

Creating Local Employment Strategies:
The Cases of North Kent, Sheffield and Lille.
1979-1987.

Peter J. Reid.

Master of Philosophy.

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PETER J. REID.

MASTER OF PHILOSOPHY.

This thesis is submitted in partial fulfilment
of the condition for the award of the degree of
Master of Philosophy by the Council for National
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CREATING LOCAL EMPLOYMENT STRATEGIES:

THE CASES OF NORTH KENT, SHEFFIELD AND LILLE 1979 - 1987

P. J. REID D.M.S., M.B.I.M.

ABSTRACT

This project compares local initiatives undertaken in three areas, North Kent and Sheffield in Britain and Lille in France, during the period 1979-1987. The method adopted is the use of case studies of each area which are then compared. The Study examines the initiatives undertaken in each area and compares them with those expected to be utilised using the Chandler and Lawless model. The model suggests that certain types of authority can be expected to employ specific types of initiatives. The type of authority will be identified in each of the case studies.

The work of Goodwin, Bennington, Young, Boddy, Chandler, Lawless and Bovaird are considered in this project, together with many others connected with local employment and its effects on the local community. The study looks at the three authorities in an attempt to determine whether the Chandler and Lawless model is still valid in view of the changes in the economic situation in both Britain and France.

The international perspective was added because it is only recently that France has enabled local authorities to take an active part in economic development, thus enabling a fresh comparison with the British system. The study also looks at the extent of the initiatives undertaken.

The results suggest that there has been some convergence in the type of initiative undertaken by widely different political authorities. Those on the left of the political spectrum have moved to the right and those on the right have moved towards the centre, although perhaps to a lesser extent.

The results also indicate that tourism is fast becoming an initiative which is being expanded in the realisation that it may be a method of increasing employment as well as increasing the prosperity of local businesses.

It is also evident that despite the initiatives undertaken in these localities the effects on the level of unemployment have been small. However the increase in co-operation between the private sector and the public sector is noticeable.

Acknowledgements.

I would like to thank everyone in the various authorities and organisations in North Kent, Sheffield and Lille for their time, assistance, encouragement and patience during the last four years. In particular I would like to thank Geoffrey Randall and Grant Ledgerwood for their supervision and constant help and support, the staff of the British Consulate in Lille for their time and efforts on my behalf, Pierre Coester whose help and continuing friendship whilst researching in Lille has been invaluable, to Dr. Tottersdill, Sheffield City Council and Paul Lawless, Sheffield City Polytechnic for advice, to Annette Sawyer for producing the maps, Sara Duke for the photocopying, Doris Milton for reading and editing the final document, Kent County Council for their financial support and last but by no least my wife Nicky for her support, her computing skills and patience during what has been a hectic and at times frustrating episode in our lives.

I would like to dedicate this work to the late Major Peter Horton, a friend and colleague, who, up until his death in January 1987, prompted, encouraged and supported my efforts in undertaking this thesis.

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CHAPTER 1. INTRODUCTION.

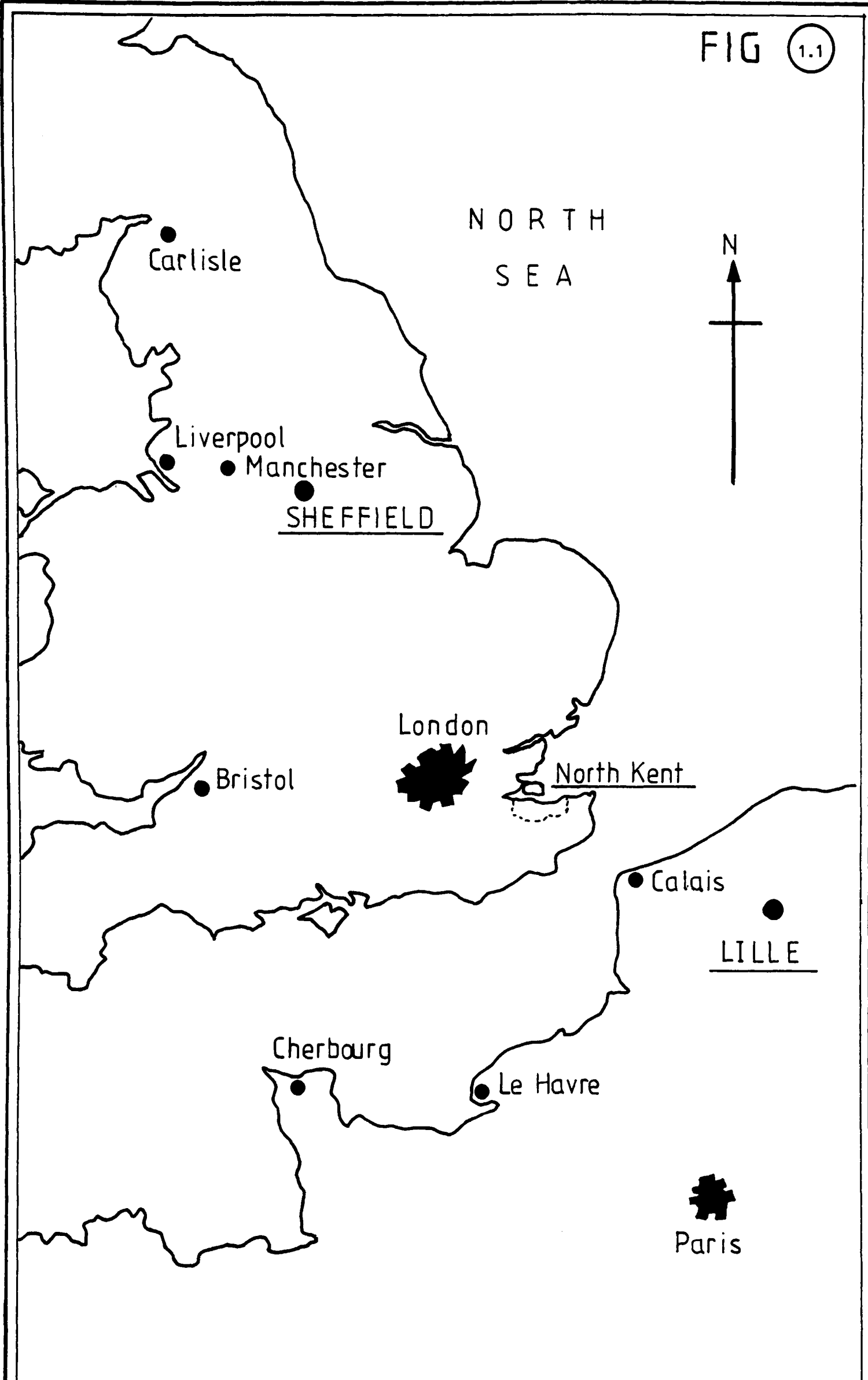
1.1. Aims of the Investigation.

The investigation examines the types of economic development and employment initiatives which have been undertaken by Local Authorities in response to high levels of unemployment. The investigation examines three areas, two in the UK and one in France: Sheffield, North Kent and Lille (see Figure 1.1). The period of study is 1979 - 1987. The basis of the investigation is an attempt to identify whether the model proposed by Chandler and Lawless (1985) which gives a broad categorisation of local authorities in economic development terms is relevant in these three areas. Do they conform to the model or are there similarities despite differences in the local authority political cultures? The international perspective was introduced to see whether the French administrative system affected the application of the model and whether economic development initiatives differ from those in Britain.

1.2. Relationship to previous work.

The area of economic development and local authority involvement in employment initiatives has become of increasing interest to academics during the last 4/5 years. The increasing levels of unemployment between 1981 and 1985 and seeming failure of central government to be able to effectively deal with it until 1986 increased interest in such initiatives.

There has been considerable literature covering a variety of perspectives including management, sociological, and urban planning. This



LOCATION OF THE THREE CASE STUDIES

SCALE (APPROX) 1 inch to 80 miles

thesis is based on the urban and regional studies approach in identifying the type of authority in political culture terms, and the type of initiative which one could anticipate that such an authority would undertake.

The main authors in this field are Boddy, Caulsen, Chandler and Lawless, Duncan and Goodwin, Fothergill and Gudgin, Goddard, Hausner, Lawless, Storey, and Young. All have been interested in the way in which local authorities have developed and utilised initiatives to achieve either intervention or catalytic assistance to economic development and local employment strategies.

The work of these authors have been used widely as have the reports of R.Tym and Partners (1984) who are monitoring Enterprise Zones for the Department of the Environment.

Tourism has been researched in terms of development and enterprise over a number of years and the government have very recently stated their commitment to tourism and the businesses allied to it as a method of producing jobs and thus anticipating the further reduction in unemployment. Urban tourism is also a new and interesting concept taken up by such cities as Bradford.

Considerable reliance has been placed on literature and information gained by personal visits to local authorities both in Britain and France and the assistance afforded by them.

1.3. Importance of the research.

This research compares three areas facing similar economic problems but whose local governments have differing ideological and administrative stand points. The results of this research may indicate that despite these differences the effects of the varying initiatives undertaken by

those authorities have been similar.

Local authorities initiatives have been the subject of increasing investigation. The continuing need for detailed studies of these initiatives will assist in determining their effectiveness.

The types of initiatives are increasing, with a variety of innovative ideas being utilised. The falling levels of unemployment in Britain and the levelling out of unemployment in France will provide an area for continuing study to determine whether authorities continue to involve themselves in such initiatives.

Local Authorities are involved and committed to taking some action to at least psychologically support those people who have been unlucky enough to be unemployed. Whether this commitment is for political or philanthropic reasons is not discussed.

1.4 Research Method.

This study examines the initiatives in which three local authorities have been involved. The methodology is as follows;

1. Examination of documents.

2. Discussions with councillors, officers and members of the business community, formally and informally. The formal discussions were in the form of structured interviews.

3. Discussions with academics.

4. Examination of relevant literature.

5. Provision of statistical and computerised information from the Department of Employment and the Institute National de la Statistique et des études économiques. (I.N.S.E.E.)

The details of interviews have been submitted to the interviewees for comment prior to use in this thesis. The case study chapters have been read by an appropriate member of that local authority's staff and comments received and noted.

1.5 Outline of the Research Project.

The research progresses through the following phases:-

1. Discussion of international, national, regional and local economic development and the way in which the local authorities have been placed in a position in which they felt it necessary to take action.
2. Discussion of the literature and the identification of a suitable model by which the case studies could be compared.
3. Case studies of the three areas, North Kent, Sheffield and Lille comparing the more important initiatives which have been undertaken in their respective localities.
4. A comparison of the case studies and the formulation of conclusions.
5. Conclusions and suggestions for further research.

CHAPTER 2. INTERNATIONAL, NATIONAL AND LOCAL ECONOMIC POLICIES.

2.1. Introduction.

This chapter considers the effect that increasingly high levels of unemployment have had on Local Authorities and the increasing economic and political pressure on those authorities to take action. The apparent failure of central government to substantially reduce unemployment until 1986/87 is of considerable importance. However British and French economic and regional policies are not central to this thesis but are considered briefly in this Chapter.

In January 1982 Department of Employment unemployment figures officially exceeded 3 million having doubled in less than two years. Demographic and economic factors, together with government policies, combined to create these levels of unemployment and the hitherto stable base of many local economies was greatly weakened. For the first time in the post war period, western industrialised countries were not assured of economic growth, although the idea had been considered in the 1970's.

2.2. British Economic Policy 1945 - 1987.

Governments between 1945 and 1973 accepted Keynesian economics as the method of providing a stable economic base for Britain, with full employment, balance of payments equilibrium, reasonable stability of prices and satisfactory rate of economic growth as its four main objectives.

The dominance of this type of "demand management" reached its peak in the 1950's when the system of direct controls inherited from World War

II was abolished.

Cairncross, in "Changing Perceptions of Economic Policy" (1981), examines the effects of government policies during the 1970's on the British economy. His results indicate that the Keynesian policies were less effective than had been anticipated and although some economic forecasts on which action had been taken were incorrect the majority of the problems were created by taking excessive action too late.

Cairncross's view is that in 1979 with the Conservative Government a monetarist policy was adopted as a mistaken response to those failures.

The essential features of the policy were at that time, a) a published target for the growth of the rate of the money supply, b) the reduction of the rate of price inflation, c) a high external value for the pound.

The key concept of monetarist doctrine is the "non-accelerating inflation rate of unemployment" (NAIRU). This is the level of unemployment which is set by the institutional framework and modes of working of the labour market, which changes only slowly, if at all, and at which there will be a constant rate of inflation. Though the present government also believes that so called "labour market reform" can reduce the "natural rate".

However, despite these policies Wyn Grant & Shiv Nath in the Politics of Economic Policy Making (1984) identify the movement by successive governments away from a commitment to full employment.

Government policies and strategies were unable to stem the increasing levels of unemployment during the 1970's and early 1980's. Restructuring the industrial base was also not undertaken at a time when unemployment was relatively low. It could also be argued that the Conservative Party has been rather more concerned with the City and the broader service sector than specifically with unemployment.

2.3. Regional Economic Planning - Britain.

There has been a regional economic policy dating back to the 1920's when unemployment problems were acute. During the period 1930-1945 the development of regional policy was approached with a continuity of attitude and decisions (MacLennan & Parr 1979).

Regional Economic Planning has two main functions. Firstly it deals with movement and distribution of employment and the complex interaction of social and economic needs. Secondly it is concerned with the inter-regional flow of population and employment.

The dominant regional problem has always been one of labour market disequilibrium, a mismatch between available jobs and skills. Therefore unemployment discrepancies have been the basic dynamic of regional policy despite references to migration, growth, income or other welfare indicators.

The Local Employment Act 1963 introduced Building grants. Regional policy then gathered momentum. The Office Development Permit Scheme was introduced in the control of Office and Development Act 1965, initially aimed at reducing congestion in London. The Department of Economic Affairs was created in the 1964-1966 period with responsibility for national planning and economic growth and to oversee regional policy. It was abolished in 1969.

The disappearance of the Department of Economic Affairs and the absorption of regional planning into the Department of the Environment substantially diminished the economic component of Regional Planning. At regional level the machinery of Economic Planning Councils & Boards remained but had lost their role of translating National objectives into regional strategies (Danesick 1982).

The Industrial Development Acts 1966 & 1970 made provision for the return of development areas and the replacement of "free depreciation" for investment by a differential investment grant. In 1967 regional policy saw two significant additions. Firstly, special development areas were designated in locations of greatest unemployment problems.

Secondly, the Regional Employment Premium was a continuing subsidy to offset the wage costs of manufacturing industry as it created jobs in assisted areas. (Damesick 1982)

In 1979 the Conservative Government reduced the scope and power of such policies. For many areas the growth of public sector spending had been the main source of employment growth. In the period 1976-81 growth ceased which was itself a substantial change in the balance of employment opportunities. By the beginning of 1982 the cumulative impact of recession was most marked in long-term unemployment. (Townsend 1983)

The government reviewed its regional industrial policies in 1983 and increased the emphasis on job creation and aimed to improve cost effectiveness. The Assisted Areas have been greatly reduced in the areas that they cover with a two tier approach of Development Areas and Intermediate areas. Although large parts of the UK have been removed from Assisted Areas status, several new areas including West Midlands have been included.

In 1984 the British Government announced a substantial cut in its regional budget. (Moynagh 1985). In 1986 the Government identified the Inner Cities as areas to be considered for greater assistance. In 1987 consideration was being given to changes in the government funding for regional assistance. The aim is to concentrate on selective assistance rather than the blanket assistance currently used although the assisted areas would remain unchanged.

Regional policy has had as its main objective the reduction of inter

regional unemployment disparities. Secondary roles have been to aid the economy from a war to peace footing: to induce factors of production into the market in times of shortages and to raise the standard of existing infrastructure. They have been modified over time so as to take account of a changing economic environment. (Diamond & Spence 1983). The effects of a decade of regional policy have been cancelled out by the sheer scale of the recession.

Regional Planning lies at the interface of physical and economic planning. The administrative arrangements for regional planning in Britain have not been conducive to a proper integration of these two elements. It has suffered from the absence of an adequate theoretical framework incorporating the interrelationships between regional economic performances and regional spatial structure. (Parr 1979)

British regional policy has not integrated physical and economic planning. It has concentrated on locational industrial planning. This strategy has been negated by the deepening recession since 1979.

Since the abandonment of the National Economic Plan in 1966 the role of translating national objectives into regional strategies has been lost. However since 1986 the Conservative Government have identified the Inner City/Urban areas as those requiring assistance. Whether such action will relieve the acute unemployment problems is yet to be seen.

2.4. Local Government and Economic Development - Britain.

The levels of employment in manufacturing in Britain have fallen since 1966 (see Table 2.1). It has been gradually realised that this decline has been systematically biased to the detriment of the urban areas in whichever region they are located (Townsend 1984). It has been suggested that attitudes were moving towards the idea that the city is indicative

TABLE: 2.1. EMPLOYMENT IN MANUFACTURING IN U.K.
1966-86. (000's).

