A C T A   U N I V E R S I T A T I S   L O D Z I E N S I S
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LOCAL GOVERNMENT, BIG BUSINESS AND JOB LOSS; LOCAL GOVERNMENT, SMALL BUSINESS AND JOB GAIN

These are two papers but they are inter-related and go together as one. The term "business" has been used rather than "enterprise" to extend beyond manufacturing industry and to cover cases where a number of smaller units in different locations and even countries come under the control and direction of a large business or corporation. Thus, the criterion of size, although usually expressed in employment terms, also importantly involves ownership and control and multi-plant, multi-location operation.

The paper first explains the title and its context in the contemporary economic and employment situation in Britain. This context includes the statistics provided as a background on size of business, public/private split, and industrial structure and on job change in Britain and the West Midlands in recent years. The paper then discusses some of the issues behind these statistics, namely those of the growing scale of business in Britain, of the logic of market forces, of the distribution and redistribution of industry, of national government policy particularly since 1979 and of the mix between the public and private sectors. Local economic initiatives attempt to counter these trends in the interests of the local economy but the scale of the task is simply beyond them.

There then follows the specific discussion of the two phenomena of big business and job loss and of small business and job gain and of the policy issues involved. Brief reference is made to the remaining sectors of middle-sized business and of special "non-capitalist" business.

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The second half of the paper is directly on local economic initiatives by local and central government. The material on this is organised under a series of headings to bring out important facets and to differentiate between local areas. These headings are: the factors of production addressed by the initiatives; the characteristics of local areas; the agency involved; and the political philosophy behind the initiatives. These are seen as impacting on the kind of local economic initiatives introduced and whether they put the emphasis on incoming or indigenous industry, on traditional or radical policies, etc. Choices such as these concern both priorities and attitudes to intervention as reflected in the harnessing of financial and other resources and of powers. Despite all the activity on local economic initiatives, the paper concludes that the constraints on success are severe and local employment problems are likely to persist despite the efforts set out here.

Explanation of the Title

Big business where jobs are being lost and small business where jobs are being gained seems to be the style taken by employment change in Britain since about 1967 and still at present. Thus, these two trends shape local and central government policy towards the local economy and towards employment in local areas. The concern here is with the local and regional rather than with the national, i.e. with the distribution and redistribution of employment in space rather than with its overall volume though that is certainly also a problem. Thus, the paper is much concerned with local economic initiatives.

These trends and policies are illustrated from the West Midlands County and Region alongside national figures - to show up local differences.

In broad terms, big business is that employing over a thousand and, usually, many thousands of workers not necessarily all at the same site. Small business, on the other hand, is that employing under a hundred workers and, more commonly, under twenty usually at one site. The two, therefore, represent extremes, with 60% of all employment in big business and 90% of all firms in small business.

Context of the Title

While the origin of employment loss and manufacturing decline in Britain and the West Midlands lies in international and national trends after about 1967, the treatment of at least some elements of the problem can, and must, usefully occur at the local level - not least because those elements need local knowledge, expertise and administration in their treatment.

Statistical Context

Four groups of statistics seem to be required as a basis for this paper. All are expressed in terms of employment and, so, over-emphasize the decline which has been worse in employment than in output. These are statistics on:-

(i) the size structure of businesses in order to appreciate the large size and limited number of the big businesses and the vast numbers of very small businesses; tables 9, 10 and 11 provide the data.

(ii) the public/private sector split of businesses in order to see where the privately owned businesses with which local economic policy is mainly concerned occur. However, our state owned businesses are now run on profitmaking lines very much like the private sector. The government has little time for the social objectives that used to differentiate nationalised industries. This data is in employment terms (not numbers of businesses) and it has been spelt out in some detail because, quite apart from the needs of the paper, it seemed likely to be of interest. Table 8 provides this data.

(iii) the industrial structure of businesses with the separation into five broad sectors and, in particular, separating declining manufacturing from expanding services. Table 1 provides this data.

(iv) the scale and structure of job change and, particularly, of job loss. This is evident from all the tables as each gives change over time but is spelt out most clearly in tables 1, 2, 5 and 9. Table 1 contains five parts to show up the different parts of the West Midlands and in Great Britain.Part iii covers the most prosperous part of the Region, that outside the West Midlands County, and part iv the least prosperous, the inner area of Birmingham.

In summary, I am talking about a loss of 400,000 manufacturing jobs in the West Midlands Region between 1971 and 1984, i.e. a loss of 36% of the total manufacturing employment of 1971. This loss is made up of a loss of 116,000 1971-78 and of 283,000 1978-84. These jobs were mainly male, manual jobs in the West Midlands County in the factories of the big businesses, both private and public and often those in or attached to the motor car industry. Job losses in the key big firms are indicated in table 2 for the West Midlands County and, with some overlap with table 2, in table 9 for Birmingham.

One can almost present the process as this: on the one hand, more and more plants are absorbed by big business, with many of these being closed down after acquisition as surplus capacity and, on the other hand, some of the ex-workers from these closed plants, in desperation and in dis-illusionment,opening up their own small businesses and, so, seeming to create new jobs. But the second does not in any way balance out the first and there is massive net job loss - leaving plenty of room for a policy response to job loss.

Some Issues behind the Statistics and Policy Response

(i) The issue of ownership and control, plus the growth in scale of business.

The key difference between big business and small business is that of control and, within that, of where control is located and how many units are controlled, i.e. the issue of concentration and centralisation of capital to use Marxist terms. Big business, whether public or privately owned, is often controlled from outside the local area, externally controlled as we say, and there is much more of this externally controlled big business about in recent years. In Britain, headquarters offices are disproportionately located in London - in 1972, 506 and, in 1977, 525 of the headquarters of the leading 1000 companies were in London and only 88 (1972) and 85 (1977) were in the West Midlands Region (and that was more than in any other region outside the South-East, and London, except one).[1] The argument is that externally controlled corporations will not have local loyalties to either their labour force or the local economy and will also be aware and able to take up potentially more profitable locations. In contrast, small businesses are usually owned by the managing director, who lives locally, has no other plants and is unaware and disinterested in alternatives and has loyalties to his locality and his labour force whom he knows by name, etc. These two stereotypes are not universal but they commonly fit large and small businesses and are found amongst policy-makers.

(ii) Then there is the issue of market forces and their logic including whether the market is self-adjusting in every instance. The present government seems to have great faith in a) market forces and b) that those market forces will in the end restore Britain and the West Midlands to prosperity. These are two separate issues and the second seems particularly doubtful given the new locating factors in the world. Local authorities, in developing local economic initiatives to counter both market forces (a and b) and the government's apparent indifference to local unemployment and manufacturing decline, are deliberately intervening in the market and attempting to control capital and big business in the interests of their locality.

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[1] J. Goddard and I.J. Smith, "Changes in corporate control in the British urban system", Environment and Planning, 1978, vol. 10, quoted in J. Mawson and A. Taylor, The West Midlands in Crisis, ESRC Inner City in Context Research, Working paper 1, July 1983, p.33

(iii) Then there is the issue of the distribution of industry and employment in Britain (not to say the world) in the face of a) multi-national corporations; b) market forces; c) changes in locating factors and d) within the latter, the redistribution of functions to put research and development and head offices and innovating factories in the core (or south-east Britain) and routine manufacturing processes in the periphery (outside the south-east and a line from the Wash to Bristol in Britain and, of course, outside Britain). The latter, as a consequence of enormous reductions in transport costs, communication and control problems and manual skills means that, with new technology and division of labour, the manufacture of many simple, routine products can be located where labour is abundant, docile and cheap and can relocate as, and when, cost advantages change. Eastern Europe and the Third World now more than compete with the West Midlands in cheap labour and Germany, Japan and the United States in new markets and technology. This transformation began at the end of the 1960s and is still gathering force.[2]

(iv) Fourthly, there is the issue of national government policy, especially after 1979 though the change came in fact under Labour in 1977. The government's priority has come to be to reduce inflation and, in doing so, it has deliberately created unemployment to cut wages and force competitiveness on both public and private sectors. It has also cut, or rather restricted, public expenditure (except defence and law and order) by central and particularly local government. This has meant that there has been little money to spend on local economic initiatives - despite mounting need for them. It has also restricted public employment and public purchasing and private demand.

(v) Finally, there is the issue of the "mix" between the public and the private sectors in the economy or, put another

[2]See F. Frobel, J. Heinrichs and O. Kreye, The new international division of labour. Structural unemployment in industrialised countries and industrialisation in developing countries, Cambridge, 1980, which refers to clothing being "sewn" in Polish factories for German firms.

way, the issue of where and how in the economy the government is going to intervene directly to provide production or services. The Labour Party confidently nationalised the commanding heights of the economy in 1945 but, first, these often turned out to be parts that no one else wanted and more were nationalised later for the same reason and, second, nationalisation proved not to be a complete solution - for the government then had to control the industry or firm and found its politics, social policy and economic aims very confusing and so found management of the public sector very difficult. Nationalisation, with exceptions that we tend to overlook, became discredited.

So the choice of "mix" has been difficult and the line between private and public has been moving quite exciting recently. There has been a marked change in attitude to public, state-run businesses and services since 1979, not just in the Conservative government (and, of course, in other countries too). Slowly and with some difficulty, but great determination, public provision is being privatised - even though that creates private monopolies.

A second change of attitude should be mentioned and that is towards Keynesian demand management as the treatment for unemployment. Keynes has been discarded by the present government (and by others). However, perhaps the real issue here is not that Keynes' theory is at fault in generating inflation but that our present unemployment problem is structural not cyclical, demand-deficient unemployment and structural unemployment requires a quite different treatment than Keynes provides.

