traces the spectre of what could one day happen to any of Britain's apparently successful industrial areas. It lays bare the course and consequences of industrial development under capitalism in a close study of five areas, Benwell in West Newcastle, North Shields (Tynemouth), Batley (West Yorkshire), Saltley in Birmingham and East London's Canning Town. Based on the work of the five Community Development Projects in these places the analysis presented here not only applies to the many older urban areas across the country whose local economies, like theirs, are dying, but to newer areas too, like Skelmersdale and Coventry.

Chapter one describes the making and breaking of the five areas, tracing the process of industrial development through from their rise in the mid-nineteenth century to their present state of collapse. Chapter two examines how government policies have attempted to deal with the problems this process threw up. It looks at the development, first, of regional policies — how effective have they been? did they really grasp the nature of the problems they set out to solve? — then of the more recent urban policies. Chapter three turns to the process of capitalist development itself, with detailed case studies of some of the major industries in the five areas: British Leyland in Saltley, Canning Town's docks, and the textile industry in Batley for example. There it finds the roots of problems which no mere adjustment to present institutional arrangements will solve. The last chapter returns to the state to look at its wider role in relation to industrial development and decline. It too presents the detailed evidence of particular cases, among them the industries of war, the nationalised industries, shipbuilding and shiprepair.

The existence of areas like these is shown to be useful and even necessary to the normal operations of the economy while the state's interventions to date, far from easing the problems have actually contributed to their creation. Again and again the report shows how the working-class are forced to pay the costs of industrial change.

'This report is committed and concerned . . . It makes the philosophical link between economic and industrial policies, on the one hand, and on the other the social policies which scramble to meet the human deprivation they cause — or fail to resolve.'
Judith Hart M.P.

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