	1966	1971	1979	1981	1984	1985	1986
Manufacturing.	8,580	8,065	7,253	6,222	5,409	5,365	5,239

Source: Social Trends. 1988.

of wider changes in British society (P.Hall 1981).

Although the understanding of selective spatial decline focused mainly on the late 1960's and early 1970's, Keeble (1976) shows how the increasing dominance of industrial decline accentuated location tendencies evident in the mid seventies.

The involvement of local authorities in economic development can be identified as starting to take shape in the early 1960's. The continuing upward spiral of unemployment, particularly in those areas hitherto unaffected, promoted considerable concern in many local authorities, and a resurgence in activities directed towards the creation and sustenance of industrial growth; (Stewart 1983). Stewart postulates that local development policies and inner city practices have come together in a selective, capital oriented, collaborative programme of social investment providing the infrastructure for local economic growth. He asks whether there will be a gradual acceptance of the more explicit interventionist role of local government or will central government attempt to intervene and control. He suggests that it may try to foster action which will encourage yet control economic initiatives.

In 1977 the shift of emphasis away from tackling deprivation and

towards economic regeneration came with the Labour government's white paper on inner cities and a Department of the Environment Circular 71/77 on Local Government and the Industrial Strategy. National and local concern appeared to converge and in the Inner Urban Act of 1978 new powers were given to some local authorities to assist industrial development.

The interest in local economic planning and policy was spurred on by the government's publication "Policy for the Inner Cities" (1977) which identified as one of planning's underlying aims strengthening the economy of the inner city areas and improving the prospects of their residents. This publication confirmed that joint government and local authority action was necessary. It also accepted and endorsed the legitimate part to be played by local government in relation to economic development.

The period between 1976-1981 saw a rapid spread of concern about urban unemployment. The major metropolitan areas in particular were experiencing unexpectedly high levels of population decline and industrial loss.

There continued to be uncertainty on the role of local government in economic development (Young, Boddy and Mason 1983). There is also the problem that local authority decisions are the result of an internal process of administrative politics in which departments and sections as actors pursue conflicting interests. Successive governments have expounded the need for local decisions to be made in the light of national needs. Because of the continuing fall in employment it is understandable that local authorities decline more and more to define their local problems in terms of national economic imperatives. They are naturally more sensitive to the pressures which they experience directly: to serve the welfare of their local people by reducing unemployment decline; to serve the fiscal base and maximise their resources and

reduce the physical and psychological blight of their industrial dereliction. The welfare consequences of economic decline therefore loom large with disadvantaged groups such as school leavers, the unskilled, the long term unemployed and redundant workers all unable to compete in the reduced labour market.

Local authorities as 'needs meeting' agencies might be expected to give priority to tackling these consequences of restructuring and recession; but at the same time there is a decline in the urban fiscal base and more stringent controls on local expenditure and therefore a decreasing ability to tackle such welfare problems. (Rose & Page 1982)

The level of activity in economic development and employment initiatives by local authorities has increased considerably during the period 1983 - 1987.

In a survey of local authorities undertaken by Mills & Young (1986) only 13 authorities out of the 242 authorities who responded, did not have an economic policy or strategy.

2.5. Comment.

It can be shown from the preceding work that local involvement in economic development began to take shape in the 1960's. It gathered momentum as unemployment levels increased dramatically in the late 1970's. There is a deep concern locally with unemployment. Although there was involvement by some authorities it was the D.O.E. Circular 71/77 which was instrumental in stirring local interest in economic development. The work carried out by Lawless (1981) and Mills and Young (1987) show that initiatives and strategies which Local Authorities utilise are many and varied. Central Government continues to expect local authorities to increase their involvement and their financial commitment to economic strategy at a time that expenditure is being

controlled in many other areas of local government services. The constant level of unemployment at over 3 million until 1987 and local levels of unemployment at over 12% did not support the contentions of central government that local and national initiatives are successful. However the declining levels of unemployment since 1986/87 are at least an indicator that overall the combined national and local initiatives are having an effect.

2.6. Central Government Economic Policy - France.

In some respects the problems facing successive post war governments in France & Britain have been similar. Both needed to rebuild after World War II to modernise and diversify. Both sought to promote full employment and economic growth. However, the basic geographical situation, the political cultures, and the fundamental resource problems of the two countries differed considerably. (J.W.House 1978)

The French have utilised National Economic Planning to achieve their objectives. Five phases may be distinguished.

- 1.1947-57 (Ist & IInd Plan).
- 2.1958-70 (III,IV & Vth Plan).
- 3.1971-75 (VIth Plan).
- 4.1976-80 (VIIth Plan).
- 5.1980-85 (VIII & IXth Plan).

Post war France had to recover with a narrower resource base and an economy basically more agrarian than Britain.

Spatial distribution of industry changed little between the early 1900's & the 1950's and Government intervention was relatively modest during this time. Tentative steps towards regional planning were instigated in the 1960's involving a strategy to introduce assistance in the

redistribution of industrial activity. Control over development in Paris was also introduced and in the already ailing industrial areas, such as St Etienne, grants were made available to attract new industrial firms. By the early 1960's Paris had ceased to expand as an Industrial Centre and growth was directed to more rural parts of France (Tuppen 1983). French Government involvement and intervention in the economy can be identified in the National Plans.

Since the mid 1960's greater emphasis was placed on industrial growth and restructuring. Until the economic disorder of the oil crisis in 1973 the plans offered valuable guidance to the country's economic expansion. Strong state leadership has been maintained in planning finance and implementing measures which will sustain growth. Government intervention has been directed by a highly centralised administrative system frequently reinforcing the imposed nature of decision and strategy. At the same time growth targets became more difficult to achieve, reflected in the revision of the VIIth Plan midway through its course, and the lack of precision attached to the broad objectives of the VIIIth Plan which is now defunct. Tuppen (1983) states that, because of the indicative rather than compulsory nature of the planning system, compromises are inevitable.

The Socialist Government under Mitterrand has sought to re-establish its influence with the IXth Plan. In 1981 unemployment reached 2 million and the iron and steel industries were facing problems of falling markets. At the same time the inflation rate was rising. The introduction of nationalisation of five large industrial banks are a further indication of the contention of the Socialist Administration that a coherent & efficient economic strategy is dependent on the lead being given in investment and restructuring by a strong state sector. (Ardagh 1982) However the French Government has reversed many of its policies and is following more monetarist policies similar to those used by the British

Government.

The French system of economic planning has been centrally controlled since 1947 however, changes are taking place to devolve responsibility to lower levels of government. In 1982 the Mitterrand government instituted the setting up of a regional organisation with the intention of devolving power to those regions. However authority has only been slowly relinquished by the central organisation in Paris.

2.7. Regional Economic Planning - France.

The French spatial distribution of industry changed little between the early 1900's and the mid 1950's. The four regions of Ile de France, Rhône Alpes, Nord Pas-de Calais, and Lorraine accounted for more than 51% of industrial employment (Tuppen 1983).

Government intervention was relatively modest during the 1950's. It was at this time that the first attempts at regional planning strategy involving measures to assist in the redistribution of industrial activity were undertaken. Control over industrial and commercial development in Paris was introduced and in the already ailing industrial areas grants were introduced to attract new firms (Jacquis Boudeville 1966).

The existence of national planning has meant that regional and national arrangements must work in harmony if they are to succeed (House 1978). In 1956 21 regions were designated. In 1963 the Commission nationale à l'aménagement du territoire (CNAT) was set up to analyse and study regional imbalances. Also set up in 1963 was the Délégation à l'aménagement du territoire et à l'action régionale (DATAR) whose function was to co-ordinate ministerial action on regional matters.

Manuel Castells (1978) considers that 1963 marked a turning point in the evolution of post-war urban policy in France. By the early 1960's

there was a growing disenchantment with social policy that produced the "Grand Ensemble" and between 1963 - 1973 brought about a reaction in the form of "preferential aid to monopoly capitalism". Castell cites the investment which took place in urban renewal projects, interpreting this as a response to the need for more offices and services in order to assist the management of capital during a phase of sustained economic growth.

The philosophy of national planning also applies to regional planning, namely that it is a partnership and discussion between public and private interests are necessary to achieve objectives. Regional policy is an attempt to achieve a relative balance of economic activity over the whole country (Tuppen 1983).

The general strategy of promoting investment outside Paris was considered a danger in that fragmentation might occur. However 8 metropolitan areas were introduced including Lille Roubaix, Tourcoing & Marseilles.

There are three main areas which central government has found difficult to decentralise, higher education, banking and government. The development of a regional system of planning is paradoxical in that regions depend ultimately on central government funds.

During the early 1970's a higher degree of effective consultation was achieved and more coherent development programmes drawn up, giving a better articulation with both the National plan and the aspirations of local authorities (Astorg 1973). The relatively modest outlay on regional policy in France (Holmes and Fawcett 1983) suggest that the regional policy emanating from the government has received considerable support and co-operation from private entrepreneurs and others taking local decisions. There is still some imbalance in that the annual subsidy for the transport deficit in Paris is four times greater than the total amount available for regional assistance.

There have been three major regional problems since 1945. Firstly the dominance of Paris which, it is suggested, has been responsible for stifling and retarding innovation and development elsewhere in France (Gravier 1947). By the early 1970's the Paris region contained 9.5 million people. The prestige of the centres of higher learning in the capital still attract the best young students to the detriment of the province (Holmes and Fawsett 1983).

The second problem is the change in agriculture and the exodus of the rural population. Thirdly some industries in difficulty represent the dominant sectors of a century ago and their demise in those regions has created their own special problems reminiscent of the U.K.

Policies have become more comprehensive covering a wider area.

Initiatives include regional investment banks, special development companies undertaking specific projects such as agricultural improvements, tourist expansion and research.

The increasing importance of regional economic planning involved at local level, town and community, has been developing since the late 1960's with the increasing problems in rural areas. Since March 1982 a greater responsibility has been put on local government.

2.8. Local Economic Development.

Between 1973 and 1979 the councils of seventy three medium sized French towns entered into a contract with the government under terms which provided finance for urban improvements. The sixth national plan referred to the need for better use of the development potential of small and medium sized towns. This was reinforced by D.A.T.A.R. (Délegation à l'aménagement du Territoire et à l'Action Régional) which

promoted the same concept. In October 1971 M. Jérôme Monod, head of DATAR noted a willingness on the part of larger industrial undertakings to divide their organisations into smaller units of production which could be located in medium sized towns.

The 1970's were also marked in France, as in western industrial countries, by a growing appreciation of the difficulties faced by rural areas. Arrangements were made by which rural communes could draw on regional funds in order to carry through programmes of works aimed at creating new forms of employment and at improving the level of local service provision. Over the period 1976 to 1980 there was a steady increase in the number of communes taking on this contract.

The intentions of the medium & small town plan was to increase industrial and economic development; however, there appeared to be little connection between the choice of towns for contracts and the objectives of regional planning. (Scargill 1983) However, DATAR has attempted to breathe new life into the local communes. They have opened offices overseas in New York, London, Tokyo and others in an attempt to persuade multi nationals to develop their industries in regions of France (Holmes & Fawcett 1983).

Reforms adopted in March 1982 devolved far greater responsibility and accountability to local government, to the region and departement. The authority of the Prefect (Commissaire de la République) is much restricted, executive power has been transferred to the president of the departmental general council. While ensuring that decisions affecting local areas are more democratic, theoretically it risks inducing antagonism where the priorities of departmental or regional assemblies conflict with those of central government. (Tuppen 1983)

The Chambre de Commerce, The Conseil General, DATAR, OREAM, The Region,

Departments & Communes are all concerned with the increasing levels of unemployment in their areas. They suffer in the way that the national system in France has suffered - namely the low level of liaison undertaken in the past. This is slowly changing.

2.9. Comment.

The decentralisation legislation in France has led to significant changes in relation to the role of local authorities. There has been an increase in their scope for action with little requirement for approval from Paris which has for so long caused administrative problems and delays. The Act, passed in 1982, identified economic and social policy and protection of employment as the responsibility of the state but gave local authorities powers to intervene in economic and social matters. The powers to intervene have a safeguard in that the competitive freedom of commerce and industry must be maintained and the right of the citizen not infringed. It also provides for the land use plan to be adhered to thus providing guide lines for local authorities. The local government system is however still subordinate to central government. The 1982 Act does give the main responsibility for promoting economic development to the Regional Authorities and ensures that the local authorities retain their traditional role in addition to the new initiatives; but they can also take action and give support in the form of grants both direct and indirect where intervention is to help economic growth.

Prior to the Mitterrand decentralisation reforms the opportunities for assistance were limited. It is for this reason that innovation and initiatives are less well developed than in Britain; not that the problems in France are less acute.

2.10. Economic planning - International Comparison and Conclusions.

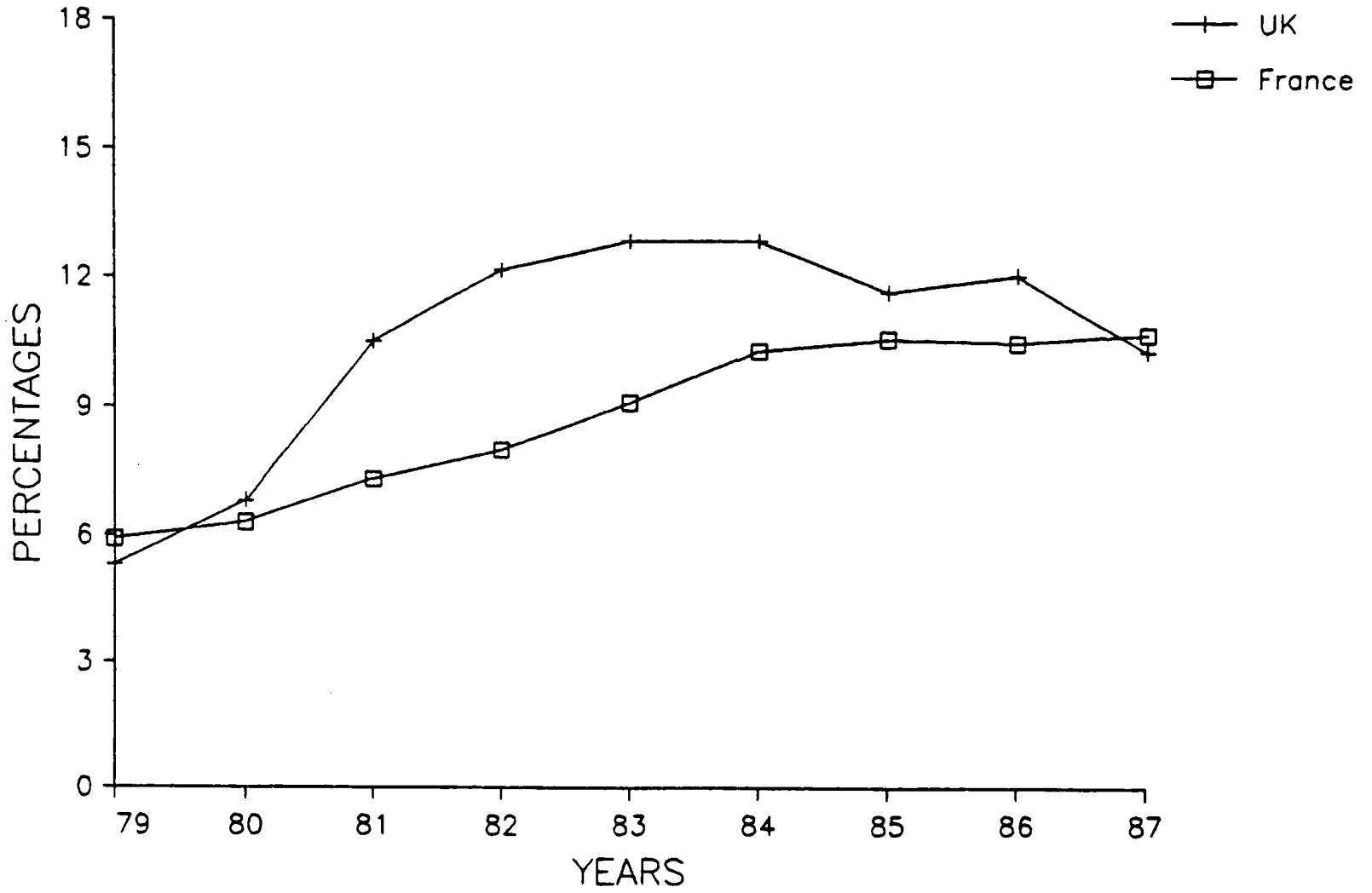
The national governments of Britain and France have been faced with an increasingly unacceptable level of unemployment and industrial decline. The main thrust of the economic policies have varied in both countries. The British have a regional policy based on industrial location policy. The French have employed the Indicative planning system which is a nationally agreed plan influencing national, regional and local policy. Despite their differing political, planning and administrative structures, neither country prior to 1986, had been effective in reducing or stabilising the unemployment situation (see Figure 2.1) although post 1986 unemployment has been progressively reduced. The local authorities in both countries have found it necessary through political expediency and concern to take action in an attempt to limit the effects of such increases in their localities. Whilst the French have only recently been in the position to take local action their concern is no less evident. It is at the community level that action is required in an attempt to ensure that it is the community who are in a position to assist in local economic and employment initiatives. The concern which is being exhibited is identifiable in the increasing level of intervention by local authorities, voluntary and private sector organisations.