The government's policy, plus the other issues of multinationals and changed locating factors combined with the logic of market forces, have resulted in massive job loss and high unemployment, especially in manufacturing and in uncompetitive sectors where import penetration and export decline have impacted. In the West Midlands, the industrial structure biased towards the declining industries, factor disadvantage in terms of labour costs, inappropriate skills and land congestion and shortages, and the characteristics of local firms have heightened the problem. Low investment over many years is now reflected in relatively low productivity or net output per employee.

So there is a severe local unemployment problem. The unemployment rate at present is 16.8% in the West Midlands County (compared to 13.7% in Britain) with parts of the County with 40% out of work - and, remember, these ~~rates are for~~ claimants of unemployment and supplementary benefit only and exclude all the young people on Youth Training Schemes and many women and older men who have temporarily left the labour force and do not qualify for benefit.

While some of this unemployment may be temporary and cyclical, most is the result of structural change. The jobs lost are never going to come back in their old form and location.

So there is a clear role for local economic initiatives by local and central government to promote needed structural change which market forces has not generated - to reduce big business job loss and to promote small business job gain.

But, while almost every local authority is active in this field, political, economic and social differences influence the package of policies chosen. I will return to this in the second part of the paper. First, I want to focus specifically on the two contrasting issues in my title. Let's start with big business and job loss and the policy options available to confront this.

Big Business and Job Loss

This issue of big business and job loss must be set in the context of multi-plant, multi-national corporations dominating manufacturing and much else and serving what is increasingly a world market so that they have to compete with the world. It must also be set in the context of deskilling of production processes and the revolution in transport and communication opening up a far wider range of production sites. In consequence, British and West Midlands manufacturing has been hit very hard by competition from developing and developed countries. Manufacturing businesses, big and small but with leadership and strength/capacity generally expected to lie with big business, have therefore had the choice of rationalising production at their existing sites in Britain and the West Midlands or of relocating production to new sites with lower costs or new opportunities in order to compete in the domestic and world market place.

Rationalisation or restructuring takes three alternative forms in practice, all intended to raise productivity per head and cut costs: redundancy, i.e. reduction in the labour force to reduce overmanning and increase productivity with this often involving actual closure of at least satisfactory plants in order to cut capacity. The third alternative is decentralisation of production to the lower cost, more modern and flexible plants usually to be found outside the old core industrial areas like the West Midlands County. All three alternatives generate job loss of a permanent kind in the old industrial areas like the West Midlands County and the other conurbations. (See table 5). Massey and Meegan[3] classify this production reorganisation and job loss as taking place under three distinct, even if often co-existing, processes. These three processes are:

- intensification, i.e. changes designed to increase the productivity of labour but without major reinvestment or reorganisation of production technically;
- investment and technical change, i.e. changes involving technical change and production technique;
- rationalisation, i.e. simple reduction in overall production capacity.

Taking 31 selected manufacturing industries and the years 1968-73, Massey and Meegan found that 9 industries rationalised; 6 intensified; and 16 invested in technical change. In another 27 industries, the nature of change was less clear cut in those five years.

Two sets of statistics illustrate the employment problem this generates in the old industrial areas, including London and the West Midlands County. Table 5 looks at manufacturing employment change by type of area (i.e. size of town) 1960-78 in Britain - and, remember, 1978 preceded the crisis; at that time job loss was slow but sure and not yet catastrophic. The contrast lies

[3] D.Massey and R.Meegan, The anatomy of job loss. The how, why and where of employment decline, Methuen, 1982, p.18.

between the manufacturing job loss of 42.5% and 26.5% in London and the six conurbations with populations of over a million and the job gain of 15.7% and 38.0% in the small towns and rural areas with under 100,000 people. However, also note that the losses massively exceed the small gains. This explains why local economic initiatives have been most radical in the conurbations.

But we are concerned in this paper with big business (rather than big cities). Table 2, page 3, looks at this. The table relates to manufacturing employment change 1977-82 amongst the 26 largest manufacturing companies at their plants in the West Midlands County. The smallest of these 26 employed 3200 in 1977 in the West Midlands County and the largest 84,000 (nine employed over 10,000 each in the County; three over 20,000). Job loss 1977-82 ran at 40% but external control did not add to job loss - but size and multi-plant character obviously did so for this loss of 124,000 jobs takes up about two-thirds of the losses in manufacturing over these years in the County leaving a rate of decline of about 33% in the remainder. Table 9 gives similar figures for Birmingham (within the County figures).

Policy Response

The policy response by local and central government has been a drive to keep as many big company jobs as possible in the industrial core and particularly the inner area. Apart from nationalising British Leyland in 1975, this broadly entails being as careful as possible in terms of planning policy on sites, premises, traffic access, etc. Otherwise, many would argue that the local authority, even one as large as the West Midlands County Council, cannot control or even assist these big corporations. This is so because these big corporations are able to borrow money on the market or buy in expertise or premises or skilled labour and move to other areas if the grass there seems greener. Money and power are not a constraint that the local authority can ease and the balance of power often lies with the big business.

In practice, local authority and central government policy towards big business divides into two political camps. The Conservative, neo-classical economic view is that the logic of capitalism must be allowed to do what it needs or wishes to do.The only role for government is to encourage the factors of production needed by the big business to be competitive in price and quality and to suggest a more up-market product so that the extra price and marigin that comes from quality will cover the higher costs of operation in Britain, the West Midlands and its industrial core. The government's wider macro policy, including cuts in intervention and controls, pressure on wages, promotion of training, etc. is seen as helpful to this - though the exchange rate and rate of interest may be decisive matters.

The problem in my view is that this may not be enough to maintain or restore the West Midlands County or Britain to an attractive, competitive location for big business in products saleable profitably in 1985. It may leave big business prosperous, growing and profitable but not producing jobs in the West Midlands - as indeed is the present position.

The alternative approach comes from the left wing of the Labour Party and goes with a Marxist recognition of monopoly capitalism, uneven development, etc. It considers that it is crucial to control market forces in the interests of the local economy; big business must not simply be allowed to exploit local labour or to move its investment elsewhere without meeting the social costs entailed. The Alternative Economic Strategy[4] advocates much greater state control over the behaviour of firms with nationalisation as a threat or device to insure local jobs and with assistance only given in exchange for planning agreements. The fear is, however, that such positive intervention may merely drive big capital abroad and be unable to provide a viable alternative.

The dilemma of how to cope with big business job loss - a loss that is expected to continue as investment and technical change and intensification raise productivity and competitiveness

[4] E.g. The London CSE Group, The alternative economic strategy, 1980. It is an alternative to both the Conservative and the mainstream Labour proposals.

- causes many local economic initiatives to turn to medium and small businesses as more helpful sector for positive action. So let us turn to small businesses and job gain.

Small Business and Job Gain

The support for small business promotion is almost universal in Britain today. Only a few voices on the Labour left question the quality of the jobs provided in the informal,backstreet,low-wage sector that is much of small business. Others take the view that any job is better than no job, however poor the pay or prospects.

However, small business promotion is also an area where issues are glossed over and not confronted. First, what is small business precisely? Remember our size band was 1-99 employees. Such a firm may be an unlimited business on an individual or partnership basis or a limited company. The form has no significance in job terms. One can distinguish:-

a) existing small businesses and these may be divided into two groups: (i) those that have remained small for many years and show no inclination or aptitude for growth; there are thousands of these; (ii) those that have started up relatively recently and are in process of growing - there are relatively few of these but they are crucial to job creation.

b) new small businesses, i.e. start-ups. Our new value added tax system enables us to say that, between 1974-82, an average of 155,641 businesses registered each year and 131,451 deregistered each year giving a favourable balance of 24,190 p.a. in the United Kingdom (Britain plus Northern Ireland) despite two thirds dying within $2\frac{1}{2}$ years (British Business, August 12,1983, p.839). An enormous amount of effort is being put into promoting and facilitating start-ups and about investigating the supply of entrepreneurship and the character of background of founders or entrepreneurs.

A well-known study[5] classified founders as either craftsmen or opportunists. Two-thirds of founders were simply skilled craftsmen in traditional trades who set up on their own to supply a niche in the existing market. With little education or ambition, these small businesses stayed small and offered no diversification to the local economy nor any extra jobs. The other kind of founders, the opportunists were quite different - eager, educated, middle-class, determined, ambitious, flexible, these opportunists had been waiting to establish their business until they saw a product or service that promised profit and growth and, if the first prospect proved unsatisfactory, they changed. Such firms grew 12 times faster that those of the craftsmen and offered diversification and growth to a local economy but they were set up where the grass looked greenest and that may not be in the industrial core.

The whole drive to promote small businesses therefore ought to focus on finding these opportunities and seeing that they set up business successfully - and, though perhaps it may be dangerous, organising premises, assistance, labour,etc. so that they set up in the industrial core rather than on the M4 Corridor in the South-East or abroad. It may be dangerous because we know little about the best environment or the environmental limits on opportunist new businesses. Obviously Cambridge, with its science park[6], has this environment. The Universities of Aston and Birmingham and Warwick in the West Midlands County (and many others in other parts of Britain) hope to be able to emulate some of Cambridge's success.

c) the self-employed as new or small businesses. The self-employed are a very mixed bag and may or may not have employees.

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[5] N.R. Smith, The entrepreneur and his firm, Michigan, 1967 (no copies in England). An alternative set of management types is: the wheeler-dealer; the family businessman; the hived off tradesman; the boffin and the enterprise maker, Dr.R.M.Belbin, "Launching new enterprises. Some fresh initiatives for tackling unemployment", Employment Gazette, April, 1980, vol.88, p.363.

[6] Segal Quince and Partners, The Cambridge Phenomenon. The growth of high technology industry in a university town, Segal, 1985. Cambridge area has 322 high technology companies and these now provide 17% of local employment; 60% have started since 1978 and 17% have a direct link with Cambridge university.