The conclusions which can be drawn from this chapter are that despite central government concern and action within differing political systems over at least two decades the problems of increasing levels of unemployment have only started to be controlled since late 1986 early 1987 although there is no guarantee that this is a permanent improvement. The increasing concern in local communities with this problem and the willingness of central government to legislate in order to encourage local participation has seen an increase in the activity of public, private and voluntary organisations in economic matters. The

NATIONAL UNEMPLOYMENT 1979-87

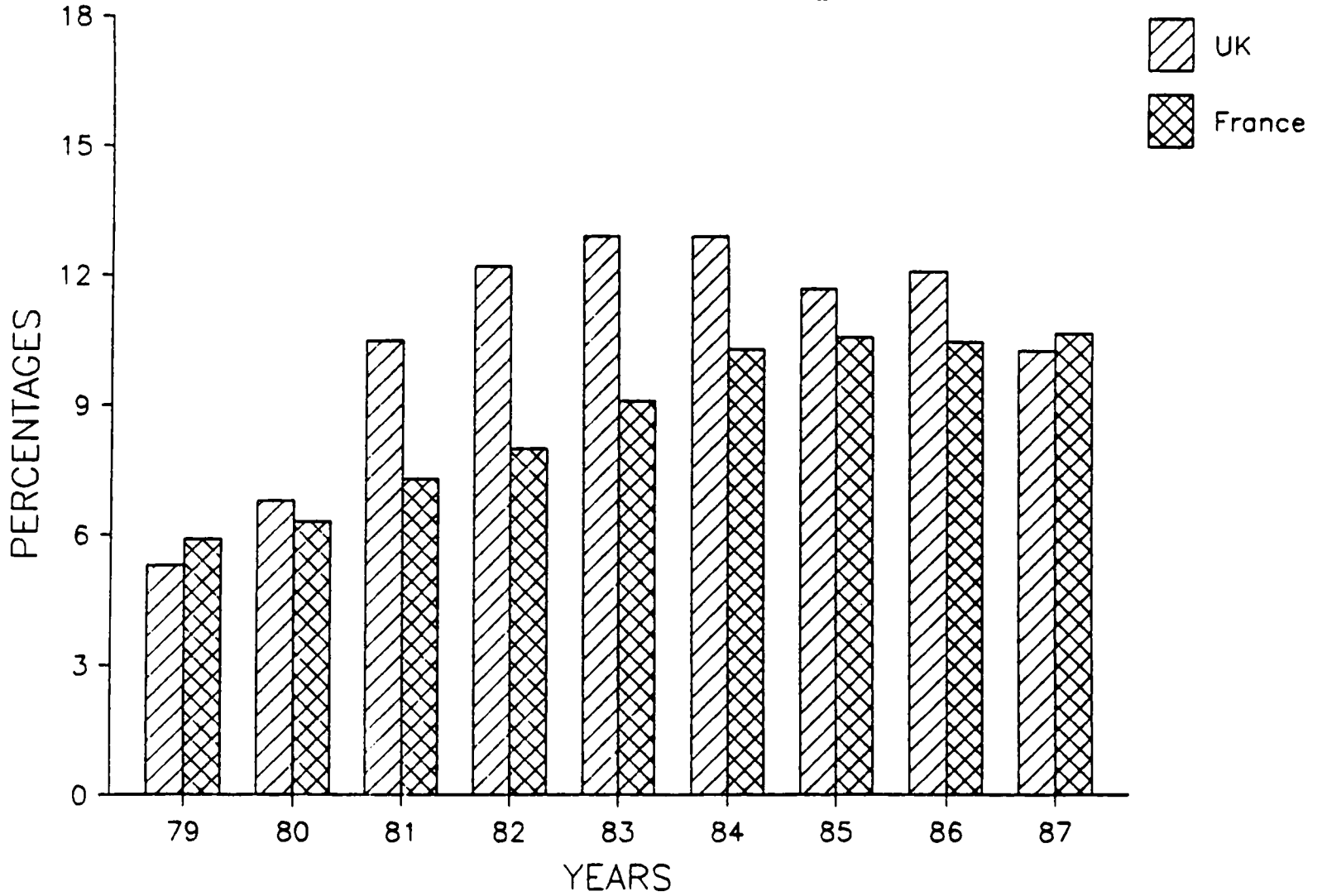
BRITAIN & FRANCE

Figure 2.1.



NATIONAL UNEMPLOYMENT 1979-87

BRITAIN & FRANCE



**Source: Department of Employment
and I.N.S.E.E.**

increasing decline in base industries has not assisted in this task especially in the hitherto industrial areas with which this investigation is concerned. This does not mean that the creation of jobs has not been successful; it means that the volume of job losses has exceeded their creation.

The extent to which this de-industrialisation has affected the involvement of these groups in local employment strategies and the initiatives and innovative ideas they have employed is examined in subsequent chapters.

CHAPTER 3. A CONCEPTUAL FRAMEWORK FOR COMPARING URBAN ECONOMIC DEVELOPMENT PROCESSES.

3.1 Introduction: Objectives;

This investigation examines the economic and political strategies which have been employed by local authorities in urban economic development, in an attempt to make an impact on rising levels of unemployment in their areas. This chapter reviews the relevant theoretical literature in the field and develops a conceptual framework which will be used to analyse the three cases.

3.2 Macrotheory.

The continuing rise in unemployment in Britain during the late 1970's and early 1980's called into question the ability of Central Government policies to control and reverse this trend. The period 1945 - 1970 reflects attempts by successive governments of both political persuasions to experiment with methods of maintaining a buoyant economy and to achieve full employment. These macro economic policies have been the subject of continuous research but there is little agreement as to causes or the mechanism of rectifying the problem.

The unemployment problem grew steadily since the 1950's but had increased in the late 1970's and early 1980's with technological advances and changes in world competition, the structure of industry and commerce has been transformed dramatically. A recent publication (Amin and Goddard 1986) describes work undertaken on

technological change and its effects on manufacturing structure. The authors, Ash Amin and John Goddard (1986), show how the manufacturing structure of advanced economies has been transformed in recent years by growing internationalisation of production, the rising power of giant corporations and the increasing rate of technological innovation. The impact of these changes it is postulated is felt unevenly between regions and is manifested in huge job losses in some areas and spectacularly High-Tech based growth in others.

The areas chosen for this investigation have all suffered huge job losses from the collapse of base industries. This investigation assumes that it is at the micro economic level of local authorities and individual firms in which investment takes place that policy interventions must function if long term decline in urban regions is to be curtailed or reversed. Writers such as Mawson (1981) and Young Boddy and Mason (1983) support this view.

3.3 Technological change and its effects on the manufacturing structure.

Amin and Goddard (1986) investigated the effects of technology changes on manufacturing structure. They identified the fact that widening regional disparities have been the problem in the recent recession. The regions whose economies have been based on sectors developed in the 19th century such as coal and steel have suffered first. Those more prosperous regions based on the 20th century industries such as motor vehicles and other consumer durables have also declined suffering de-industrialisation and job losses. The job losses have in many cases been in the larger corporations who

have been reducing capacity and in some cases switching investment overseas. There has also been an increase in the disparities between the regions because a few have had some growth in the new technology based industries and services associated with the high technology areas of micro electronics. An example of this is the M4 corridor where the sunrise industries have become established. The relationship between de-industrialisation and the internationalisation of production is also examined by Cowling (1986) who suggests that the car industry is an example of how major producers have moved towards serving the U.K. market from production facilities outside the U.K. and running down U.K. domestic capacity. He rejects the view held by Keynesian economists that such an internationalisation of production represents an efficient use of capital. He suggests that it is inefficient because monopoly control prevents the utilisation of new resources and the maximisation of output. In a weaker economy such as the U.K. it means a gradual erosion of output, productivity and innovation in manufacturing as capital is invested abroad. Young and Stewart (1986) analysed the impact of inward direct investment in the U.K. regions and their results indicate that the benefits have been uneven. Foreign manufacturing present in assisted areas has been beneficial to employment but in some cases has threatened to reinforce problems of dependent development. Freeman suggests that there is a mis-match between technological and institutional capacity. Labour skills are only mobile in a limited sense and such local skills largely determine the type of new industries which is attracted. It is also possible that any new skills may be difficult to acquire because of the time it takes for higher education to reflect current needs rather than needs of

earlier periods. He also suggests that under investment in telecommunication services could lead to difficulties in access to international stores of technological knowledge. This could mean an under investment which might prejudice conditions in an economic upswing.

3.3.1. Small Firms.

There has been an increasing interest in the small firm as a possible means of stemming the rise in unemployment. Storey (1986) points out that public policy towards small firms is not based on empirical work and that it might be that the policy is wasteful if it is found to be based on an incorrect or inaccurate premise. He suggests that the contribution of the small firms to employment in the U.K. as a whole has been modest. Furthermore he suggests that where growth has occurred it is in the more prosperous regions. However the Humberside evaluation of Local Authority financial assistance to small firms concluded that firms aided by the local authority increased their level of employment at rates exceeding those of other unaided small firms. They do however qualify their findings by accepting that external factors could have influenced growth to a greater extent than they identified. It may have been that the firms receiving the aid contained more effective entrepreneurs. The short period of the monitoring may well have distorted the overall results and conclusions drawn (Davis, Campbell and Barnes 1986).

3.3.2. High Tech Industries.

Oakey and Rothwell (1986) looked at the job creation potential of high technology industries and compared the U.S.A. with the U.K. They claim that there are two distinctive factors underlying the rapid expansion of some firms. These are the quality of the entrepreneurship and easy access to local venture capital.

The conclusions drawn from these multi-disciplinary approaches show the inadequacy of an industrial strategy which allows industrial decline through lack of intervention but also confines positive action to the higher tech. industries and small firms. It is also recognised that the task of identifying and releasing local reserves for the economic and social developments of the community should be left to local action. Local Authority economic development has been biased towards manufacturing but it is increasingly required to support and be orientated towards the High Tech and Service Industries where the future fortunes are likely to be found (Boddy 1986).

3.4 Political Dimension.

Chandler and Lawless Model.

Economic Policy cannot be divorced from political ideology the motives of which determine local authority policy on employment creation (J.A. Chandler and P. Lawless 1985). The grouping of these ideological bases are identified by Chandler and Lawless' study of local authority employment creation which aimed at locating these strategies within economic and local government policy in Britain.

This grouping is used to give a more effective guide in an area of great overlap, where political boundaries could be constricting.

1. Neo-Liberalism.

They define this as an authority who supports the theory that the economy will only expand if private industries and groups are allowed to pursue their interests given the incentive that they will hold on to what they gain by their enterprise. This leaves the local authority without a role in employment creation.

2. Keynesian Centre.

They define this as an authority who accepts the capitalist welfare economy of Britain and has no ideological objections to local government intervention in the economy provided that this is on a modest scale. The health of the local economy can be an important factor in motivating intervention in such authorities. Differences between authorities that accept Keynesian mixed economy is in practice a matter of scale. The policies typical of these authorities include such items as attraction of industry, tourism, provision of factory sites, premises and infrastructure, loans and grants. They have a similar ideological stance and adopt policies supportive and uncritical of industry but can differ considerably in their level of activity and in the emphasis that they place on particular policies. They also have to compete with each other for inward investment.

3. Radical Left.

They define this as the authorities broadly concerned with alleviating unemployment and increasing the element

of democratic control over industrial decisions and encouraging new forms of social ownership (G.L.C.1981). They are critical of the mixed economy and consider the allocation of scarce resources more equitably to be of high priority. Their main task is to attempt to hold back job losses in the face of the continuing rise in unemployment.

Their policies tend towards the radical but are far from revolutionary in the sense of attempts to rapidly undermine existing social and economic relations. Support is given to co-operatives and businesses run by minority groups. These Authorities also challenge policies of large companies and the government in order to prevent closures and relocation of plants in their areas. They are also aware of their own role as a major employer and consumer. The Leader of Sheffield City Council, David Blunkett, is a leading Labour spokesman on this approach. He defines it as an alternative social policy setting out libertarian, democratic socialist values (Blunkett and Green 1983).

The expected initiatives which each group would normally undertake are shown in Figure 3.1.

In Figure 3.2 a schematic presentation is shown of local authority initiatives and the agencies which support each of them.

Political Theory.

The study of political programmes gives little indication of further progress of local authority employment creation initiatives. There are however theoretical analyses which could provide guides to possible trends.

The neo - Marxist theorist (Castells 1978) argues that urban societies have developed to ensure replication of the labour power

Figure 3.1 Types of Initiatives by Political Groups.

<u>Neo Liberalism.</u> (Thatcherism.)	<u>Keynesian</u> <u>Centre.</u>	<u>Radical</u> <u>Left.</u>
Withdrawal of local or central govt. from activities which the private sector can provide.	Accept capitalist welfare economy.	Alleviation of unemployment.
Full Employment through free market economy.	Modest L.G. intervention acceptable provided that national aims not distorted.	Increase the element of democratic control.
Reduction in number of L.A. employees.	Health of local economy an objective of intervention.	Socialist values.
Privatisation of services.	Promotion of industrial growth and its attraction.	Support to co-operatives and businesses run by minority groups.
Increased competition.	Tourism.	L.A. challenges policy of large companies to resist closures.
Increased entrepreneurial initiatives.	Factory sites and premises, infra structure, loans grants and advice.	Municipal enterprise.
Lower rates.	Training.	Purchasing policy.
	Enterprise boards and zones with private industry.	Creating and saving employment rather than re-distribution.
		L.A. uses own resources to provide services.
		Pressure group campaigns.

FIGURE: 3.2.

SCHEMATIC PRESENTATION OF LOCAL INITIATIVES.

TYPE OF INITIATIVES.	SUPPORTING AGENCIES.
Promotion of Inward Investment	Regional/County/Local Authority (Some Enterprise Agencies).
Expansion/Restructuring Local Businesses.	Local Enterprise Agencies Local Authorities/ Small Firms Service/C.O.S.I.R.A.
Helping New Businesses Get Started.	Local Enterprise Agencies/ Local Authorities/ Small Firms Service/C.O.S.I.R.A.
Helping the Self Employed Micro Firm	Local Enterprise Agencies/ Small Firms Service/ C.O.S.I.R.A.
Help Semi - Commercial Entities/Community Business Cooperatives	Co-operative Development Agencies Community Business/ Local Enterprise Agencies.
Run Work Related Community Activities for the Unemployed	Community Businesses/ Co-operative Development Agencies/ Local Community Groups/ M.S.C./Churches/ Voluntary Organisations.
Provide Local Services for Disadvantaged/Jobless	Local Authorities/ M.S.C. Voluntary Organisations/ Local Community Groups/Churches.

Source: Job Creation in the U.K.
National Survey of Local Models.
Todd. 1986.

necessary for the maintenance of capitalist production through the process of collective consumption.

This theory has been further developed by Peter Saunders (1984) that the function of local government in urbanised capitalist society is to facilitate the process of collective consumption. He argues that local politics are essentially consumption politics and local campaigns around issues of consumption cannot easily be integrated into nationally organised class based movement centred on politics of production. Saunders regards the increasing demand for interventionist local economic policies as minor activities not likely to develop in the long term. He implies that radical authorities which see the possibility of advancing the cause of socialism through economic campaigns are mis-directing their energies.

This theory has been criticised by Dunleavey (1984) who suggests that it is empirically unsound because different states have different priorities and therefore their allocation of functions will also differ.

Public choice theory suggests that local authorities will be active in creation of employment provided that they can demonstrate to their electorates that the community is getting a return from its outlay. This can be used in explaining why there is a fluctuation in support for economic intervention by local authorities in line with rates of unemployment.

3.5. Development - Economic and Industrial.

The problem which has faced local authorities since the late 1970's

is not only the rapid growth of a new unemployed "client group" putting increased demands on the traditional services but also the change in unemployment levels to a crisis point in many areas. This poses a completely new set of questions and problems which are as radical a challenge as public health in the 19th century and education and public housing in the early 20th century (Bennington 1985).

The fundamental problem for all local authorities is their attitude to and interpretation of economic and industrial development. Development has in the past meant the attraction of new industries to an area. The traditional method of achieving this was to encourage additional inward investment into local economies through public relations, financial incentives and reduced planning controls. These are not now a sufficiently effective response to the current crisis because of the reduction of mobile capital investments; jobs are simply redistributed around the country at great expense but in overall terms little or no gain in employment (Bennington 1985).

Local authorities have therefore changed their interpretations of development. Many authorities have shifted their reliance on attracting new firms or developers from outside their area towards support for the development of industries already established. They have also investigated ways of stimulating employment and training in an attempt to fit local needs and local skills together with retraining and education as a high priority (Chandler and Lawless 1985).

There has also been a move away from property led approaches in providing industrial land and premises towards a more direct involvement. Local authorities have evolved more direct relationships with local employers and in a number of the more radical authorities joint ventures, partnerships and cooperatives have been supported. The move away from the traditional interpretation of development will be

examined in subsequent chapters.

Local Authorities in areas affected by the loss of base industries and subsequent increasingly high levels of unemployment cannot hope to keep pace with the rate of job losses in their locality even when the economic impact of its mainstream investment, purchasing and employment policy is taken into account (Bennington 1985). The contribution which an individual local authority can make appears small; however, the contribution which local authorities can make together country wide in an attempt to defend and create jobs is substantial.

Local Authorities whilst having few statutory powers in the economic development area and limited resources, can make a positive contribution not in the provision of direct services but in the stimulation and coordination of resources often controlled by other agencies. They also support employment initiatives at community level and can act as the catalyst for efforts to provide joint projects between local authorities, employers, trade unions and educational establishments. This is not the traditional local government view of service delivery and allocation of resources. Economic development also requires closer coordination of policy and action between local authority committees both at strategic planning and task levels linking the corporate planning system "top down" to the community development process of "bottom up".

3.6. Rates and the Location of Jobs.

The report commissioned by the Department of the Environment and produced by the Department of Land Economy at Cambridge University investigated the effect of business rates on the location of employment (Crawford, Fothergill and Monk 1985). The investigation compared the rate burden with changes in employment between 1974 when local government re-organisation took place to 1981 which was at the time of

the study the most recent year for which local employment figures were available.

The report concludes that there appears to be little if any effect of rates on location of employment. It suggests that higher rates are often met out of company profits or passed to the consumer in higher prices. The report accepts that the findings and analysis are preliminary and not necessarily relevant to national employment. However it does indicate that the main factors for changing location of employment lies with those other than rates. There is also little evidence that high rates lead to better than average employment trends in local industry. The effect of rates on public sector employment was not considered. However it was suggested that if high rates were used to finance high local authority expenditure it could be that a significantly larger work force could be employed and commented that perhaps rate increases are good for local employment.

It is this last unsubstantiated comment which Sheffield City Council have used in their preamble to the résumé of the Job Audit.

3.7. Microtheory: Urban Authority Economic and Employment Strategies.

The literature concerned with local economic and employment strategies can be divided into three categories.

- i. Local Authority Economic Policy and Initiatives.
- ii. Local Authority Organisational Processes and Relationships.
- iii. The Evaluation of the Initiatives and the setting

up of Performance Indicators.

3.7.1. Local Authority Economic Policy And Initiatives.

Most authors in this area have found from their investigations that firstly government policies to remedy unemployment have not worked and secondly that whilst local economic development and initiatives are unlikely to make dramatic changes local authorities have identified a need to try to influence and reverse national trends (see Chapter 2). The study of Local Authority interest in local initiatives has been investigated since before local government reorganisation in 1974. A study by Camina (1974) showed that among the pre 1974 local authorities, County Councils & County Borough Councils were more active than less powerful tiers of government. The rising levels of unemployment have been responsible for much greater awareness of the need for action at local level. Analyses of employment creation in terms of characteristics of the local authority area rather than the type of authority all suggest that the prevailing levels of unemployment within an area are an important factor underlying levels of activity among those authorities (Camina 1974). Falk (1978), Middleton (1981), Chandler and Lawless (1985), and Gudgin, Moore & Rhodes (1982) all point out that the growth of unemployment has occurred throughout extensive areas of the United Kingdom and has characterised most sectors of the economy. Boddy (1983) has looked at the changing public private sector relationships based on Local Authorities in their role as landowners. He noticed that by the early 1980's the private sector provision of small industrial units was expanding while the squeeze on local authority financial resources was checking the direct development activity of local authorities.

Mason's (1983) investigations have been concerned with labour market policy and have concluded that the provision of services to cope with the needs of the less fortunate are being eroded and that policies are becoming more concerned with the needs of the market.

Lawless (1981) Chandler and Lawless (1985) have investigated the revival of economic intervention and have dealt with local authority initiatives both politically and economically. Their work has identified several new areas of intervention undertaken by local authorities but as they admit their effects have not been evaluated.

The effects of Local Enterprise trusts and agencies have been investigated by Mawson and Miller (1982). These have been the most actively investigated and performance indicators have been identified so that comparisons can be effected.

The main areas of involvement by local authorities can be identified as follows;

a) Attraction and Development of Industry and Commerce.

b) Tourism.

c) Local Authority Enterprise.

d) Local Authority as Employer and Consumer.

3.7.2. Local Authority Organisational Processes and Relationships.

The increasing involvement of local authorities in economic development has meant that close scrutiny of the organisational processes has taken place. Mawson (1983) identifies the fact that because economic development is a highly corporate activity it is therefore vulnerable to

inter-departmental friction. He postulates that each authority will tend to develop its own individual network to achieve similar objectives. Young (1983) supports this with the conclusion that local authorities are not monoliths and that policies are the sum total of internal processes of administrative politics.

Stewart and Underwood (1983) supported by Hambleton (1980) & Edwards and Batley (1978) have looked at the inner city relationships in redevelopment and economic strategies. They conclude that the emergence of a predominantly economic policy has been marked by three related major features. Firstly the absence of local/central interrelationships. Secondly that programmes and innovation have been stifled by traditional administrative practice because these innovations are necessarily risk taking which is against traditional local government action and activities. Thirdly that such programmes are becoming economic growth oriented and not deprivation oriented strategies. This conclusion coincides with the conclusions drawn by Mason (1983).

3.8. Local Initiatives.

Local initiatives can be grouped into types of activity and it is the intention in this study to use this as a method of grouping. There are three main actors in the local initiatives scene, the local authority, the private sector and the voluntary sector; each of these sectors react and interact in an attempt to achieve their objectives, However it is the Local Authority involvement which is considered in this thesis.

The three case studies consider the most significant and important initiatives. These are grouped as follows;

1. Municipal Enterprise.

2. Support for Business.

3. Enterprise Zones.

4. Industrial and Commercial

Development.

5. Purchasing Policy.

6. Tourism.

7. Minority Groups.

Some initiatives are deliberately aimed at relieving unemployment or coping with the unemployed; others are not directly aimed at such an ideal but rather at investment which by the multiplier effect it is anticipated will in the long term aid job creation. Many authorities have attempted to face up to the unemployment and general urban problems of their areas (Lawless 1981). There has been a realisation that any reduction in reliance of local areas on multinationals, monopolies, or large firms reduces the danger of sudden economic catastrophe for local people and will provide a broader base if smaller industries can be encouraged to expand or set up locally.

There are inherent difficulties in the involvement of local government in economic development. Firstly there may be considerable difficulty in developing a working partnership with local capital interests on strategies to restore industrial activity. Secondly, the sort of risk taking and investment capital

sometimes required to achieve is discouraged by the local authority requirement to be accountable. Thirdly, central government is distrustful of local authorities initiatives despite attempting to encourage such activity (Goldsmith 1983).

3.9. Evaluation of Initiatives.

Local initiatives in local authorities represent one of the few areas of budget which have increased in recent years. In 1976/77 local authority contributions to industrial development was £29 million and in 1978/79 this had increased to £97 million (Boddy 1983). Storey (1983) concludes from his investigation in the North East that few authorities had at that time conducted detailed appraisals into the effectiveness of job creation schemes. This is supported by the fact that Sheffield City Council who have been at the forefront of economic and job creation strategies have very few comparative statistics to enable accurate assessments to be made. Storey (1983) & Bovaird (1986) have identified problem areas in producing objective measurements. The assessment of objectives and the development of performance indicators has been the subject of debate in local authorities for at least a decade. Bovaird (1985) has produced such indicators for the Welsh Development Agency which has meant considerable work in the creation of a hierarchy of objectives. However Robinson, Wren and Goddard have undertaken an evaluative study of Newcastle (1987). The cost of intervention in Enterprise Zones has been much more closely monitored as a new area of innovation (Mawson 1982). More detailed work has also been carried out by Gough (1981) & Jurue (1980).

Enterprise Zones were first considered as Free Port Zones based on the example of the South East Asian ports such as Hong Kong. The conditions

would be explicitly ones of "shameless" free enterprise with no taxes or constraints such as health and safety at work or low pay legislative regulations (Hall 1982). In reality the zones did not offer carte blanche conditions to industry but did offer considerable concessions and incentives to industry to locate in them. R. Tym and Partners have been monitoring enterprise zones for the Department of the Environment with the production of several reports. (Tym 1984). Tym found that deflated land values occurred around the zones and that some complaint was made by firms close to but not in the zone. There is also some evidence that firms have used spatial relocation to facilitate rationalisation and therefore job losses (Massey and Meegan 1982, Morris 1987).

In the past many local authorities have not quantified or measured effectiveness. However, during the last ten years an increasing number of authorities, in the face of decreases in available funds, have become concerned in measuring the results of their management policies. This increasing interest has meant that academic institutions have become involved in developing performance indicators. The evaluation of initiatives in the north east of England by Storey was not as effective as he had anticipated in view of the limited number of cases studied. He also indicated that the studies lacked an assessment of what would have happened in the absence of the initiatives by those authorities. The hierarchy of objectives of the agency or local authority need to be identified clearly in order that objective identification of effectiveness may be measured.

The work of Gough (1981) represents a different approach to the evaluation of policies. It focuses on the impact of intervention on the recipients of the policies of the local authorities. Davies and

Mason (1981) carried out an evaluative study which focused on the labour market by using a case study of a large scale redundancy situation. Whilst this study identified local authority reaction to problems of unemployment it does not provide an adequate method of assessing initiatives over a wide range of varying projects.

These studies are extremely detailed and required the setting of a detailed hierarchy of objectives and output measures thus indicating the extent to which those objectives have been achieved. In view of the wide ranging cover of numerous initiatives by several agencies and the international scenario involved the setting of such objectives would be difficult in the present investigation. The Bovaird Model sets two criteria by which evaluation can be undertaken.

These are;

a) the degree to which initiatives are self financing.

b) The cost effectiveness of intervention.

i. Low cost - High effectiveness.

ii. High Cost - High effectiveness.

iii. Low Cost - Low Effectiveness.

iv. High Cost - Low Effectiveness.

(Bovaird 1981).

It is accepted that the nature of any evaluation and the setting of criteria involve areas which provoke contention particularly where

job creation and economic intervention are concerned. There are differing reasons for such interventions varying as widely as pure job creation to employing those marginalised by the market.

The cost per job of public intervention strategies is another area which is being developed (Storey 1983) and whilst being a useful indicator in the Enterprise Boards and agencies can be misleading if used as a general guide as many of the initiatives in this study do not directly produce jobs. Wannop and Turok have carried out work for the Department of the Environment during 1986/87 regarding the effectiveness of specific initiatives but this information is not freely available at present.

The effects of central government must be taken into account when discussing the micro situation. Although the actions of one authority in isolation cannot itself affect the macro situation the total effect of all local authorities could be considerable. Any evaluation must therefore take account of the limitations placed on the actors by other more powerful agents.

In this thesis it is the type of initiative and its relationship to the Chandler and Lawless model which is most relevant. Whilst the overall effects of initiative is related in broad terms to levels of unemployment in the case study areas the quantitative effectiveness of each initiative is not examined.

3.10. Comparisons Between The Case Study Areas.

The Chandler and Lawless Model of political dimension of local authorities identifies a number of initiatives which that particular authority might be expected to employ in an attempt to make an impact on unemployment in their locality. It is the

intention in this thesis to use this model to identify the type of local authority and indicate the traditional type of initiatives which each could be expected to undertake. This will enable a comparison to be made of how closely the three authorities have adhered to their political form and whether any significant trends can be identified. The unemployment levels in the areas will also be compared with regional and national figures to identify any significant trends. It is appreciated that such comparisons can only be an indication of the overall position in the areas and not necessarily attributable to the initiatives discussed in this study.

3.11. Choice of Case Study Areas.

The choice of areas was made on the following basis:

1. All three areas have suffered from the decline of base industries of considerable proportions during the last 10 years. The type of industries differ in all three areas which gives a wider view of effects and resulting action.
2. All three areas have Local Authorities of different political persuasions which enables an interesting comparison to be drawn.
3. All three areas are active in local economic development and local employment strategies.
4. The international perspective was introduced in an attempt to compare both different systems of economic planning and administrations.

5. Sheffield and North Kent differ in that in North Kent the surrounding region is of relative prosperity whereas in Sheffield the surrounding region is in greater depression than the City area.

6. Lille has, since 1982, been responsible for Economic Development and has therefore developed its strategy much more recently than Sheffield and North Kent.

The case studies identify what are considered to be the most important initiatives in each area.

CHAPTER 4. PROFILE NORTH KENT.

4.1.Introduction

The area chosen covers four local authorities all bordering the South shore of the river Thames and its estuary and is considered an identifiable unit by the County Council Planning Department. (see Figure 4.1) The authorities are from west to east, Gravesham, Rochester upon Medway, Gillingham and Swale, with a total population of approximately 180,000 (see Figure 4.2).

The area has a strategic location adjacent to the M25 and is one of the areas available for development on this route round London. North Kent has easy access to the highway network with the A2/M2 to the South Kent ports of Folkestone, Dover and Ramsgate and the A2, M2, A249 to Sheerness on the Isle of Sheppey which has a deep water port with twice daily sailings to Holland. The Tilbury container terminal on the Thames and Chatham port facilities on the Medway continue to be available for use to import and export goods. There are large areas of vacant land and redevelopment opportunities, river side sites and wharves. The price of land is cheap relative to the cost of an equivalent in central London 20 miles to the west. There is also available a wide range of skills in a large labour force together with a wide choice of housing much of which is cheap by South East England standards. The rail network has never been what industry would have wished. There is a fast commuter service into central London but the goods traffic service is not highly developed. The area has therefore become one of the dormitory suburbs of London.