Many professional people like accountants have always been self-employed, working for themselves; many directors of companies, even big ones, are self-employed. But, at the other extreme and especially nowadays, there are a mass of diverse people who work for themselves for lack of finding anyone else to employ them "properly", i.e. provide a wage plus sick pay, pensions, etc. Many of these effectively work for someone else without security on a regular or casual basis, eg. building workers, waiters, cleaners, etc. and many of today's consultants are of that kind. The disadvantage is that the self-employed do not qualify for unemployment pay when they have no work nor sick pay and their benefits are less. The advantage is that all their expenditures related to their work can be deducted from tax - but many do not earn enough to pay tax.

The self-employed have multiplied (and are outside the employment statistics I have given you) and the government keeps pointing proudly to the expansion - an increase from 1,954,000 in Britain in 1971 to 2,199,000 in 1983, i.e. an increase of 13%. Closer examination reveals an 8% increase for men and a 32% increase for women. Moreover, the sharp increase 1979-83 followed a considerable fall in the mid-1970s.[7] Both these points detract from the expansion of male self-employment as representing a burst of new business and rather suggest the trend reflects the deterioration in labour market conditions. More typical is the concept of a female cleaner in the public sector whose job has been privatised into an intensified subcontract one at a far lower rate of pay. Much of the increase in self-employment reflects those at the bottom of the employment market being pushed lower by market forces and the reserve of unemployed labour, i.e. desperate people often providing jobs for their families amongst ethnic minorities and in the inner city and motivated by loss of existing, and absence of alternative, jobs, leading to craftsmen type small businesses.

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[7] Barbara M.D. Smith, Changes in the numbers of self-employed in the West Midlands Region, ESRC Inner City in Context Research, Working paper 10, August 1984.

In the West Midlands Region, self-employment was up 17%, above the Great Britain rate (up 13% for men and 33% for women).

Second, how much of the expansion of small business is in manufacturing? The work that is most often quoted by small business's eager but ignorant proponents is that of Birch in the United States.[8] There and in Britain, the statistics indicate an increase in the numbers of very small businesses and an increase in the jobs provided in that sector but the bulk, if not all, the small businesses and jobs are in the service and not the manufacturing sector. The record looks good on the surface but a) jobs gained are few in absolute terms while losses are huge; b) gains are in services and tied to purchasing power and even manufacturing and, thus, will be hard-pushed to survive in the absence of recovery in manufacturing; c) the gains are mainly in female jobs, often part-time and low paid and will hardly "replace" in any sense the male, full-time, manual jobs lost in manufacturing; d) in Britain, the gains tend to be in different parts of the country from the losses and, moreover, the growth services of the 1980s that we want to encourage often require considerable education lacking in many job-seekers - and these clerical jobs are likely to be hit by new technology in the office in the next few years. The VAT data already quoted classified only 9.3% of the new registration for VAT as in production industries though 62% survived the ten years.

Third, the birthrate of new businesses may be up but what about the death rate? The high birthrate is almost cancelled out by the death rate - the statistics have been quoted. The increase in the numbers of small businesses in tables 9, 10 and 11 is partly due to the shrinkage in size of all the groups in size bands above.

Given limited spending power (and high unemployment, restricted benefits and restrictions on wage increases), new entrants to business often merely undercut or push out some existing small businesses, perhaps even a start-up of a year or two earlier. Peter Lloyd and Peter Dicken speak of a "crowded platform" ef-

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[8] D.L. Birch, The job generation process, Cambridge, Mass., 1979. See table 7B.

fect by which a finite span of market opportunities is attacked by a succession of competing firms with short life cycles[9]. Newcomers expand quickly under such circumstances but largely at the expense of others - and so do not add to the number of jobs. This concept has important implications for the value of state-aided or private start-up schemes unless "market-room" is also created.[10]

Policy Response

The policy response to the potential of small business has been uncritical and, as mentioned, almost universal. Central government has had a major role as will be shown later. A major attraction of promoting small business, particularly for local government, is that policy and impact are essentially local. The policy addresses local entrepreneurs and local businesses who are easy to contact, are the decisionmakers on investment and location, and are unlikely to be mobile in their investment - i.e. they are all the things that big business is not.[11] Moreover, the local authority can offer the small business, and many of them at once, the scale of help that can be decisive whether it be in terms of premises, finance, training, advice or the easing of business establishment by the removal of barriers.[12]

Furthermore, while job gain in small business is inadequate to compensate for job loss in big bisiness, it is certainly better than nothing. Even the crowded platform effect may be

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[9] P.Lloyd and P.Dicken, Industrial change: local manufacturing firms in Manchester and Merseyside, Dept.of the Environment, Inner Cities Research Programme No.6, November 1981, p.iii.

[10] Ibid., p.iii.

[11] See Barbara M.D.Smith, "Industry in metropolitan area plans: proposals and experience in the West Midlands County, England", chap.10 in D.F.Walker (ed.), Planning industrial development, Wiley, 1980, pp.226-7.

[12] Central government prides itself on having introduced 108 different changes in legislation to help small and new businesses since coming to office in 1979, Treasury, Economic Progress Report, no.132, April 1981 and no.156, April 1983.

countered by the thought that the new start-up may prove a winner. In 1985, we are chary of repeating that, after all, British Leyland started small as Austin in Birmingham in the 1900s but the thought is still there.

It is a fact that almost every small factory unit built anywhere has found a taker (when under 2,000 sq.ft. and especially if under 1,000 sq.ft) and nearly every town has some of these built in the 1970s. This must be a hopeful sign. The gap was identified by local authorities but is now being filled by the private sector as well, helped by central government's industrial building allowance off tax.

I have focused on the big and the small. I now want to refer briefly to two other groups of businesses, the middle-sized and the special.

Middle-sized Businesses and Job Loss

I am afraid the middle-sized business is largely covered by the comments on big business and shares the latter's job loss. However, once subsidiaries and branch factories of big business have been subtracted, there remain a group of businesses worth consideration by policymakers. The West Midlands County Council has recognised this - such businesses are important in manufacturing in the Black Country part of the County particularly and are often family, localised concerns. They are also of a size that the local authority can help financially - and, a particularly important point, of a size and status that the British financial system may often prove not to be keen to help commercially. Our banking system and financial institutions have neglected manufacturing since the 1870s for property and overseas investment (in contrast to banks in Germany and Japan) and lend to manufacturing only on a short-term overdraft (repayment of which can be demanded in a credit squeeze with disastrous effects). With the West Midlands manufacturing in decline, there is evidence of what we term "red-lining" where financial institutions, whose motivation is profit, refuse to lend to areas so labelled as a poor risk. Thus, the West Midlands County Council identified a clear role for itself in relation to existing middle-sized concerns, the good health of which it felt could have a much more decisive effect on the local economy for less effort and risk than aid to small businesses (which were, in any case, being adequately helped by central and district governments).

Special Business

Outside the normal run of business of the kinds already discussed lie workers' co-operatives, community businesses and businesses run by ethnic minority groups and/or women or by the voluntary sector. All these, in a sense, are discriminated against by the existing system and so are considered worthy of local, and to a lesser extent central, government support. Enthusiasm for these kinds of business is connected with, first, the need for job creation in the face of big business decline; second, more left wing interest in non-capitalist concerns, with production for use not exchange and with industrial democracy. In the West Midlands County, the size of the ethnic minority population combined with its spatial concentration and high unemployment rate (probably two or three times the non-coloured, non-immigrant rate), makes support for ethnic business a politically, socially and economically attractive matter - and inner area money can be spent on it too.

But all these special business support schemes involve a disproportionately large expenditure of manpower while producing few and uncertain jobs. The policy requires patience and commitment.

So these are the problems of business and some of the policy attitudes involved. Let us now turn to the matter of local economic initiatives in Britain in response to these problems and attitudes.

Part II

LOCAL ECONOMIC INITIATIVES

There is a vast amount of material on this subject. It needs to be organised in some way. I have chosen a number of headings under which to do this. Many of these bring out the differences between localities in enthusiasm, scale and variety of local economic initiatives and the degree to which local government is working with or against central government and capital in its local economic initiatives.

Classification of Local Economic Initiatives

I. Classification by factors of production addressed by the initiatives

The material on local economic initiatives is organised by factors of production in table 12. Broadly, the table sets out the six factors of production that I find it convenient to distinguish, extending the three (land, labour and capital) of economics. A few descriptive points are made under each to remind of aspects or qualities needed in local factors if they are to prove attractive to or to retain industry and employment-generating concerns. At the bottom of the table are lists of government policies to assist the provision of these factors in the local area with the qualities required. These policies are labelled C, when by central government; L when by local government; and P when there is a private sector element. Some are a mix of all three.

Returning to the top of the table, column VII and VIII need explaining. Column VII covers items that "oil" the working of capitalism, i.e. help to bring into operation the factors in I-VI by servicing them with information, money, advice, etc. Again, there are policies that implement this servicing below.

The final column on the right is different and outside the range of columns I-VII. It relates to local economic initiatives that address other issues than helping capitalism work, that seek alternatives to capitalism and to employment for profit.

Let me now turn to my second classification. This is:-

II. Classification by local area and its location and character

Obviously, the shape of and need for local economic initiatives will be affected by which locality is being considered. Is it at the North Pole or the Equator? In British terms, is it inland or near a port? Is it at the centre (in the South-East) or in the periphery and, within that, how remote? Is it developed or under-developed? Is it naturally attractive or in decline?

Apart from and allied to situation will be its existing industrial structure and unemployment level. The degree of its historical and current employment problem will be an important factor in the development of local economic initiatives. Unemployment rates in Britain at present range from 7% to 40% and some areas have been in a bad way compared to the national average since the 1920s or earlier.