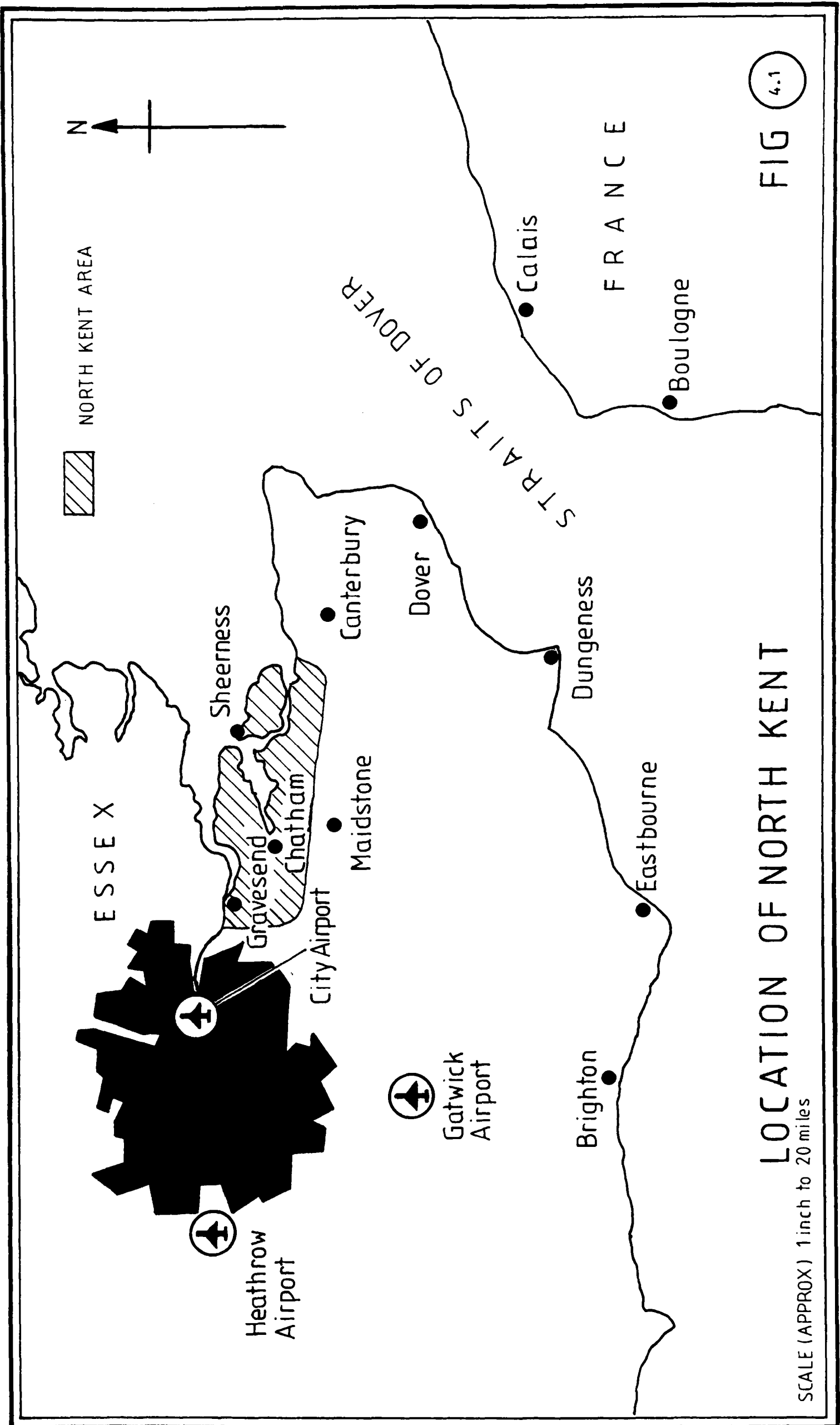
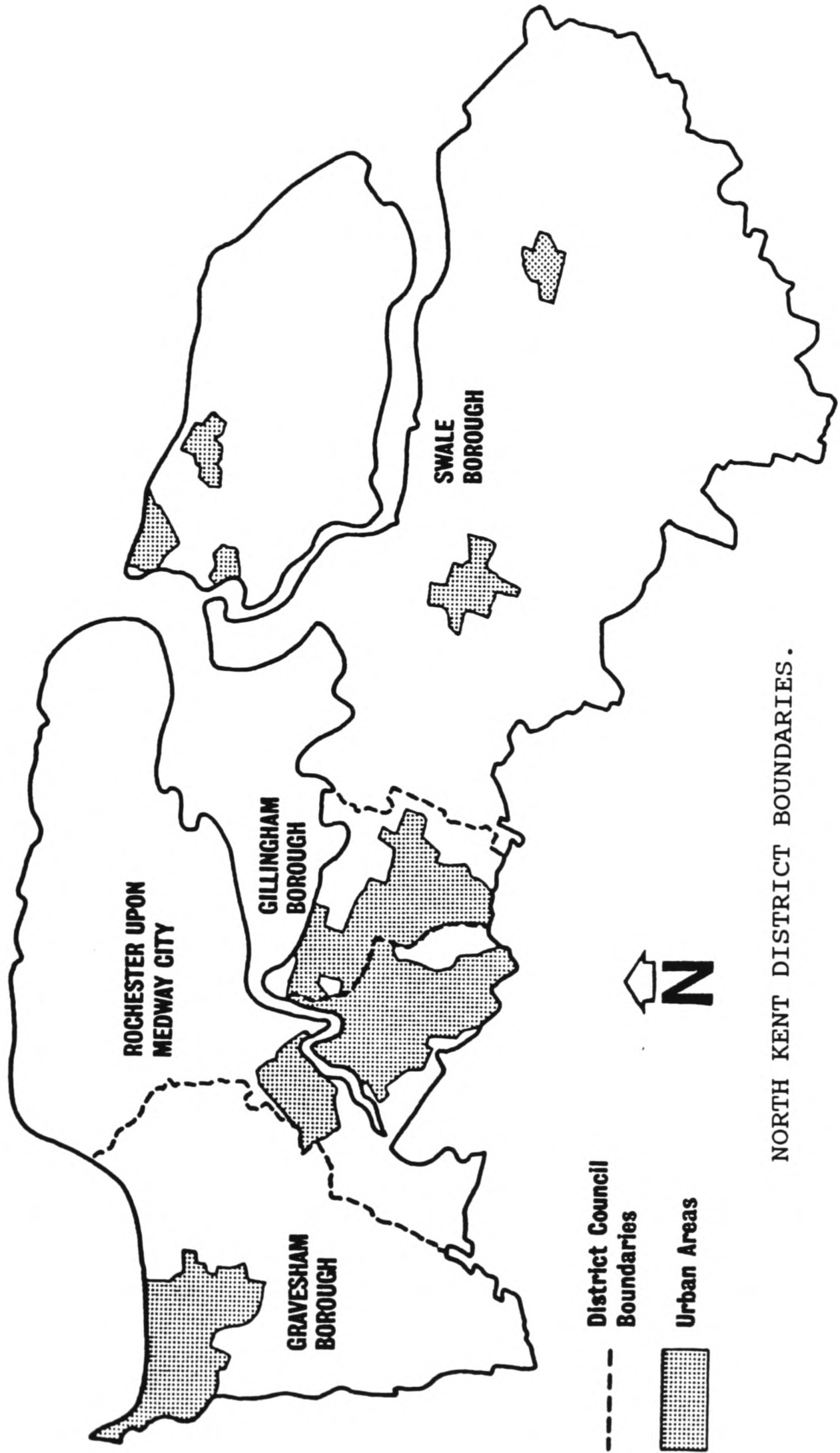


FIG 4.1

LOCATION OF NORTH KENT

SCALE (APPROX) 1 inch to 20 miles



NORTH KENT DISTRICT BOUNDARIES.

4.2. Political Dimension.

The local government reorganisation in 1974 marked a change in the style of management and more importantly a change in the type of councillors particularly in the Kent County Council. There has been an increasing trend for councillors to adopt party political lines than pre 1974 when consensus politics dominated the council. Councillors are involved much more in operational detail. The councils reflect central government policies to a greater extent than pre 1974. The Channel Tunnel project has had a considerable effect on all the councils in Kent. It has affected their economic policy and their strategies. The need to try and attract investment and to capitalise on a project of this magnitude is paramount. The leader of the County Council, Tony Hart and the Chief Executive, Paul Sabin with others have been instrumental in developing a strategy in Kent which will expand markets and tourism. The conservatives have control in all the Boroughs with the exception of Swale who rely on the SDP members for some support. The county council has been conservative controlled for many years.

Table 4.1 Political composition of North Kent.

	<u>Conservatives</u>	<u>Labour</u>	<u>Lib.</u>	<u>S.D.P.</u>	<u>Ind.</u>	<u>Total.</u>
Kent.	57	24	16	2	-	99
Gravesham.	23	20	-	-	1	44
Medway.	29	13	-	6	1	49
Gillingham.	23	7	12	-	-	42
Swale.	21	13	-	14	1	49
Total.	153	77	28	22	3	283

The control which these seats give does provide a unifying structure which is evident in the strategies and initiatives undertaken within the area.

4.3. Chandler and Lawless Model.

In terms of the Lawless Model all the authorities in North Kent combine the strategies of Neo - Liberalism and Keynesianism. The County Council is in many respects a model Thatcherist authority with value for money, privatisation and restrictions on manpower of paramount importance. There is a belief in all the councils that investment by the private sector is the only way in which expansion can be achieved which will then provide increased employment. The councils consider that increased competition is the only method of providing services and that the involvement of local authorities should be of the "pump priming" type. Municipal enterprise or the expansion of services to provide employment are not acceptable.

Whilst the channel tunnel project has become of increasing importance to Kent the development of tourism is also seen as a method of increasing investment and employment in Kent. This is in line with central government policy and its report in 1985 on the business of tourism (1985). Kent has a great deal to offer both geographically and historically despite the large number of people passing to and fro on their way to and from the channel ports.

4.4. Employment Trends.

Since 1979 North West Kent has faced the most urgent economic problems in Kent. It is largely urban industrial area within the four Kent districts. It has a legacy of long running decline in a number of basic

industries. The four districts are treated as a whole because of the shared problems of decline in similar industries. People come across the administrative boundaries in substantial numbers to work creating a strongly interdependent cohesive area (K.C.C. North Kent Study 1982). There are special problems in the three western boroughs which have the highest proportion of employment in manufacturing. There are two main events which have caused the area considerable problems since 1979. These are the B.P. decision to run down the use of their oil refinery on the Hoo peninsula and secondly the government's decision to close Chatham Royal Naval Dockyard; the reduction of work between them represents 8000 jobs.

The following Table 4.2 indicates the variation of the distribution of employment between the sectors.

TABLE: 4.2
EMPLOYMENT BY SECTOR IN NORTH KENT 1981-84

	1981	1984	% Change 1981-84
Agriculture	9.9	9.6	- 3.0
Industry	63.5	62.1	- 2.2
Services	91.6	95.2	+ 3.9

Source: Kent County Council.
Planning Department Survey
1986.

4.5. Employment Trends; Changes 1971 - 1987.

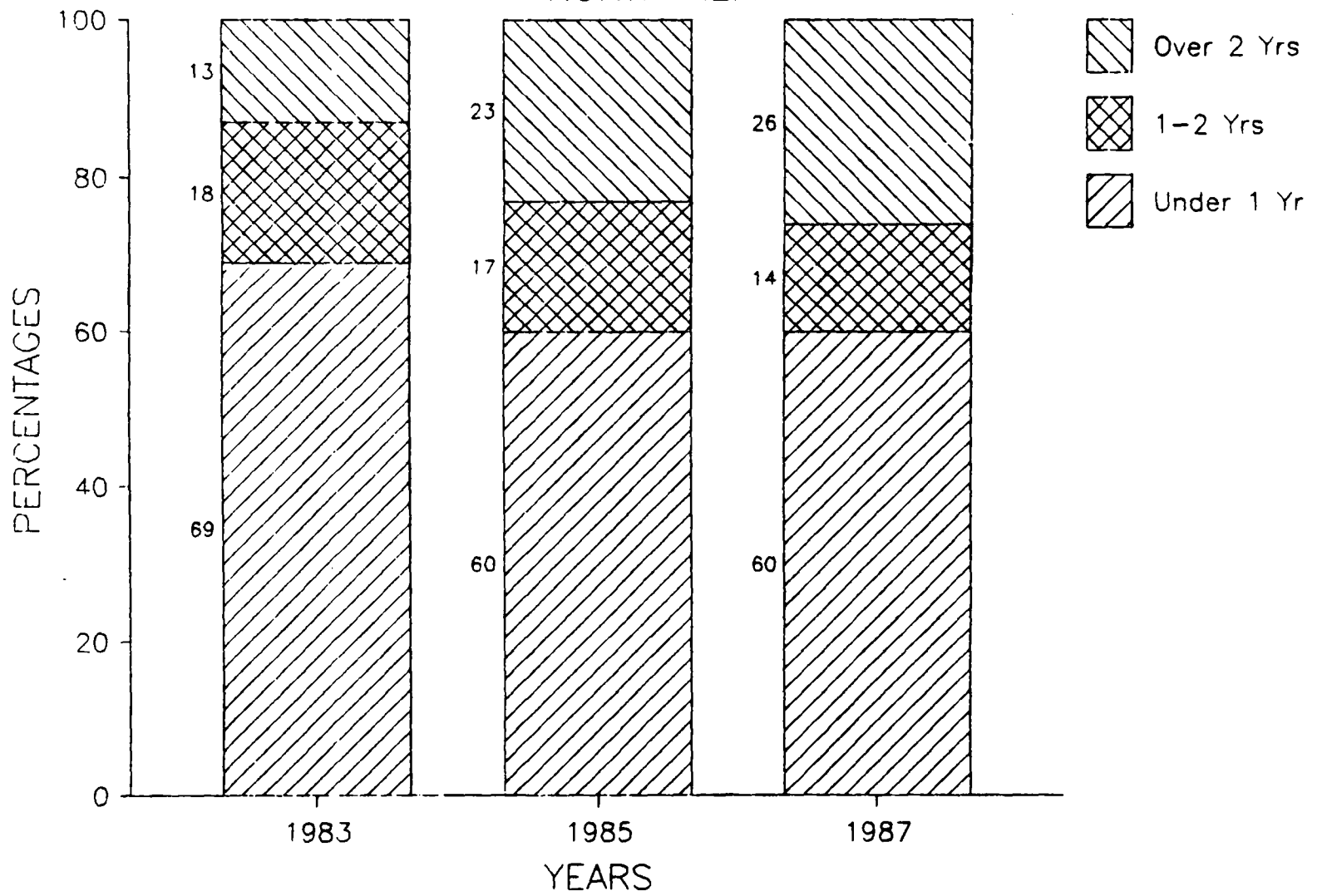
The Employment Census (K.C.C. Planning Department 1983) showed that between 1971 and 1978 employment in Kent grew by 8.7% compared with 2.9% in Great Britain. Between 1978 and 1983 employment in Kent declined by 11.3% compared to 9.4% in Great Britain and during this period manufacturing industries in Kent declined by 23.5%, construction by 30.6% and the previously buoyant service sector by 4.9%. The total employment change in the area is determined largely by firms employing ten or more employees; 87% of all jobs fall into this category. The number of firms employing more than 10 people declined by 13.7% in Kent between 1978-83 but in North Kent the losses were substantially greater at 20.9%. In contrast firms employing less than ten employees increased their employment by 21.9% both in Kent as a whole and in North Kent specifically.

The contrast between the performance of large and small work places is most marked among manufacturing firms. Manufacturing employment in work places of ten or more employees declined by 25% between 1978-83 but increased in the firms of less than ten employees by 65%. It should be noted that the small manufacturing work places account for only 3.5% of all manufacturing jobs.

The Kent County Planning Officer reported in 1986 that the number of long term unemployed in the county had increased steadily since 1981. The unemployment rate for Kent in May 1986 was 12.4%, slightly below the U.K. average and of this 36% were long term unemployed, those out of work for over a year (see Figure 4.3). There is some diversity in the types of employment in North Kent with the larger industries based in the west of the area and around the Thames and Medway and agriculture taking a more important role in the east of the area.

FIGURE. 4.3

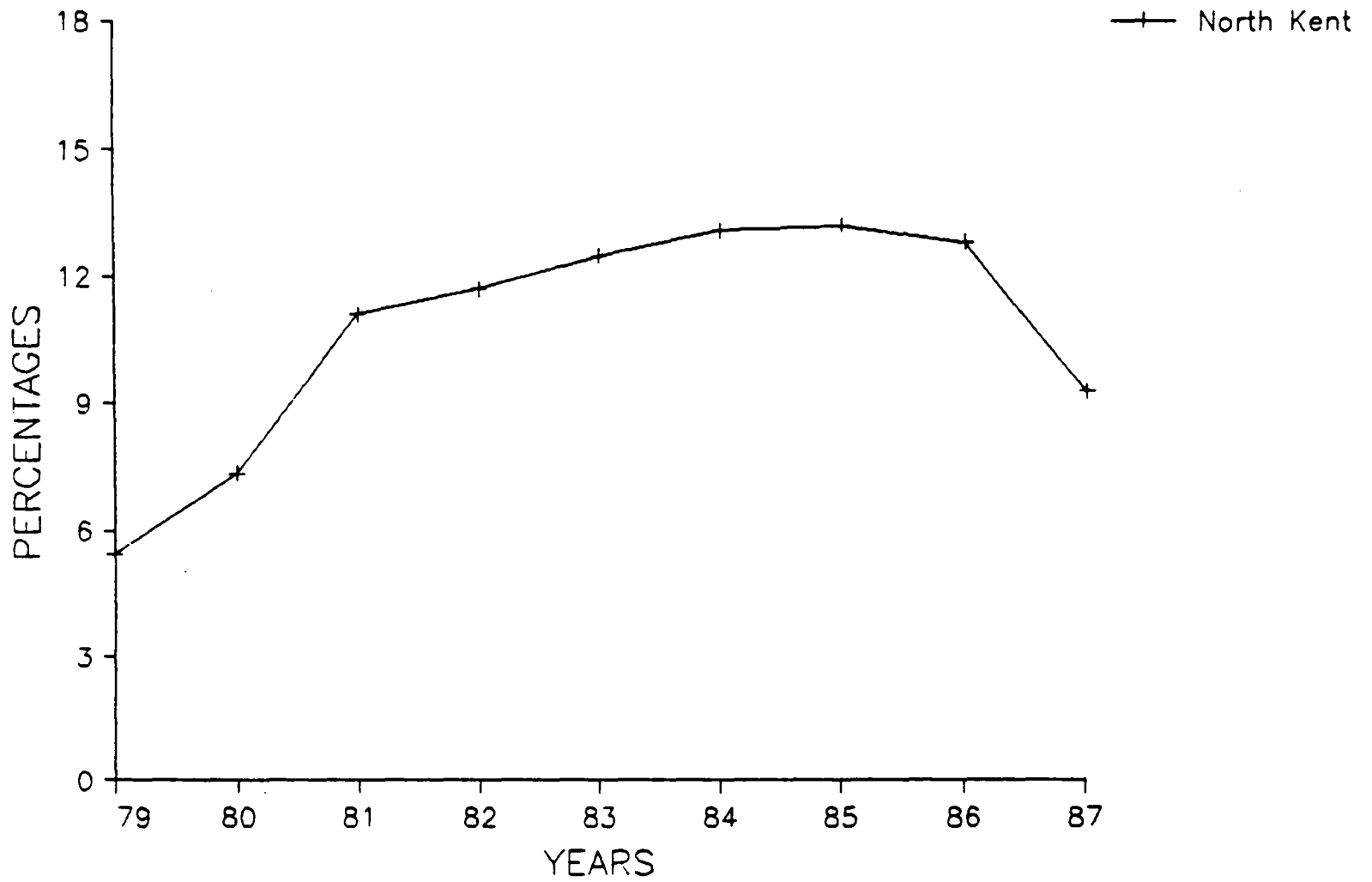
LONG TERM UNEMPLOYMENT NORTH KENT



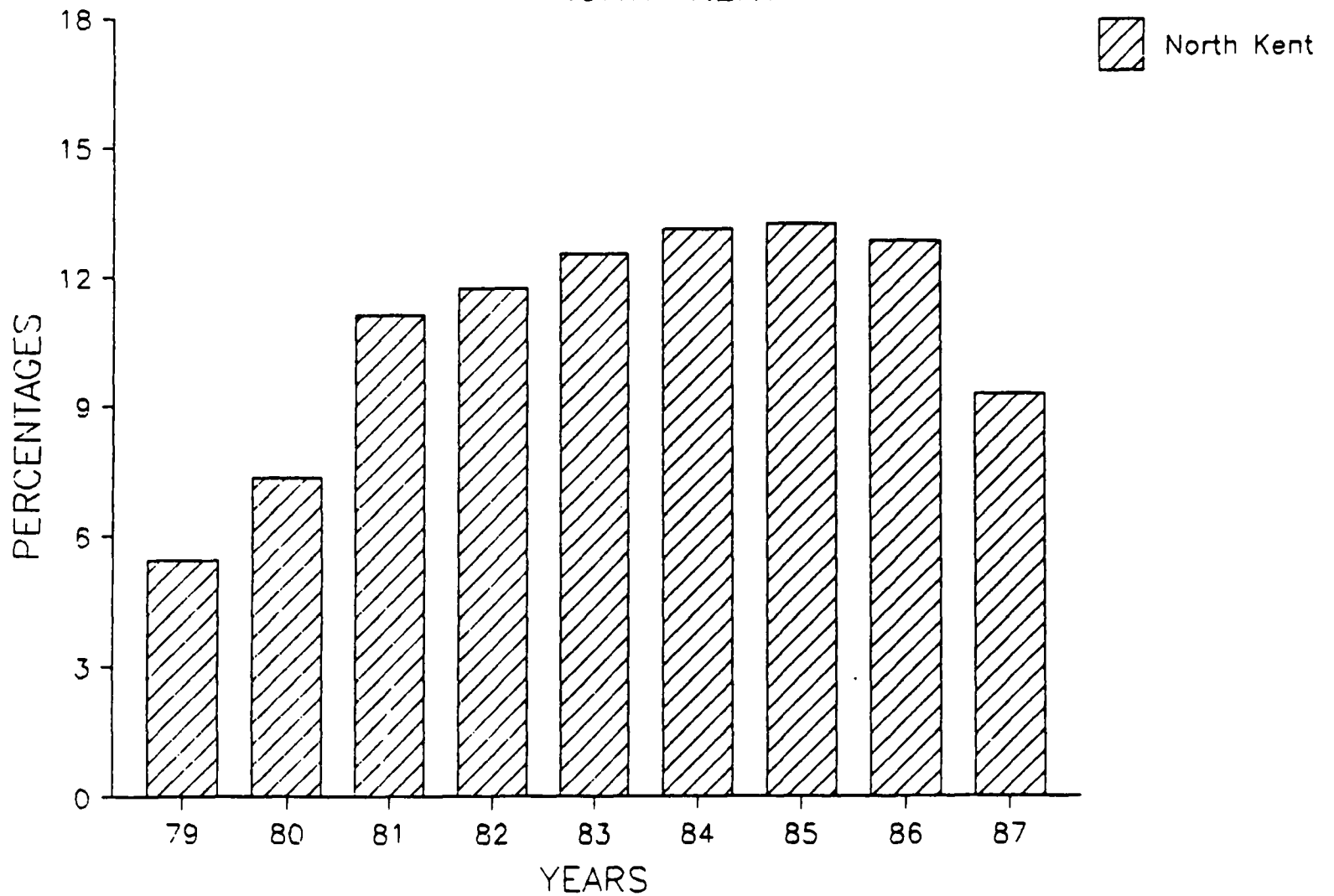
**Source: Kent County Council.
Planning Department.**

UNEMPLOYMENT 1979-1987 NORTH KENT

Figure 4.4.



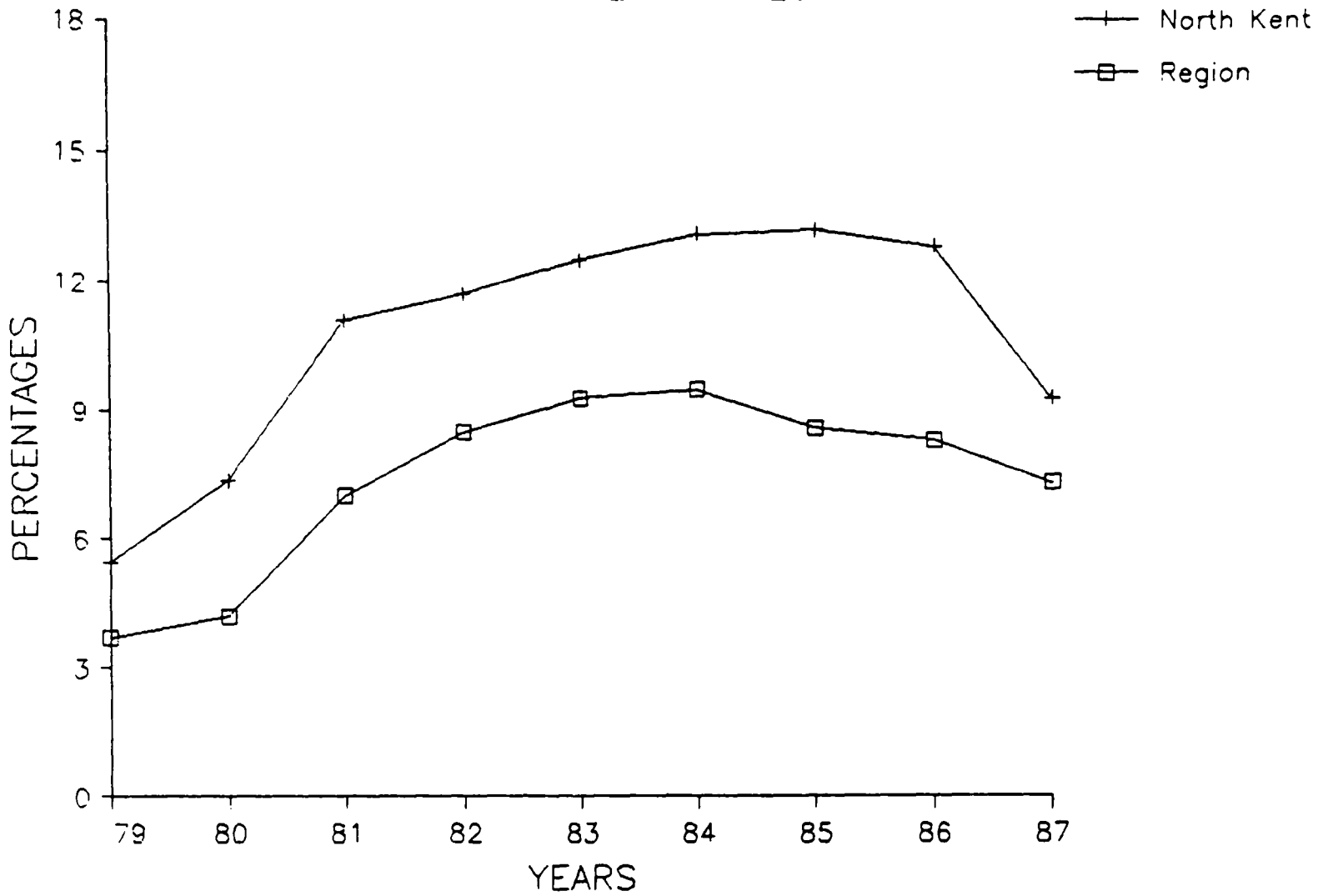
UNEMPLOYMENT 1979-1987 NORTH KENT



Source: Department of Employment.

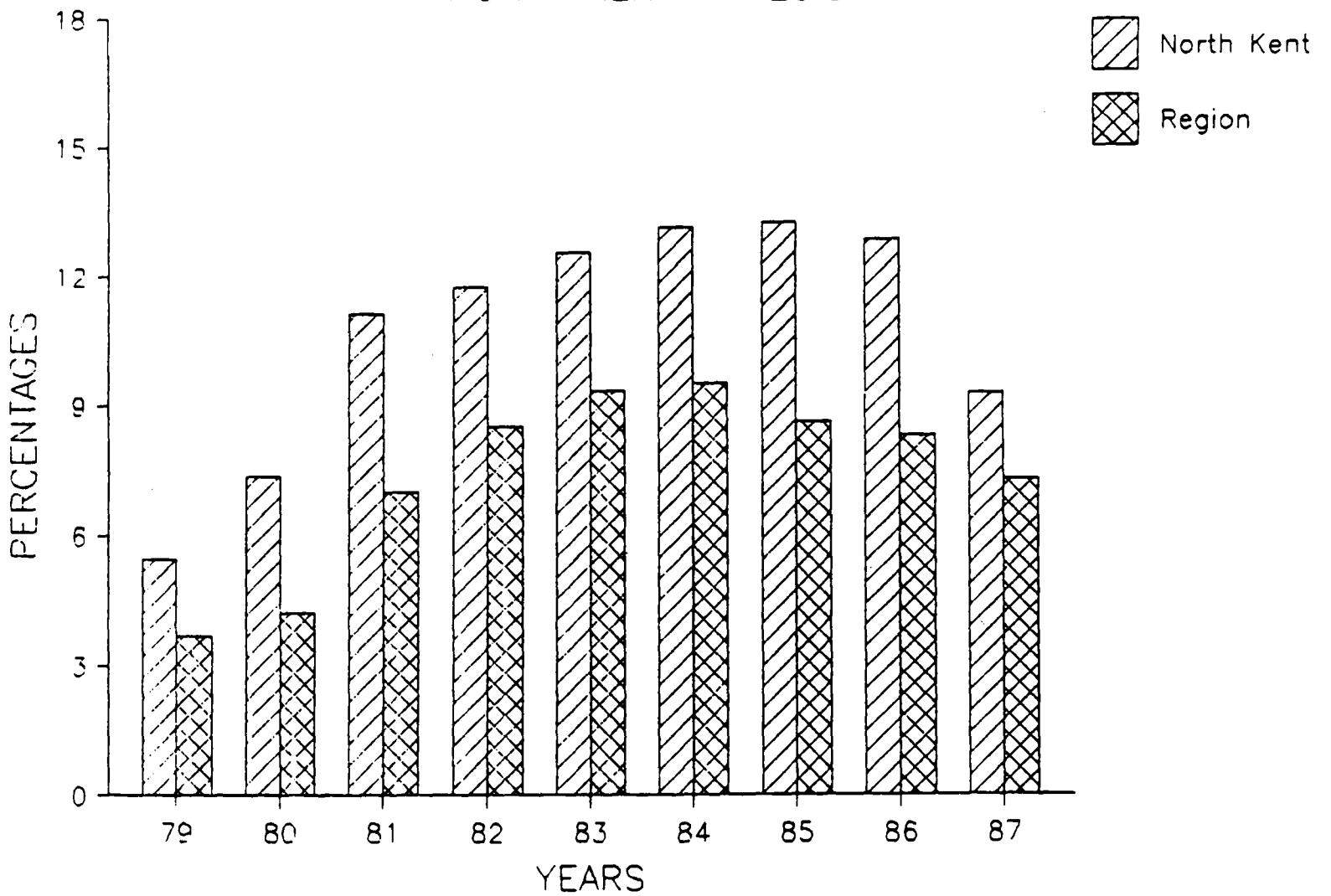
UNEMPLOYMENT 1979-1987 Figure 4.5.

NORTH KENT + REGION



UNEMPLOYMENT 1979-1987

NORTH KENT + REGION

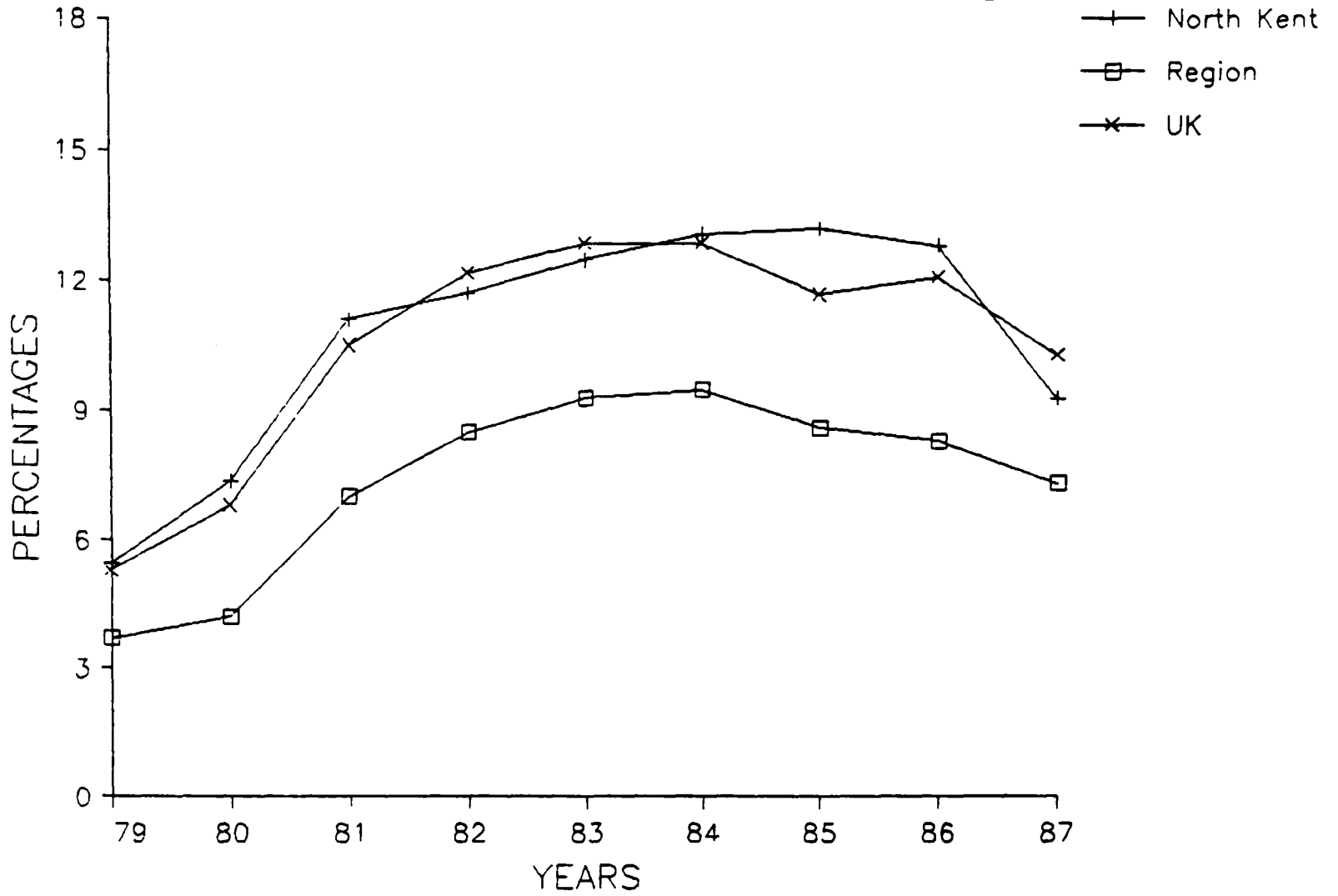


Source: Department of Employment.