These differences in position and problem are often reflected in the status awarded to the area by central government assistance for regional or inner area (or coal or steel closure) problems. I will return to that.

My next classification refers to position in the government hierarchy, which affects powers and responsibilities.

III. Classification by agency involved

Table 13 sets out the levels of government with an involvement in local economic initiatives or with statutory duties that reach into that field. The table distinguishes five levels of government; with the first being the European Economic Community outside Britain. Much effort is spent in Britain in manipulating projects to fit them into EEC's Social and Regional Funds' rules.

Then there is central government where at least five major departments are involved directly, while the Treasury's role is to ration out the money available (and at present to cut the total). These central government departments have local or regional offices to administer their policies locally but some also use local government as agent. The table lists some of the policies in handwriting. These departments and their policies are not well co-ordinated together to put it mildly and local economic initiatives is a field where there is some jealousy between Industry, Environment and Employment.

The third tier is the regional, which is weak in Britain and, especially, at present in England.

The local tier includes the counties (IV) and the districts (V), with shire (more rural) and metropolitan examples in each. The most active local authorities in local economic initiatives are the metropolitan counties and districts because the problems are most severe there and because they are often Labour politically, with a belief in state intervention. Their statutory duties are set out - those with a C are carried out by the counties and those with a D by the districts. It is controversial whether economic development is or is not a statutory duty (as part of strategic planning or general care of the local area or to safeguard rateable income). An active authority in local economic initiatives would have the officers and agencies listed and examples of such authorities are given in the table.

Finally, on the bottom left of the table are included three non-government groups: private and public industry, who belong to the Confederation of British Industry, and the trade unions, who belong to the Trade Union Congress. These two often meet with central and local government to express industry's view on local and national economic issues. The private sector has also got involved in local economic initiatives in three particular ways - (i) the provision of training places under the Youth Training Scheme (all unemployed 16 yearolds and, from now on also 17 yearolds, have a right to a training place organised by the Manpower Services Commission); (ii) the provision of venture capital as investment funds for private industry, usually small business; and (iii) the provision of businessmen on a year or two's secondment to advise and implement a number of private initiatives - central government is increasingly relying on these men to implement its state small business policies. Many of the secondments are from the banks to organise loans and business plans from new small businesses.

Position in the hierarchy affects powers, resources in men and money, etc. But attitude is also an important influence on whether those powers and resources are fully used or neglected. So my fourth classification relates to that.

IV. Classification by attitudes or political philosophy of local authority

Christine and David Miller in a paper, The role of the local authority in the local economy, produced for the Conference of Socialist Planners in 1981, have suggested five viewpoints on local economic policy. These are briefly:-

(a) benign neglect. In this instance, the local authority does not feel that the local economy is any of its concern. Adoption of such a view is, in practice, a positive policy supporting the status quo.

(b) physical determinism. Here, the local authority limits itself to a land and buildings approach without thinking about the quantity or quality of any jobs provided in the buildings or about the return to the authority on the investment made.

(c) industrial promotion. In this case, the authority eagerly pursues any footloose, mobile industry about, selling its area in competition with others without much regard for the kind of industry or jobs attracted or for the waste of one authority bidding against another (e.g. branch plants of multi-nationals with low wages accepted rather than merely seeking high technology, growth, well paid locally controlled plants with research and development and office functions in the local area).

(d) active involvement. Here, the local authority uses its powers (loans, grants, enterprise zones, rent rebates, development corporations) to support, some would say subsidise, capital at the public expense without the control necessary to ensure public accountability or adequate employment return (e.g. the firm could invest in machinery rather than create jobs and, afterwards, could move away from the local area).

(e) active intervention. Additionally to the investment in (d), the local authority here emphasizes accountability and, furthermore,the obligations on the firm attached to the assistance. The local authority deliberately and positively intervenes in the local economy through direct labour schemes, purchasing, shareholdings, etc. to ensure that it has control over the results of its intervention. For success, this assumes an understanding of the local economy.

Thus, the local authority needs to be selective in its policies and objectives and, to ensure accountability, needs to be aware of the extent and places where it can control what happens and that what happens is in the interests of the local economy[13] - these powers of selection and control are however restricted.

Another important influence on the extent of local economic initiatives is the length of time they have been in operation. This provides the basis of my fifth classification.

V. Classification by timing

It takes time (several years) to get an active and sophisticated package of local economic initiatives into operation. So the timing of the start has an important impact on their 1985 content. Some areas have been active since the 1930s and others since the 1950s implementing and supplementing central government regional policy. But the concern here is mainly with more recent activity. Three factors have led local authorities into local economic initiatives - changes in unemployment levels, in status and political complexion. So economic policy has increased:

(i) as local unemployment rose, especially if there occurred a closure of a steelworks, coalmine or big plant;

[13] From Barbara Smith and John Mawson, Formulating a local authority policy against unemployment:guidelines, February 1981, p.11.

(ii) as local status changed in national policy terms. Three such changes could be involved:- a) in 1974, local government reform created the metropolitan counties and, in 1986, a retrograde step will abolish them. Local economic initiatives and local expenditures have been a major bone of contention between the metropolitan counties and central government. These years, 1974-86, have also seen high unemployment; b) in 1978, the Inner Urban Areas Act was introduced which set up inner area partnerships, etc. and other facets of inner area assistance like enterprise zones, which have brought urban development grants to particular areas. The point here is that some areas, especially metropolitan counties and districts or parts of them , have qualified for central government powers and funds and so were encouraged into activity; c) similarly, there have been changes in regional policy especially since 1979, mainly reducing the places covered by regional assistance. 1985 brought selective regional assistance (only) for the first time ever to the West Midlands County. Exclusion from and cuts in regional status have pushed some local authorities, especially in Yorkshire and Lancashire (our textile areas), into more active local economic initiatives to counter central government policy;

(iii) the third change was in political complexion. Broadly, in Britain, Conservatives are not keen interventionists and Labour are. Table 14 shows the approaches to local economic initiatives by political and economic viewpoint. The change in political complexion occurred at two levels. In 1979, central government changed from Labour to Conservative and, in addition, to the Thatcher brand of Conservatism generating unemployment and challenging local government. So many local authorities were driven to and inclined to local economic initiatives. But the change at the centre also pushed into opposition many local authorities which often were or became Labour and leftwing Labour at this time. The economic need for local economic initiatives and the political wish for them came together in the metropolitan counties and districts particularly after 1979 - but there are active Conservative local authorities too.

Before there can be local economic initiatives, there has to develop an awareness of an employment problem plus an awareness that a local authority policy is possible towards that problem; then research is needed into the problem and into policy possibilities; then there has to be a decision to have a local economic policy and to intervene in the local economy, whether this policy takes the form of many ad hoc steps or one properly co-ordinated policy package; finally, a few authorities have come up with radical, new initiatives. It takes time, political will, ability and initiative, research skill, etc. to develop.

Broadly, one can say that some local authorities have worked with central government since the 1930s to supplement or implement central policies. Other local authorities have had to work against the centre to counter or dispute central policy to the local area. The West Midlands County Council has been one of these because, despite high unemployment, the area ranked low in central government priorities for assistance until this year.

In addition to that point, central government's attitude to local economic initiatives has been ambivalent and generally opposed to them as an interference with national priorities. Central government considers local authorities to be incompetent, bureaucratic, irresponsible and leftwing in tendency as well as interfering with national priorities towards areas. Central government has tried to curtail local economic initiatives. It attempted, through the Burns report, to restrict local authorities to helping only the smallest firms (under 25 or 50 employees) - but the legislation was defeated in the House of Lords and, indeed, was reversed to help local economic initiatives.

Central government has, of course, got a real point - it is wasteful for all local authorities in Britain, or almost all, to be competing against one another in order to attract incoming and mobile and new investment and business.

My classification here related to timing. In some local authorities, it was the officers who first pressed for local economic initiatives before the elected members. The officers were undertaking research and finding the problems produced by unemployment and business closure (inability to pay rent and rates, loss of rateable income, empty factories,etc.). In both central and local government, one needs to be aware of the tension and differences in viewpoint, etc. between, on the one hand, officers and civil servants and, on the other, elected politicians and senior ministers and policymakers. These differences may involve values and politics, and Conservative governments and leftwing local authorities have both felt frustrated by political differences with their officers on occasion - indicating perhaps that officers and civil servants tend to be middle of the road, careful people, not caught up in short-term political fashions to left or right.

The next classification is rather different and enters the policymaking stage.

VI. Classification by emphasis on either incoming or indigenous industry

Do the local policymakers direct their policy at attracting investment into the area from outside (including from overseas) or at developing indigenous local business? This effectively means attracting bigger business from outside or promoting smaller business from inside.

British regional policy has been directed mainly, though not exclusively, at attracting incoming investment to diversify and create jobs and expenditure. British inner city policy has worried more about job retention and the management of decline. But times and attitudes have also changed.

There has been gradual recognition (i) that some places cannot hope to attract incoming firms; (ii) that there is, in any case, not enough inward and mobile investment around to meet all needs; (iii) that such mobile investment is, in any case, not really beneficial (the branch factory syndrome of poor jobs and possible departure again) while, in the end, the local area will have to rely on its own indigenous resources to recover.So some places have switched to or added an emphasis on the fostering of non-capitalist enterprises. The emphasis has, therefore, moved towards helping entrepreneurs, small businesses and start-ups, co-operatives and community or municipal enterprises and to using the local authority's own personnel and purchasing policies to promote this indigenous business. (See column VIII in table 12 and lefthand side of table 14.)

VII. Finally, in these classifications, it is possible to draw all together on a number of continuums, according to the degree and kind of local economic initiatives.

At the one end	at the other end
minimum activity	maximum activity
traditional activity (land,premises,training)	radical or local socialism
reactive activity (wait until approached)	pro-active (seek-out; initiate)
top down activity (local authority decided)	bottoms up/grassroots/union and community suggestions adopted (non-capitalist(VIII,table 12)
work with capital market	work against or alongside capital (political element;accountability and planning agreements)

Judgement on where to place a local authority on these continuums can be made on a number of criteria.

First of all, what is the size of the authority's economic development budget and to what extent has it searched out extra money and extra powers and used existing money and powers to the full? Local economic initiatives are a new field; there has been some legal uncertainty about whether economic development was a statutory duty or not and about the powers available - e.g. whether it is legal for a local authority to invest public money in a company's shares? Legal advice differed; some local authorities have pushed their powers and their lawyers to the limit; others have funked taking such risks.

Second, has the local authority co-ordinated all its policies into one well-thought out package directed at economic development, job creation and/or local wealth creation? Has the huge education budget been brought into the package to facilitate training programmes? Has EEC been approached? Was an enterprise zone considered? Have urban development grants been applied for private sector business? Extra money can be found in particular instances from EEC, from the Manpower Services Commission (with jobs attached), from the urban programme,etc. and from the private sector (industrial improvement, urban development, training, venture capital, pension funds, business advice, etc.). But these sources have to be negotiated by the local authority.

Third, a third criteria might be that the local authority has decided to hive off particular tasks connected with local economic initiatives to separate, autonomous agencies. This is to make the tasks seem less political and, also,to try and keep them going after local government changes like the abolition of the metropolitan counties next year. There are Co-operative Development Agencies, Regional and Local Development Agencies (emulating the central government's very successful Scottish Development Agency and that in Wales), and Enterprise Boards (which manage direct investments).

All these entail the local authority in (i) a question of priorities. Has the authority placed economic development as a top priority for the allocation of staff and resources or is it just an also-ran on a par with others? (ii) a question of attitudes towards intervention and economic theory - as in table 14, is the authority basically neo-classical, Keynesian or marxist in its approach?

These will affect the scale of its policy on local economic initiatives and also the details of its policy: whether policy focuses on:

- big or small business;
- manufacturing or services;
- private business or co-operatives;
- traditional policies or radical ones.

I must come to a stop shortly. My final words address the limitations on the success of local economic initiatives. I want to mention six constraints on success.

(i) First, a massive constraint is the state of the national economy and national economic policy. With a growing labour force in or seeking work for the next few years and high unemployment, no school of thought from left to right holds much hope of a significant drop in unemployment and some expect a continued rise. Local economic initiatives have that basic situation to contend with.

(ii) Second, local economic initiatives mostly address the private business sector and that sector is not enthusiastic about state assistance of any kind. Recent research[14] finds 10% of private business, especially small business, totally hostile and 25% sceptical of the value of such assistance in practice with many ignorant of such assistance. Still others consider the assistance irrelevant as it is not needed. Many of the sceptics had investigated assistance but found the conditions restrictive and time consuming.

(iii) Third, the planning agreements as a condition of assistance that require that the firm be accountable and meet certain social criteria (fairwages, unionisation, non-discrimination, etc.) also meet positive resistance. Leeds, for example, run a "contracts compliance" scheme before builders can be approved for contracts. The West Midlands County Council is at this moment (April 1985) resisting lending £750,000 to keep a firm out of receivership because the rescuers insist on a no-strike clause in their agreement with the union involved.

(iv) Fourth, local economic initiatives are slow and on a limited scale compared to the problem. Moreover, the bigger sums being spent under the 2p rate, under section 137, Local Government Act 1972 by the metropolitan counties will disappear with their aboiltion in 1986.

(v) Fifth, the tension between local and central government over local economic initiatives hinders progress with the centre trying to restrict local initiatives to all except very, very small firms. Burns may have been defeated but the wish for Burns has not disappeared.

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[14] R.Leigh, D.North and L.Steinberg, "Local authority aid to industrial firms", The Planner, February 1985, p. ix-xi and their research report.

(vi) Sixth, the conflict between local and central government over public expenditure and taxation also hits at spending on local economic initiatives and also at local employment (where house improvement provides an opportunity for urgently needed spending and job creation but is disallowed). There is a bitter dispute over the level and impact of local authority rates (a local tax on business and domestic property) on business including the issue as to whether relatively rising local rates drive firms out of business or out of the local area. Businesses perceive this as a problem even if only for political reasons.(The cause of rate increases for which central government has considerable responsibility is irrelevant here).

Conclusion

I forsee ongoing big business job loss on a large scale accompanied by small business job gain on a small scale and, as a result, a continuation and extension of local economic initiatives under the present government. But I find little to be optimistic about - the crowded platform effect and the international division of labour deny the efficiency of the minor hope offered by small business birthrates.

Table 1

Job Change 1961-81

(Jobs by workplace; 1968 Standard Industrial Classification)
(Dept of Employment data) (thousands)

(i) West Midlands Region

	1961 %	1961 No.	1966 No.	1971 No.	1978 No.	1981 No.	1981 %	1981-1961 No.	1981/1961 %	1981/1978 %
Agriculture	$1\frac{1}{2}$	38	32	34	31	32	$1\frac{1}{2}$	-6	84	103
Mining	$2\frac{1}{2}$	55	44	28	25	23	1	-32	42	92
Manufacturg	57	1218	1248	1104	988	796	39	-422	65	81
Constructn	$5\frac{1}{2}$	120	147	104	104	96	5	-24	80	92
Services	33	720	824	936	1065	1086	53	+366	151	102
Total	100	2152	2294	2206	2215	1033	100	-199	94	92
Males	65	1396	1473	1393	1331	1190	59	-206	85	89
Females	35	757	822	813	883	843	41	+86	113	95
Manufacturing										
Males	69	837	865	793	716	585	73	-252	70	82
Females	31	382	383	310	273	211	27	-171	55	77
Services										
Males	50	360	397	453	476	476	44	+116	132	100
Females(3)	50	359	416	483	588	610	56	+251	170	104
Manufacturing										
Metals(1)	72	873	894	797	706	554	70	-319	63	78
Non-metals	28	345	354	307	282	242	30	-103	70	86
Carmaking(2)				175	151	114				75
Vehicles(4)	18mfg 10 of total	218	219	217	181	133	17mfg 7 of total	-85	61	73

Table 1 (contd.)

(ii) West Midlands County

	1961 %	1961 No.	1966 No.	1971 No.	1978 No.	1981 No.	1981 %	1981–1961 No.	1981/1961 %	1981/1978 %
Agriculture	-	4		2	2	2	-	-2	50	100
Mining	-	8		4	3	2	-	-6	25	67
Manufacturg	58	803		759	651	500	42	-303	62	77
Constructn	5	69		65	61	53	4½	-16	77	87
Services	36	490		564	622	623	53	+133	127	100
Total	100	1375		1394	1339	1182	100	-192	86	88
Males	65	893		892	821	700	59	-193	78	85
Females	35	482		502	518	482	41	0	100	93
Manufacturing										
Males	72	576		557	481	374	75	-202	65	78
Females	28	227		202	170	123	25	-104	54	72
Services										
Males	49	242		270	282	275	44	+33	114	98
Females	51	248		293	340	348	56	+100	140	102
Manufacturing										
Metals	81	654		622	532	395	79	-259	60	74
Non-metals	19	149		137	119	104	21	-45	70	87
Carmaking		145		152	127	93		-52	64	73
Vehicles	23mfg 14 of total	186		192	155	110	22mfg 9 of total	-76	59	71

Table 1 (contd.)

(iii) Region Outside the WM Country
(area of growing resident population)

	1961 %	1961 No.	1966 No.	1971 No.	1978 No.	1981 No.	1981 %	1981–1961 No.	1981/1961 %	1981/1978 %
Agriculture	4	34		32	29	30	$3\frac{1}{2}$	-4	88	103
Mining	6	47		24	22	21	$2\frac{1}{2}$	-26	45	95
Manufacturg	53	415		345	337	296	35	-119	71	88
Constructn	6	51		39	43	43	5	-8	84	100
Services	30	230		372	443	463	54	+233	201	105
Total	100	777		812	876	851	100	+74	110	97
Males	65	503		501	510	490	69	-13	97	96
Females	35	275		311	365	361	42	+86	131	99
Manufacturing										
Males	63	261		236	235	211	71	-50	81	90
Females	37	155		108	103	88	30	-67	57	85
Services										
Males	51	118		183	194	201	43	+83	170	104
Females	48	111		190	248	262	57	+151	236	106
Manufacturing										
Metals	53	219		175	174	159	54	-60	73	91
Non-metals	47	196		170	163	138	47	-58	70	85
Carmaking										
Vehicles	8mfg 4 of total	32		25	26	23	8mfg 3 of total	-9	72	88

Table 1 (contd.)

(iv) Birmingham Inner Area - including city centre
(Area of falling resident population)

	1961 %	1961 No.	1966 No.	1971 No.	1978 No.	1981 No.	1981 %	1981- -1961 No.	1981/1961 %	1981/1978 %
Agriculture										
		)1								
Mining										
Manufacturing	60	399		300	239	186	39	-213	47	78
Constructn	5	35		31	26	18	4	-17	53	69
Services	35	231		271	283	273	57	+42	118	96
Total	100	667		602	549	477	100	-190	72	87
Males	63	420		381	331	283	59	-137	67	85
Females	37	246		221	218	194	41	-52	79	89
Manufacturing										
Males	69	275		218	176	140	75	-135	51	80
Females	31	125		81	63	46	25	-79	37	73
Services										
Males	48	112		134	132	127	47	+15	113	96
Females	52	119		137	151	146	53	+27	123	97
Manufacturing										
Metals	77	307		238	188	141	76	-166	46	75
Non-metals	23	92		62	51	45	24	-47	49	88
Carmaking				76	59	43				73
Vehicles	24mfg	95		87	65	48	26mfg	-47	51	74
	14 of total						10 of total			

Table 1 (contd.)