UNEMPLOYMENT 1979-1987

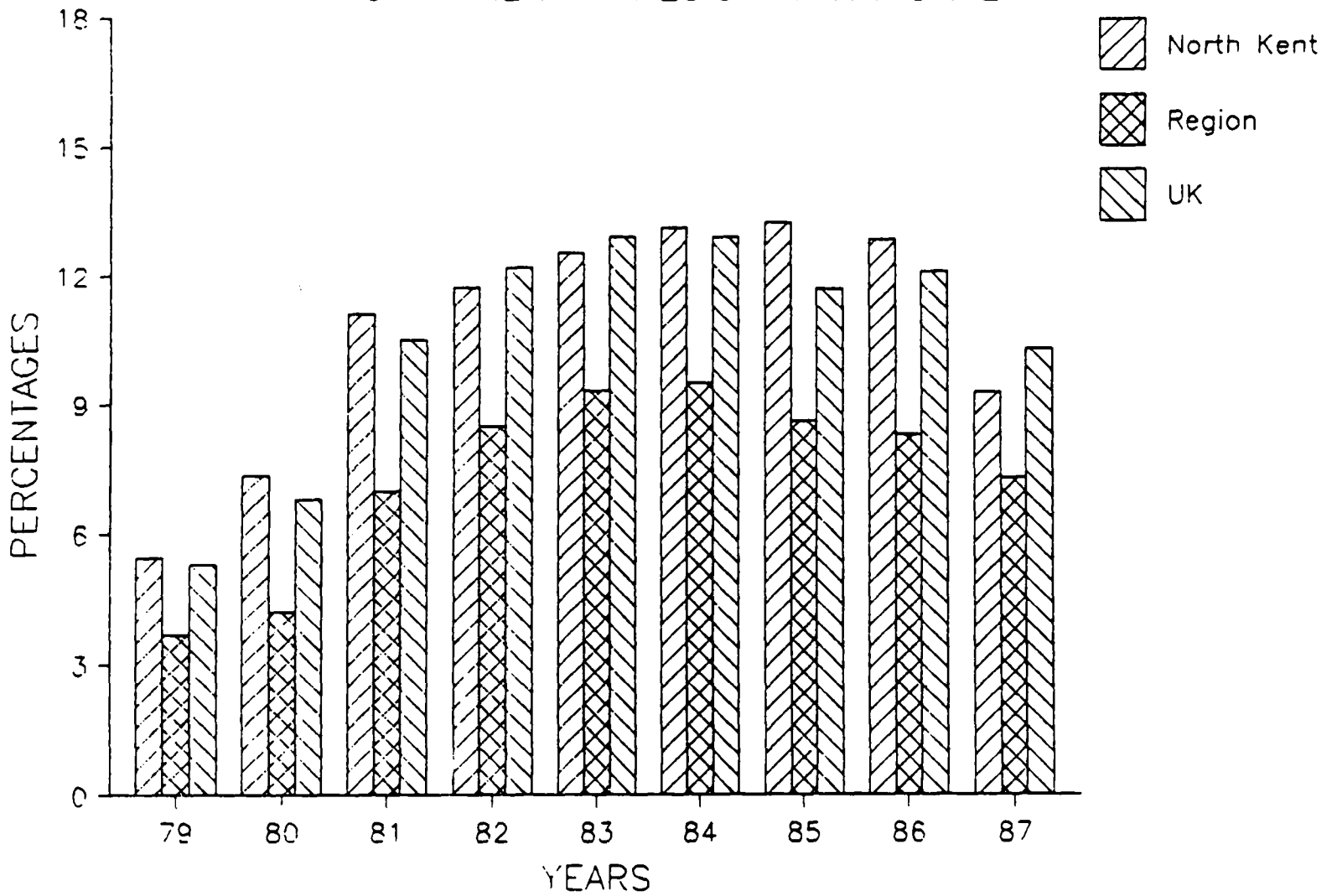
Figure 4.6.

NORTH KENT + REGION + NATIONAL



UNEMPLOYMENT 1979-1987

NORTH KENT + REGION + NATIONAL



Source: Department of Employment.

The unemployment levels shown in Figures 4.4, 4.5 & 4.6 indicate that North Kent reflects the national trend rather than that of the region. This is because North Kent has been a manufacturing area more reminiscent of parts of the North of England whereas the region itself is much more diversely based and not dependent on manufacturing.

4.6. Strategies.

The Local Authorities in all four districts have set up Economic Units in an attempt to deal more effectively with the growing problems of unemployment and market decline. The Enterprise Zones set up in 1983 have enabled firms to take advantage of the beneficial packages offered. The aim has been to encourage firms to the area and, it is hoped, generate employment. There can of course be a mismatching of skills required with that available locally. The enormous problems set by the continuing decline of the industrial base in all four areas and the devastating decision of the government to close Chatham Dockyard within months of the closure of the Isle of Grain Oil Refinery has meant that the local authorities have been even more hard pressed in their task of trying to halt the increases in unemployment.

In November 1982 the Kent County Council, in conjunction with Gravesham, Rochester, Gillingham and Swale Borough Councils published their Strategy for Action for North West Kent (K.C.C. 1982). The report suggested that despite the subtle differences in character between the parts of North Kent the area should be treated as a whole. It also identified the strong links between each part of the area. People move across the administrative boundaries between the various travel to work areas with increasing frequency.

The problems of unemployment in the area were part of an investigation

in 1981 by the County Planning Officer. The main conclusions were that demographic changes had a strong influence on labour market conditions. The first concern was that increases in the total labour force caused by school leavers coincided with prolonged economic recession. This caused an alteration in the distribution of those unemployed with the number of school leavers unable to find employment increasing. Secondly the coincidence of falling birth rates and those retiring implies an increasing dependency ratio of non-workers to workers. The report also stated that structural changes in the labour market was likely to have a lasting effect on all working age groups.

A general feature of Kent is the size of most of its labour markets, which, because of its dispersed population, are small. This has two main consequences for employment planning in the county. Firstly the advent or closure of firms which are small by national standards could have significant impact on local economic structure and growth prospects. Secondly, many areas in Kent are dependent on attracting relatively small firms to their location but there is also a lack of immunity in Kent to the adverse effects of major redundancies. In the main local economies are subject to influences which leave little scope for Local Authority initiatives and thus Local Government operates at the margins of investment strategies.

Kent County Planning Department continues to analyse data on employment, unemployment and the generation and impact of development.

The 1982 Report made some suggestions for a strategy to put forward the advantages of North Kent and initially it was decided to apply for Derelict Land Clearance Area Status. This would enable a partnership between local authorities and the private sector to clear land with the aim of increasing amenity in the area.

However in 1984 the Department of Trade and Industry refused to grant D.L.C.A. status to North Kent. It was suggested and agreed by the K.C.C.

that efforts would be concentrated on ensuring that allocated industrial land sites be brought forward quickly and that necessary infrastructure be provided. It also suggested that the local authorities should concentrate on a limited number of prestigious industrial sites and that an increased number of environmental improvement projects should also be undertaken to make some of the poorer areas more attractive. Employment diversification was also identified as a major long term strategy. In order to develop the range of employment opportunities more service sector activities would be encouraged. Promotional activities and new investment should be directed to those sectors which are likely to induce greatest increases in job creation. The generation of new wealth and jobs was to be the primary objective. Employment opportunities prior to 1982 were dependent on the continuing prosperity of existing firms as well as on the flow of new and small firms into the area. The strategy which the County Council have pursued since 1985 is to promote the county in such a way as to attract investment and to support the private sector in expanding to create wealth and, it is anticipated, provide jobs. This strategy is undertaken using a number of initiatives.

4.7. Initiatives.

The type of initiatives employed in the North Kent area can be divided into five broad groups. Firstly by financial assistance with loans or grants, secondly by promotion and marketing economic development, thirdly by promoting and marketing tourism, fourthly action on current issues and, fifthly problems on both county and specific areas. The main initiatives within these broad headings which have been investigated are, the Kent Economic Development Board, the Kent Employment Fund, Enterprise Zone, Tourism and Training and Skills Development bearing in mind the groupings suggested in Chapter 3.

There has been support for and separate initiatives by Trade Unions and the private sector but these have not been pursued in this thesis. The three Boroughs of Gravesham, Rochester upon Medway and Gillingham made a decision in 1983 to combine their resources and to introduce the North Kent Enterprise office. This office although staffed, funded and controlled by the participating local authorities operates as an independent unit in an attempt to meet targets set by the three councils. The target is to help reduce unemployment in North Kent to the average level in the south east of England (see Figure 4.6). The main aim of the Enterprise office is to persuade more companies considering new locations to look at North Kent and increase the chances of them deciding to move to the area by providing services such as advertising, public relations and exhibitions.

4.8. The Kent Economic Development Board.

This was set up in 1984 by the Kent County Council as an independent organisation equipped to cater for the needs of industry by promoting and marketing economic development. It aims to provide practical help, expertise and advice to enable companies to establish themselves. Its intention was to head and coordinate the economic development of the county in the following ways:

1. To bring to the attention of industrial investors in Britain and overseas, Kent's many advantages, giving added thrust to the promotional activities of those Districts within the county who are seeking to attract new businesses.
2. To support and encourage existing and potential industrial activities

within Kent and to help them achieve successful growth in fields such as marketing, exporting, technological development, land or building acquisition, training and finance.

3. To ensure the provision of adequate finance, whether from the Board's own Investment Fund or from other sources for the development of sound and profitable companies within the County.

The Board of Directors is made up of members from industry and from the Kent County Council. Its current Chairman is Duncan Bluck who is also Chairman of the British Tourism Authority and of the English Tourist Board.

The Board have indicated that despite some financial constraints efforts are being made in conjunction with other bodies such as the Enterprise Agencies and the County Council to stimulate economic development and regeneration. (Report to Economic Development and Tourism Sub-Committee June 1986).

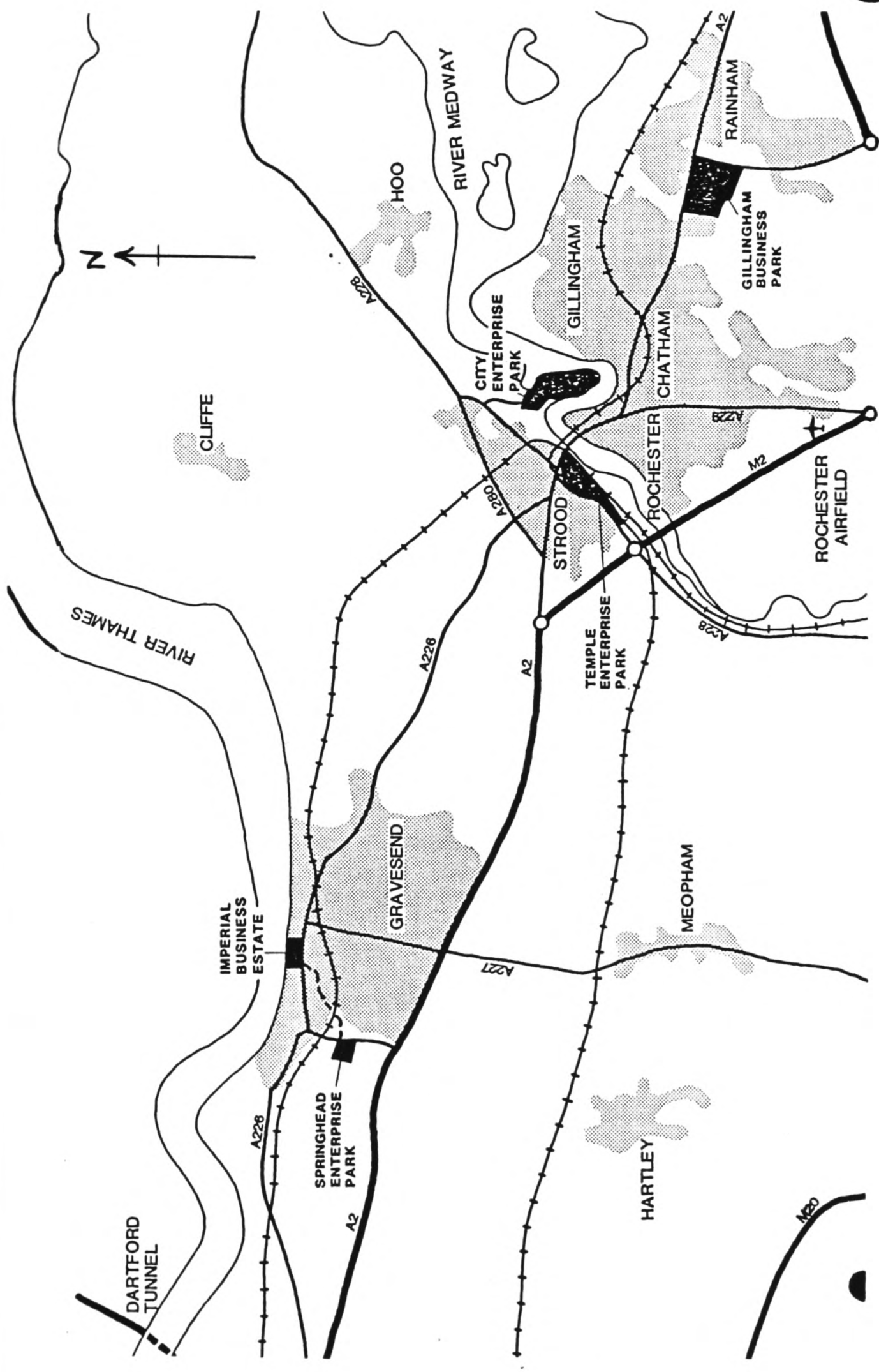
The K.E.D.B. has developed in the four years it has been in existence to take account of changing needs and opportunities faced by businesses it has pursued a continued promotion programme to secure inward investment both overseas and in the U.K. It has strengthened its links in the county with banking and property organisations through seminars, briefings and visits. The Board has invested some £370,000 during 1987 which has levered in funds of £2.7 million from the private sector. The Venture Capital funding has attempted to fill the gap for small companies which have only a limited requirement for loans or grants where larger financial institutions are unable or unwilling to provide assistance. It has investments in local business totalling £740,000 at 30th September 1987. Its funds are derived from grants from the Kent

County Council and interest and dividends on investments. The level of investment ranges from £20,000 - £100,000 at any one time. In conjunction with the University of Kent at Canterbury the Kent Technology Transfer Centre has been set up and it is now exploring ways in which the technological capabilities of the University and other educational and research bodies in the area can be more effectively employed to meet the process and product needs of local industry. The Board intends to operate in a similar manner to a mini regional development agency. The County Council were careful to involve local industrialists, non executive directors including representatives of major industries. The need to encourage local existing industries to expand has been identified as being of great importance in the overall strategy.

The K.E.D.B. is at present receiving considerable assistance from the Kent County Council but its objective is to become independent and anticipate achieving this provided that the failure rate of firms receiving loans does not rise rapidly in the future.

4.9. Enterprise Zones.

The Local Government Planning and Land Act 1980 enables such zones to be designated for ten years. There are particular sites where Government, Local Authorities and Statutory Undertakers are cooperating to stimulate business by the removal of certain taxes and the stream lining of legal and administrative controls. The Local Authorities create the zones and with private investment encourage development to the area. In 1986 £40 million was invested in new industrial premises and it is expected that £100 million will be invested in 1987. The sites within the zone are Springhead Enterprise Park including a new technology



North Kent Enterprise Zones

SCALE (APPROX) 1 inch to 2 mile

centre, Imperial Business Park Gravesend, Temple Industrial Estate, Rochester upon Medway, Medway City Estate, Rochester, Gillingham Business Park, and Chatham Maritime, Chatham a 1986 addition (see Figure 4.7). Of the five enterprise zones declared in North Kent in 1983 together with Chatham Maritime in 1986 some have been more difficult to develop than others. One of the most successful has been Temple Enterprise Estates in Rochester. The increasing closures in the area reduced the occupied factory space on this 100 acre site from 1,000,000 sq. ft. to 250,000 sq. ft. Within three months of the Enterprise Zone status being given 90% of the buildings had been purchased by such firms as Tesco, Nestledown and Stonefield. Every available plot of land has been purchased by speculative developers. Since the inception of the zone it is estimated that 1,200 jobs have been brought back into the area. Several of the factories on the fringes around the zone have expanded, however whether this is because of the zone has not been established empirically.

Gillingham Business Park which has direct access to the M2 motorway has also proved to be a success. The Borough Council has retained the freehold of the site granting long leases to the developers. The industries within the zone have created 1300 jobs with an area of 1 million sq. ft. already constructed. There is an Ice Rink and other firms such as M.F.I. and B.& Q. have opened branches. Medway City Estates in Rochester was one of the zones which encountered problems in the initial stages. It was built on mud flats reclaimed from the Medway. It was in multiple ownership who had insufficient resources to provide adequate infrastructure. The City Council bought 7.5 acres and agreed that all the proceeds from the sale should be utilised for the infrastructure. Zanussi Distributors and Unichem have moved into the zone. Approximately 200 jobs have been produced (Financial Times 29.6.87.).