(v) Great Britain

	- 1961 %	1961 No.	1966 No.	1971 No.	1978 No.	1981 No.	1981 %	1981- -1961 No.	1981/1961 %	1981/1978 %
Agriculture	3	692	565	421	373	371	$1\frac{3}{4}$	-321	54	99
Mining	3	724	566	393	351	334	$1\frac{1}{2}$	-390	46	95
Manufacturg	38	8368	8408	7886	7117	5924	28	-2444	71	83
Constructn	7	1446	1604	1222	1225	1090	5	-356	75	89
Services	48	10558	11644	11727	13188	13429	64	+2871	127	102
Total	100	21789	22787	21648	22253	21148	100	-641	97	95
Males	65	14202	14551	13424	13095	12135	57	-2067	85	93
Females	35	7586	8237	8224	9157	9013	43	+1427	119	98
Manufacturg										
Males	68	5730	5804	5546	5016E	4992E	76	-1238	78	88
Females	32	2639	2605	2340	2011E	1432E	24	-1207	54	71
Services										
Males	55	5840	6247	6043	6233E	6213E	46	+373	106	100
Females	45	4717	5400	5683	6955E	7216E	54	+2499	153	104
Manufacturg										
Males	51	4244	4350	4120	3735	3066	52	-1178	72	82
Non-metals	49	4124	4060	3766	3382	2857	48	-1267	69	84
Carmaking		408	486	502	469	327		-81	80	70
Vehicles	10mfg	876	845	807	744	590	10mfg	-286	67	79
	4 of total						3 of total			

(1) i.e. all manufactures that include metal, i.e. including vehicles, etc.
(2) i.e. mlh 381; cars and car components but excluding electrical parts, tyres.
(3) But many of these jobs were part-time and or low paid.
(4) i.e. all vehicles including cars, cycles, trains, aircraft, tractors and parts.
E = estimate.

T a b l e 2

Employment Change Amongst the Top Twenty-Six
Manufacturing Companies in the West Midlands County, 1977-82

(from WMCC Prime Movers Data Bank
using annual reports, census, etc.)

Companies	1977	1982	Employment change 1977-82 (% of 1977)	No. of coys.
Locally controlled from Region	105,963	58,368	45% decline	11
Nationally controlled from Gt.B.	174,243	108,336	38% decline	11
Overseas controlled outside Gt.B.	26,170	16,076	39% decline	4
Total employment in the 26	306,376	182,780	40% decline	26

E.g.:

- BL cut its staff in WMCC from 84,000 to 44,000 between 1977 and 1982;
- BSR has virtually closed with loss of 10,000 jobs in WMCC;
- Cadburys have cut 3500 jobs in the WMCC;
- Lucas have cut 20,000 jobs not all in WMCC;
- GKN have cut 36,000 jobs not all in WMCC.

S o u r c e: F. Gaffikin and A. Nickson, Jobs crisis and the multinationals, Bham Trade Union Resource Centre, 1984.

T a b l e 3

Civilian Working Population (000s)
(from Regional Trends and Employment Gazette)

	1971	1978	1981	1984 (latest)	1985 (est)
Great Britain					
Total	24,178	25,442	25,095	26,574	
Males	15,485	15,497	15,275		
Females	8,693	9,946	9,819		
Employees in employment					
Total			21,148	20,701	21,200
Males			12,135	11,583	
Females			9,013	9,118	9,118(?)
West Midlands Region					
Total	2,422	2,485	2,418		
Males	1,569	1,534	1,490		
Females	854	951	927		

N.B. Rising numbers seeking or available for work and, so, extra jobs do not necessarily reduce numbers of unemployed (as at present where more working yet unemployed numbers are still rising).

T a b l e 4

Unemployment

(numbers of registered unemployed and rates, from Employment Gazette)
(Average of monthly averages)

a) Compared other regions

	Great Britain		South East		West Midlands		North		
	No.	%	No.	%	No.	%	No.	%	
1955	213,000	1.0	48,100	0.5	9,600	0.5	21,300	1.7	
1960	345,800	1.5	71,300	1.0	17,800	0.8	36,100	2.8	
1965	317,000	1.4	68,100	0.8	16,300	0.7	33,500	2.5	
1970	582,200	2.5	126,600	1.6	45,100	2.0	61,900	4.7	
1975	970,000	4.2	215,000	2.9	98,000	4.3	81,700	6.3	
1978	1,409,700	6.0	318,800	4.2	130,000	5.6	121,600	8.8	Reg. count
1979	1,233,900	5.2	257,700	3.4	120,200	5.2	113,700	8.3	Claimants only
1981	2,422,400	10.3	547,600	7.1	290,600	12.7	192,000	14.6	
1984	3,038,400	12.9	748,000	9.6	345,600	15.2	231,300	18.1	
1985 (Jan)	3,217,900	13.7	796,100	10.3	357,300	15.7	243,500	19.1	

Table 4 (contd.)

b) Within West Midlands

Rates		1971	1978	1981	1985 new TTWAs	Nos.
Region		3.0	5.6	12.7	13.7	357,300
WMCC		na.	5.7	14.2	16.8	221,246
Birmingham		3.3	5.8	13.8	16.4(1)	123,713
Coventry		5.3	6.1	14.7	16.1	39,143
Wolverhampton		3.6	6.3	15.0	18.9	26,158
Walsall		3.7	5.9	15.1	17.8	27,119
West Bromwich		3.6)				
Dudley and Sandwell		2.4)	4.4	13.9	17.3	47,445
Solihull		included in Bham				
Outside WMCC						
Worst:	Takengates	5.2	8.0	17.5		
	= Telford				21.5	13,090
	Redditch	2.4	5.1	12.7		
	Oswestry	4.7	6.3	11.5		* (intermediate area)
Best:	Eve sham			(8.0)	10.3	2,843
	Stafford	2.2	3.0	7.4	9.7	6,400

(1) Some parts have rates of 40%.

Table 5

Manufacturing employment change
by type of area, 1960-78

	Employment (000's)		Change 1960-78	
	1960	1978	Number	%
London	1,338	769	-569	-42.5
Conurbations (1)	2,282	1,677	-605	-26.5
Free-standing cities (2)	1.331	1,148	-183	-13.8
Large towns (3)	921	901	-20	-2.2
Small towns (4)	1,631	1,887	256	+15.7
Rural towns (5)	527	728	201	+38.0
	8,031	7,110	-921	-11.5

NB. Growth, however, in small and rural towns not enough to compensate for decline - deficiency of almost 1 million.

(1) Manchester, Merseyside, Clydeside,Tyreside, W.Yorkshire, W.Midlands.
(2) Over 250,000 people.
(3) Towns or cities with 100,000 - 250,000 people.
(4) Local autonomous districts, which include at least one settlement with 35,000 - 100,000 people.
(5) Districts in which all settlements have under 35,000 people.

Table - 6

Latest figures; Employees in Employment

Employees in employment, June 1984 (000s)

	W.Mid.Reg.		Great Britain	
	No.	%	No.	%
Agriculture	27	1	330	$1\frac{1}{2}$
Mining	23E	1	334E	$1\frac{1}{2}$
Manufacturing	705	37	5415	26
Construction	78	4	960	5
Services	1086E	$56\frac{1}{2}$	13658E	66
	1919	100	20697	100
Males	1114	58	11597	56
Females	805	42	9100	44
(part-time fem.)	349		4156	
Job loss 1978-84		$\frac{1984}{1978}$		$\frac{1984}{1978}$
Total employees	-296	87	-1556	93
males	-217	84	-1498	89
females	-78	97	-57	99
Manufacturg empl.	-283	71	-1702	76

T a b l e 7

Confirmed redundancies (from Employment Gazette, March 1985, p.S43)

	West Midl. Region	Great Britain	$\frac{WMR}{GB}$ %	
1977	6,135	158,360	3.4	
1978	10,006	172,563	5.8	
1979	19,320	186,784	10.3	
1980	69,436	493,766	14.1	
1981	59,556	532,030	11.2	
1982	40,229	400,416	10.0	
1983	40,413	326,638	12.4	
1984	23,228	231,629	10.0	WMR % of employment = 9.3%

T a b l e 7B

The Birch Evidence on Net Job Generation (Jobs 1969-76 as % net new jobs in US)

United States

Firm/Establishment size	0-20	21-50	51-100	101-500	500+	Total	Net new jobs
All	66.0	11.2	4.3	5.2	13.3	100.0	6,758,903
All independents	51.8	4.4	0.0	-1.5	3.1	57.8	3,906,645
All manufacturing only	360.7	61.7	-27.3	-168.4	-326.7	-100.0	-150,564

S o u r c e: D.L. Birch, The Job Generation Process, MIT, Cambridge, Mass.

Table 8 Public Private Structure of Employment (i.e. the "mix" of the economy)

1) Impossible to get at this accurately from published data, even very detailed data (which is in itself interesting); I have never seen figures for the total jobs provided in the public sector (i.e. central govt + local govt + nationalised industries + ad hoc state/public bodies and corporations).

2) Dept of Industry has agreed a list of industries that are a) nearly all publicly owned; b) mixed; and c) nearly all privately owned. In the West Midlands County and given recent job loss, it is useful to take iron and steel out of the public and car assembly and components out of the mixed (i.e. mlh 311-2 and 381). Privatisation is also changing the mix daily; the same division is used here in each year.

Employment (000s)	West Midlands County						Great Britain					
	1971		1978		1981		1971		1978		1981	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
IA. Public sector												
Primary	3		3		2		364		307		282	
Manufacturg	20		16		13		405		357		329	
Services	248		276		274		5329		5858		5808	
Total	271	19.4	295	22.0	289	24.4	6097	27.7	6522	29.3	6419	30.4
IB. Iron and Steel(mfg)	44(2)	3.2	38(2)	2.9	24(2)	2.0	310	1.4	264	1.2	166	0.8
IIA. Mixed sector												
Primary	-		-		-		2		15		24	
Manufacturg	2		2		3		86		69		87	
Services	42		51		64		1249		1647		1786	
Total	44	3.1	53	3.9	67	5.6	1338	6.1	1731	7.8	1897	9.0
IIB. Carmaking (mfg)	152(1)	10.5	127(1)	9.5	93(1)	7.9	508	2.3	469	2.1	327	1.5
III. Private sector												
Primary	3		2		2		380		401		399	
Manufacturg	542		467		368		7123		5959		5015	
Constructn	66		61		53		1249		1225		1090	
Services	273		295		286		5024		5683		5835	
Total	883	63.3	826	61.7	709	60.1	13775	62.5	13268	59.6	12339	58.3
All jobs	1394	100	1339	100	1189	100	22027	100	22253	100	21148	100

(1) 30% of GB 27% of GB 28% of GB; (2) 14% of GB 14% of GB 14% of GB

Table 8 (contd.)

%	West Midlands County			Great Britain		
	1971 %	1978 %	1981 %	1971 %	1978 %	1981 %
Public sector (incl. iron and steel)						
Primary	1	1	.7	6	5	4
Manufacturg	20	16	12	11	9	8
Services	79	83	88	83	86	88
Mixed sector (incl. carmaking)						
Primary	-	-	-	.1	.7	1
Manufacturg	79	72	60	32	24	19
Services	21	28	40	68	75	80
Private sector						
Primary	.3	.2	.3	3	3	3
Manufacturg	61	57	52	52	45	41
Constructn	7	7	7	9	9	9
Services	31	36	40	36	43	47

Source: Calculated from Census of Employment. See Barbara M.D. Smith, The public private sector split in employment in 1971 and 1978 in the West Midlands County: An explanatory study, SSRC Inner City in Context Research, Joint Centre for Regional, Urban and Local Government Studies, Univ. of Birmingham, March 1984.

Table 8 (contd.)

For those interested, the sectors are made up thus:

\- Nearly all public sector -

Forestry (some private); coal mining (a little private); iron and steel (some private); steel tubes (some private include Tube Investments in WM); shipbuilding (some being denationalised now); aerospace (this and shipbuilding were nationalised in 1975);gas; electricity; water; railways; road passenger transport (much private); port and inland water transport; postal services and telecommunications (British Telecom denationalised 1984); educational services (some private schools); medical and dental services (some private); national government services; local government services (some privatisation of cleaning, rubbish collection, etc.).

\- Mixed sector -

Petroleum and natural gas (mostly private); electronic computer mfre (public co. is ICL); motor vehicle manufacture (BL nationalised in 1975 and part now privatised); railway carriage and wagon (mostly private in WM but Bt. Rail has own workshops);sea transport (but excluding navy); air transport (excluding air force) (mixed); banking and bill-discounting (public Bank of England and Post Office Giro); property-owning and managing (include Department of the Environment's Property Services Agency, Housing Corporation,housing associations and locally and nationally owned industrial estates in public sector); central offices not elsewhere (includes Manpower Services Commission, Countryside Commission, etc. in public sector); legal services (law courts staff will be public); research and development services (excluding universities and medical but some government research); cinemas, theatres, etc. (includes BBC in public); sport and other recreations including public facilities; other services (includes crematoria, welfare homes and museums in public sector).

\- Private sector -

Includes some public employment in ordnance and small arms, locomotives, coinage,printing (HMSO), local authority and government building staff and road maintenance staff.

T a b l e 9 a) Larger Manufacturing Establishments in Birmingham Employment Area
(i.e. excludes those with 1-10 employees)

Numbers	1-10	11-99	100-199	200-299	300-399	400-499	500-749	750-999	1000--1999	2000+	Total	
Manufacturing												
1951	n.a.	1668	282	95	32	35	48	19	39	19	2337	
1959	n.a.	1656	223	97	41	37	39	23	25	19	2170	
1963	n.a.	1568	213	92	43	31	36	19	34	21	2056	
1967	n.a.	1600	198	70	49	28	19	15	36	20	2045	
1971	n.a.	1544	157	65	38	26	27	15	34	16	1922	old
1972	n.a.	1445	145	59	45	30	29	17	32	20	1822	area
1972	n.a.	1436	136	56	45	29	29	17	32	19	1798	new
1973	n.a.	1019	130	59	43	29	26	16	34	13	1369	area
1975	n.a.	1518	179	59	33	19	27	15	24	11	1885	
1976	n.a.	1509	168	59	29	18	29	12	23	10	1857	
1977	n.a.	1541	154	60	27	22	25	18	21	10	1878	
1978	1806	1570	163	47	32	24	27	20	19	11	1915	
1981	1988	1582	137	42	21	10	18	12	20	9	1851	Mfg
1981	10797	4358	212	85	32	20	22	19	7	12	4767	Serv.
Change												
1951-81		-86	-145	-53	-11	-25	-30	-7	-19	-10	-386	
1972-81		+146	+1	-14	-24	-19	-11	-5	-11	-10	+53	
%												
1972		80	8	3	$2\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	1	$1\frac{1}{2}$	1	100	
1981		82	9	1	1	$\frac{1}{2}$	1	$\frac{1}{2}$	1	$\frac{1}{2}$	100	

NB. 1951-72 includes Solunull, omitted afterwards; Sutton Coldfield in throughout as is the City of Birmingham.

Concerns with more that one plant counted separately; changes result from growth, decline, entry and departure from business and from error in the original.

S o u r c e: Based on Census of Employment, quoted in Birmingham Statistics; the 1981 data comes from the CBI Special Programmes Unit, Community Action Programme Report, City of Birmingham, July, 1984, vol.2, table 5.

Table 9 (contd.)

b) Employment Change in Birmingham Metropolitan District

	1978	%	1983	%	Change	% loss	1988 (est.)
All jobs	570,000	100	434,000	100	-136,000	-24	406,000
by type:							
manufacturing	245,000	43	139,000	32	-106,000	-43	122,000
services	324,000	57	294,000	68	-30,000	-9	283,000
by size:							
biggest 5 manufacturg	94,000	17	55,000	13	-39,500	-42	
biggest 10 service	122,000	21	113,000	26	-9,000	-7	
biggest 20 all kinds	230,500	40	182,800	42	-47,700	-21	
(including above; 12 are in public sector)							
(smallest employed 1750 in 1978; largest 50,000)							
middle and small	339,000	60	251,200	58	-88,300	-26	
(by subtraction)							
manufacturing	150,500	26	84,000	19	-66,500	-44	
services	202,000	35	181,000	42	-21,000	-10	

NB. These are employers and not establishments and concerns their employment in Birmingham Metropolitan District.

S o u r c e: estimates based on findings of Confederation of British Industry Special Programmes Unit, Community Action Programme: City of Birmingham, ibid., and their survey of Birmingham employers and employment.

T a b l e 10

Size of Individual Establishments in
Manufacturing Industry in the United Kingdom
(from Census of Production)

No. of employees	1963	1970	1975	1979	1981	1983
a) Number of establishments						
1-10	30,831	58,160	53,993	62,445	60,965	
11-19 24 1-19	20,892		16,797	18,476	19,965	
1-19 24	51,723	58,160	70,790	80,921	80,930	n.a.
20 25-99	18,257	16,881	22,005	25,329	18,373	23,238
100-999	13,057	11,628	10,207	11,568	8,197	9,249
1000-1499	520		440	908	340	658
1500+	669		647		436	
20 25+	32,503	29,742	33,299	37,805	27,346	33,145
All sizes	84,226	87,902	104,089	118,726	108,276	n.a.
1-19 24 size as % total	61	66	68	68	75	
b) Employment distribution (000s)						
1-10	165	590	259	288	282	
11-19 24	353		242	266	295	
1-19 24	578	590	501	554	577	n.a.
20 25-99	974	892	968	1110	811	1001
100-999	3553	3287	2877	3113	2266	2474
1000-1499	632	3264	537	1970	415	1397
1500+	2163		2584		1710	
20 25+	7322	7443	6966	6193	5201	4872
All sizes	7839	8033	7467	6746	5780	n.a.
As % total 1-19 24	7	7	7	8	10	n.a.
1000+	36	41	42	29	37	n.a.

Table 11

Size and Employment in Private Manufacturing Enterprises
(from Census of Production)

	1963 Enterp.	1963 Jobs (000s)	1970 Enterp.	1976 Enterp.	Estab.	1976 Jobs (000s)	1981 Enterp.	Estab.	1981 Jobs (000s)
1-99	58,166	1055	69,095	83,466	87,117	1189	85,189	89,797	1101
100-999	6,474	175	5,877	5,185	9,563	1377	4,161	8,813	1123
1000-9999	860	2302	760	707	6,672	1945	561	6,178	1506
10000-49999	83	1703	77	75	2,549	1441	60	2,589	1173
50000+	10	728	13	13	1,035	1018	6	586	528
	65,593	7543	75,822	89,446	106,936	6971	89,977	107,963	5431
% employed in plants with over 10,000 employees		32%				35%			31%
		in 93 enterprises				in 88 enterprises			in 66 enterprises

Table 12

Local Economic Initiatives Directed at the Supply Side

Factors of Production (each business has got to be able to cover its costs and earn a profit)	Aspects and qualities of factors (all relative: one place, firm, building, employee cf. another)	Government policies to assist provision of factors with qualities required
1	2	3
I LAND Land Buildings new existing new	Supply Price Condition/quality Location Tenure Environment Planning regulations Safety/health reg. Spatially-based incentives	Regional/inner area assistance (C) Provision of buildings at market price (CLP or subsidised (CL) Ditto, sites (CLP) Industrial estates (CLP) Science, etc. parks (CLP) Nursery/small units (LP) Enterprise workshops (L) Industrial improvement areas (L)
II LABOUR (all kinds) Unskilled Skilled Technicians Managers	Supply Price (cf. cost of living) Quality/skill/flexibility Productivity Militancy/TU Mobility: place, job Health/absenteeism Shiftworking	Education and Training serv. (CL) Internal employment policy (L) Youth Training Scheme takeup (CLP) Apprenticeships (CLP) Encouraging lower wages (C)

Table 12 (contd.)

1	2	3
III CAPITAL Long term Cash	Supply Price (rate of interest)	Regional/inner area assistance (C) Loans/grants, e.g. rent rates, interest relief (CL) Research development SEFIS (C) Loan guarantees (CL) Equity shareholdings (CL) Business promotion (L) Venture capital (P) Tax relief on business loans (BES) (C)
IV ENTREPRENEURSHIP New ideas or extra units of existing kind	Supply of ent. Price ? Quality/type/how novel Preferred location	Start-up grants (CLP) Training (CLP) Advice (CLP) Enterprise workshops (L) Small business promotion (CL) New technology promotion (C) Enterprise allowance (C)
V MOTIVE (reward) Got to be profitable or worthwhile	Supply Rate of return Status Joy in innovation Alternative to unempl.	Drive to cut costs and taxes (C)
VI FACILITIES Infrastructure Public e.g. Transport, Housing, Educat., Governt etc. Private e.g. Banks, Toolmakers, Printers, Housing etc.	Supply Price Location Quality/efficiency Helpfulness	Regional inner area assistance (C) Roadbuilding (C) Keyworker housing (L) Training schemes (CLP) National Exhibition Centre (LC) ITeC (CL) Tourism promotion (CL)

Table 12 (contd.)

<table>
<tr><th>1</th><th>2</th><th>3</th></tr>
<tr><td colspan="2">VII
OILING THE WORKING OF CAPITALISM
OR I-VI usually by the ststе with:

Advice and consultancy (CL)
Information and economic research (CL)
Credit/money/guarantees (CL)
Pump priming of private by public (CL)
Leverage of private by public (CL)
Bringing the parties together (CL)
Advocacy/lobbying/publicity (L)
Area promotion (CL)
Planning so as to fill gaps through private sector(CL)
Gap-filling through public sector (L)
Example setting
Easing planning formalities
Freeing the market (i.e. reduce regulations) (C)
Local sourcing (LP)
Co-ordination of policy into planned package (L)</td><td>Planning land allocation and supply(CL)
Careers service (L)
Inner Area Partnership (CL)
Inner City Development Corporations(C)
Industrial development officers (L)
Industrial promotion bureaux, brochures (LP)
Land/premises availability registers (L)
Advocacy to central government, EEC or MSC, etc. (L)
Land Forum with private sector (L)
Enterprise workshops (L)
Derelict land clearance grants (C)
Urban programme (C to L)
Urban development grants (C to P)
Enterprise allowance to unemployed (C)</td></tr>
<tr><td colspan="3">Other local economic initiatives
(more concerned with social than economic benefit and suspicious of capitalism)(L)

a) promotion of alternatives to capitalist business, e.g. workers cooperatives, community businesses, community development, municipal enterprises, use of voluntary sector;
b) assisting residents to get their due rights out of the welfare system, e.g. statutory minimum wages, full benefits, etc.;
c) use of state personnel policies to help employment, training, minority groups, etc., e.g. equal opportunities, YTS at fullpay, apprenticeships, direct labour, non-privatisation;
d) environmental and housing improvement, conversion of old buildings as conservation and jobs;
e) initiatives that come from the bottom up, i.e. from the community, trade unions, etc. rather than top down (Leeds, Sheffield).</td></tr>
</table>

U s u a l   o r i g i n: C = central govt; L = local govt; P = private.

Table 13 Institutional Involvement in Local Initiatives

External	National	Regional	Local	
I	II	III	IV	V
European Economic Community	Central Government	Regional	County	District
	Cabinet Treasury	(little now except Wales and Scotland)	shire	metropolitan shire
Social Fund Regional Fund			a) statutory tasks	
	Dept of Education and Science		education/careers planning/land housing social services finance/rates police and fire transport roads leisure	
	Dept of Industry			
	Dept of Environment			
	Dept of Health and Social Security			
	Dept of Employment		b) economic development	
	Manpower Services Commission		Economic Development Unit Industrial Development Officer Co-operative Development Agency etc.	
Confederation of British Industry		Trade Union Congress	E.g. Greater London Council West Midlands County Lancashire County Sheffield Met. District Leeds Met. District	
Private Industry	Public Sector Industry	Employed Unemployed	and following their example Merseyside County West Yorkshire County London boroughs: Hackney and Harringey	

Table 14

Approaches to Local Economic Initiatives

I	II	III
Neo-classical (monetarist) e.g. Thatcher Govt	Keynesian Liberal SDP Labour and Conservative 'wets' Confederation of British Industry Trade Union Congress	Marxist (radical socialist) e.g. Labour Left
Emphasis on SUPPLY	DEMAND	CHANGE SYSTEM
promote market	public intervention to control market	
deal with imperfections in local factor markets support some unprofitable firms temporarily to save jobs and sustain linked firms improve competitiveness of local firms reduce the public sector and privatise where possible	use local sources of supplies and state purchasing advocate spending on infrastructure to central govt expand tourism, exports	encourage industrial democracy insist on greater public control and accountability when investing in firms make equity investments to get benefits for public insist on fair wages, unions, etc. co-ordinate and plan policy as a whole maintain expand public sector
Policies involve land and premises supply training and retraining limited financial aid information and advice	ditto	ditto plus: direct investment, including pension funds, in firms' equity as well as loans via an Enterprise Board and planning agreement on enterprise plan re: a) location of employment and investment; b) fair wages and working conditions, including unionisation and equal opportunities; c) worker consultation. plus: promotion of worker co-operatives, community businesses, ethnic businesses, women's opportunities, and municipal enterprises.

Barbara M.D. Smith

WŁADZA LOKALNA, WIELKIE PRZEDSIĘBIORSTWA A UTRATA MIEJSC PRACY ORAZ POWSTAWANIE MIEJSC PRACY W MAŁYCH PRZEDSIĘBIORSTWACH

W artykule przedstawiono dwa charakterystyczne dla lat 1971-81 trendy zmian liczebności i struktury miejsc pracy w regionie West Midlands w Wielkiej Brytanii jak również podejmowane przeciwdziałania. Pierwszy z trendów występuje w tzw. wielkich przedsiębiorstwach(zatrudniających ponad 1000 osób, a często i wiele tysięcy oraz mających lokalizację rozproszoną) i polega na systematycznym redukowaniu liczby miejsc pracy. Drugi, przeciwstawny trend, dotyczy małych przedsiębiorstw(zatrudniających od 20 do 100 osób i najczęściej zlokalizowanych w jednym punkcie). We wskazanym okresie czasu stwierdzono zmniejszenie się liczby miejsc pracy o 400.000 w przemyśle regionu West Midlands, szczególnie miejsc pracy dla mężczyzn w dużych przedsiębiorstwach zarówno w sektorze prywatnym jak i upaństwowionym.Stałe zmniejszanie się liczby miejsc pracy jest wynikiem trzech równolegle przebiegających procesów: inwestowania w przemiany techniczne, racjonalizacji struktury produkcji oraz likwidacji i decentralizacji starych ośrodków przemysłowych, do których zalicza się West Midlands. Autorka przedstawia i komentuje różne formy oddziaływań, tak ze strony władz lokalnych jak centralnych oraz formy polityk od konserwatywnej do polityki lewego skrzydła Partii Pracy. Wskazuje również rozliczne bariery skuteczności prowadzonych działań.

Na tle pesymistycznej prognozy dla West Midlands związanej ze strategią wielkich przedsiębiorstw autorka uzasadnia potrzebę daleko idącej pomocy w rozwoju małych przedsiębiorstw,częstokroć zakładanych przez tych, którzy utraciwszy pracę w dużej firmie, bezskutecznie szukali pracy w innej.

Część druga artykułu zawiera przegląd inicjatyw podejmowanych przez władze lokalne. Autorka przedstawiła 6 kryteriów klasyfikacji inicjatyw: według zakresu kompetencji odnośnie zastosowania czynników produkcji; według obszaru, jego położenia i charakteru; według zaangażowanego urzędu ; według postaw lub politycznej filozofii wyznawanej przez władze lokalne; według ujęć czasowych; według preferencji nadawanych inwestycjom przedsiębiorstw funkcjonujących w regionie bądź obcych starających się o lokalizację w regionie. W końcowej części artykułu autorka wymieniła bariery stojące na drodze powodzenia lokalnych inicjatyw. Zaliczyła do nich: kondycję gospodarki narodowej, niechęć sektora prywatnego do współdziałania z władzą lokalną, zbyt wysokie wymagania stawiane firmom uczestniczącym w realizacji lokalnych inicjatyw oraz ograniczoną skalę i powolność realizacji lokalnych inicjatyw napięcia między władzami centralnymi i lokalnymi. Ostatnią część opracowania stanowi bogaty aneks informacji statystycznych dotyczących przedstawionej problematyki.