The total amount of land within the zones has increased from 125 hectares in 1983 to 150 hectares in 1987. The number of firms occupying the zones has also increased from 49 in 1983 to 211 in 1987. There has been an increasing expansion in the levels of employment in the zones. The Department of the Environment have monitored Enterprise Zones since their inception in 1983 and in 1987 commissioned an evaluation of performance. The consultants chosen were P.A. Cambridge Economic Consultants. Their report published in 1987 evaluated the extent to which zones have maintained and or generated additional economic activity and employment both on zone and in their local areas. They also looked at the extent to which the zones have contributed to the physical regeneration of their local areas through the provision of infrastructure, environmental improvements and the stimulation of local property markets. The report evaluated the effects of the zones in total and little information is available specific to North Kent. The evaluation was based on a survey of firms in and around the 23 Enterprise Zones in the U.K. with firms indicating that rates exemption was the most attractive condition. In North Kent the rental value in the Zones is 1.5 times higher than off zone properties to some extent offsetting the rates exemption zoned firms received. The following table (See Table 4.3) gives an indication of the increases in the occupation of the zones and its effects on employment but only within the zone. It makes no allowance for possible effects on firms off the zones.

The enterprise zones have been the subject of continuing assesment by both Tyms and P.A. Cambridge Economic Consultants. Two interesting areas for consideration have emerged. Firstly, the cost per job, although there is some confusion over the question of the number of jobs created in the zone as opposed to the number of jobs the zone creates. Secondly the

TABLE: 4.3. NORTH WEST KENT ENTERPRISE ZONES

	October 1983	October 1986	October 1987	Change 1986-87	Change 1983-87
Floorspace Occupied (M).	57,396	189,710	218,089	+28,379	+160,693
Floorspace Vacant (M).	92,106	19,160	54,381	+35,221	-37,725
Floorspace under Construction (M).	3,101	38,614	72,752	+34,138	+69,651
Area in Use (Hectares).	15.91	62.27	68.21	+5.94	+52.3
Remaining Area (Hectares).	109.06	86.08	80.59	-5.49	-28.47
Number of Firms	49	157	211	+54	+162
Type of Firm					
- Existing	49	38	26		
- New	0	59	32		
- Branch	0	22	19		
- Relocation	0	34	37		
- N/A	0	4	97		
Origin of Relocating Firm					
- Local	0	13	16		
- Non-local (within Kent).	0	8	6		
- Non-local (outside Kent).	0	10	11		
- Unknown	0	3	4		
Activity of Firms					
- Unknown	0	0	30		
- Manufacturing	26	84	82		
- Storage/Wholesale	17	47	68		
- Retail	0	4	5		
- Office	1	5	4		
- Other	5	17	22		
Total Employment	1,080	3,413	3,712	+299	+2,632

Source: Kent County Council.
Planning Department. 1987.

type and origin of the firms moving into the zones. As can be identified in Table 4.3 the majority of relocated firms were local, some 38% in 1986 which had risen to 43% in 1987. The number of firms which were non local has also risen in the same period from 12% to 15% for those firms in Kent and from 29% to 36% for those outside Kent. The type of activities have also changed from predominantly manufacturing to increasingly storage and wholesale which often provides few new jobs.

4.10. Employment Fund - Kent County Council.

The Employment Fund was created by the County Council in 1982 by the Policy and Resources Committee to grant aid projects in the field of employment. The difference between this fund and the Kent Economic Development Board created in 1984 is that the employment fund has the overriding objective of being used only to make things happen that would not otherwise occur or bring forward projects that need additional finance. It is the mechanism by which the County Council can assist the very small business where the protection of existing employment is needed or often where the creation of new employment can be clearly demonstrated for the medium to long term. Commercial investments through share capital or joint venture schemes are the role of K.E.D.B. It was also agreed that assistance would be of the indirect type through agencies established to provide business advice and from whom the ability to draw upon what are small scale sums have been a major achievement.

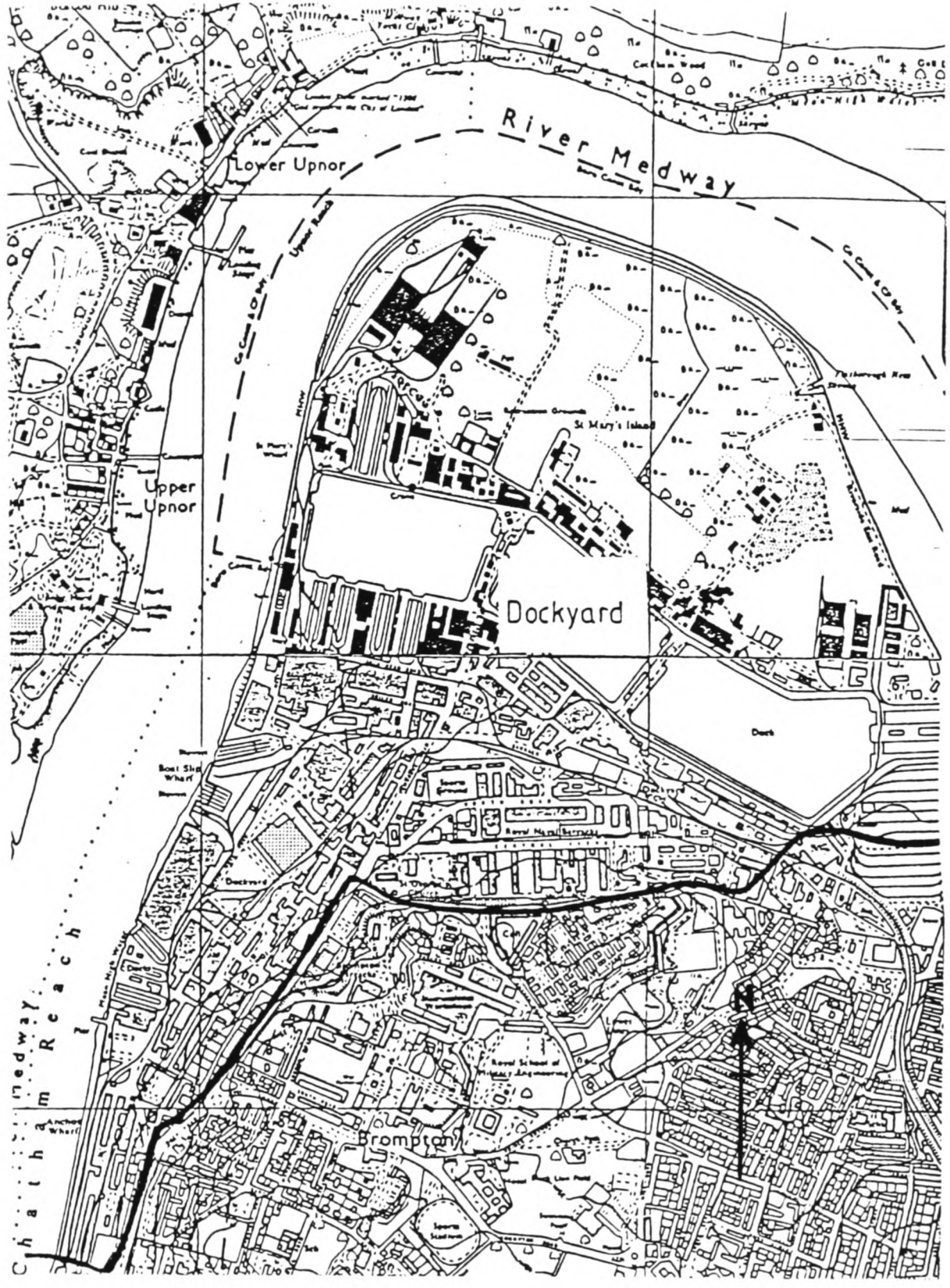
North Kent has been identified as one of the priority areas for such assistance. The provision of funding for unusual or experimental services such as those for the young or the long term unemployed, such

as training and skills (ITEC) will only be available if funding is not available from funds provided by the Education Committee. Grants to firms do not normally exceed £1,500 or interest free loans of up to £5,000.

The fund is operated by an Officer Working party reporting to the Economic Development and Tourism sub-committee. Various organisations have made applications for funding such as Medway Enterprise Agency which was granted £ 14000 towards the cost of its Marketing Centre Manager on the understanding that the post should become self financing by charging customers for his services. The VOICE (Industrial Company Employers) organisation from Swale is another example of grants agreed by the Fund. In this case it was to assist in the setting up of the Business Centre at Sittingbourne which will provide premises where local firms can hold exhibitions, seminars or training programmes on a fee paying basis. The emphasis on this type of assistance has always been on the basis of small grants or loans to top up existing finance with a view to the project becoming self financing in the future.

4.11. Small Urban Business Scheme.

The success of the K.C.C./COSIRA Scheme prompted the County Council to set up the small urban business scheme in 1984 for a pilot scheme of one year in Medway Towns and Ashford. It was allocated working capital of £50,000 from the County Council Employment Fund. Assistance is available either by interest free loans of up to £5,000 repayable over 1-5 years or grants of up to £1,500 for any one business. The loans are to be used for improvements, conversions or essential maintenance of buildings and for the purchase or repair of machinery.



Chatham Dockyard

SCALE (APPROX) 1 inch to $\frac{1}{4}$ mile

4.12. Chatham Dockyard.

The closure of the dockyard in 1984 could be seen as an opportunity to create a new environment by the local authorities in the vicinity. The development of the area rests with three organisations; Medway (Chatham) Dock Company, Chatham Historic Dockyard Trust and English Estates. Medway (Chatham) Dock Company, a subsidiary of the Medway Ports Authority is developing a commercial port in Basin 3 (see Figure 4.8). Chatham Historic Trust is responsible for introducing new uses to the original Georgian and Victorian Dockyard whilst maintaining the character of the area. There is potential for a wide range of commercial and small industry use. It is also proposing to redevelop sites for residential use. It has been agreed with the local authorities by English Estates that they will develop the industrial base of the Dockyard and provide jobs before they embark on the housing development phase of the project. The waterfront section has been the subject of visits by the developers to various sites in Britain and abroad to identify design options English Estates are responsible for the creation of Chatham Maritime. This is a waterside community of 340 acres including business and residential development. The overall strategy agreed between organisations and the local and county council is for redevelopment and the creation of 5000 jobs in modern research light industry, commerce and leisure. The development of less important areas of North Kent is being watched with considerable interest not only by the local authorities and their constituents but by other areas outside Kent where similar problems have occurred over the last few years.

4.13. Swale Economic Development Unit.

In 1983 Swale Borough Council set up their own Economic Development unit charged with carrying out the council's economic development programme. It has wide terms of reference including inter-departmental projects, tourism promotion, industry and employment promotion and action through other agencies. It has a budget of £200,000 p.a. which discounts it as being a financing organisation. It defines its main target group as being medium sized and small businesses. It carries out its function by promoting links with educational and training establishments, managed workshops, compilation of property register, small business club, Manpower Services Commission and Youth Training Scheme.

The economic development unit's assistance to the local small business sector is concentrated on the provision of premises; it does not provide finance or formal advisory services.

The Swale Enterprise Agency started in 1984 with sponsorship from local and central government and the commercial and industrial community of Swale. It provides business information and contacts for those considering starting small businesses.

4.14. Medway Towns Young Unemployed Project.

(Firmstart).

This is a charity set up by a group including local companies and the Manpower Services Commission for people between 18 and 25 who have difficulty in obtaining employment after completing a Y.T.S. scheme. It began by running two centres for young unemployed people and has expanded to help create jobs. It has a standby scheme which allows young entrepreneurs to work for up to 29 hrs a week and hold their

earnings, giving them non-cash credits so that they can continue to draw unemployment benefit and keep the earnings as capital once their businesses are better established. The aim has been to enable them to acquire the £1,000 capital required to qualify for a Government Enterprise Allowance. The Government provides funds to enable unemployed persons £40 per week for the first year while running a business. The scheme has, however, proved more useful as a confidence builder than as an entrepreneurial training ground, with most people moving into conventional jobs rather than self employment. (K.C.C. 1986).

The credit scheme has since April 1986 been linked with Standby Workspace who in Gillingham provides potential entrepreneurs with workshops at subsidised rents.

Among other avenues of assistance for those seeking self employment is the Department of Trade and Industry Small Firms Agency. Enterprise Agencies set up in Swale and Gravesend are also important services of advice on Marketing, Finance, Land, Premises, Sales and Planning. They do not offer financial assistance. These operate under the C.B.I. Community Action Programme.

The project makes a substantial contribution in the Medway area to improving the prospects to the unemployed to obtain permanent. Major activity training and counselling is provided at the Bridge Centre, Chatham. In 1984 the Stand-by Workshop, Twydall was created in the former Gillingham Borough Council Depot. The workshop space is 14,200 square feet accommodating 5 businesses run by people under 25 and 8 senior businesses. The original funding was from K.C.C. and the Urban Aid Programme, centrally controlled. The central assistance finishes in 1988 and K.C.C. is assisting with short term funding.

4.15. Innovative Ideas - Tourism.

North Kent has over its long history attracted tourists to the area. It has within its boundaries a variety of attractions ranging from the sea, its old industries, Roman and Norman remains. Chatham historic dockyard where Nelson's Flagship Victory was constructed in 1765 is also looking for more craft industries. Since the closure of the dockyard in 1984 the area has been taken over by several organisations who by promoting the area as one suitable for development are anticipating an industrial revival.

Rochester offers the second oldest Cathedral in Britain, the annual Dickens Festival and several historical sites. The most significant site is Barnfield Pit near Swanscombe where the oldest prehistoric human remains in North West Europe were found.

The Kent County Council have become increasingly interested in promoting tourism in the county, over several years but with its increasing concern in unemployment and supported by the conservative government in their report "Pleasure, Leisure and Jobs - The Business of Tourism" (1985) its interest has increased. In encouraging and increasing tourism it is attempting to open up the opportunities for job creation in tourism, which will be beneficial to Kent as a whole. The initiatives already undertaken by the County Council included signposting experiments with special signs depicting historic buildings in white on brown. They are also reviewing the Advertising Regulations with particular reference to tourism facilities and accommodation in rural areas. They have also agreed that during July 1986 they would take part in the South East England Tourist Board domestic and overseas tourism promotion programme. These include exhibitions and an overseas

marketing programme. A report was commissioned from an outside consultant on a tourist strategy for Kent (A.Y. Grant Ltd. 1985).

The Study was an attempt to identify a more effective targetting and coordination policy of marketing tourism. The research results indicated several weaknesses in the perception of tourists to Kent. The county is considered to be a day trip venue or short breaks, not as a holiday area for longer periods. The conclusions of the study were that a major coordinated marketing effort concentrating on the important market segments which will yield the most economic benefit, is required if the tourism potential of the county is to be realised. The strategy was the subject of discussions with the District Councils and other tourism interested parties. The County Council have participated in the South East England Tourist Board domestic and overseas tourism promotion programme. North Kent with the Dockyard and the Dickens Festival already has a base on which to expand tourist activities.

The measurement of the effects of tourism promotion are extremely difficult to evaluate but the Government have indicated that this is likely to be a growth area. This and the County Council's study by A.Y. Grant Ltd. (1985) have indicated certain market gaps which, if exploited, could provide additional employment.

4.16. Education and Training.

The structural changes in industries presented a challenging scenario for Industrial Training. In order to ensure that both young people entering the labour market and older people seeking new skills are given adequate opportunity to equip themselves for employment, Local Authority programmes such as S.W.I.M. (Swale Work Initiative Measure Ltd) in Swale were introduced and encouraged by the Kent County Council. The Further

Education College at Chatham provide Y.O.P., T.O.P. and new Initiative Courses.

The Manpower Services Commission run employment and training courses. This organisation was set up in 1973 to coordinate public sector initiatives. The Youth Training Scheme (Y.T.S.) is run nationally with its main objective to provide a guaranteed place on a training scheme for any individual reaching the school leaving age of 16 who does not find employment or go on to other forms of further education. Three main types of courses are available, employer based, community based workshops or training centres and Colleges of Further Education. It is important that training is designed to provide the type of skills industry requires ensuring a high placement level at the end of the training period.

The County Council also has an important role to play through the Education, Careers Service and the involvement of secondary and further education establishments in the placement of students in employment. North Kent is in an advantageous position in that it is closer to London and can utilise more readily the colleges and polytechnics. Kent is badly served for higher education with only the University of Kent at Canterbury, recognised more for its social sciences and Arts contribution, but increasingly for its Engineering, Manufacturing and Business orientation.

4.17. Lawless Model.

The North Kent area has been identified as falling between neo-liberalism and Keynesian. As can be identified from the type of initiative undertaken the underlying trend is towards the provision of

information, loans and grants which will promote economic growth in the private sector and it is anticipated with expansion provide new jobs. The Local Authorities are not interventionist and are reluctant to take on the role of entrepreneur or involve themselves in municipal enterprises except through the setting up of semi-autonomous boards through which such activity can be undertaken. The K.E.D.B., Enterprise Agencies, Enterprise Zone and Tourism all rely on the private sector. It is industry which must be encouraged to undertake the investment with pump priming from the public sector where appropriate. Municipal Enterprise and Purchasing Policy have not been adopted as methods of stimulating the local economy. The local authorities despite their loyalty to conservatism have been extremely active in canvassing government departments in attempts to increase the allocation of funds to Kent and North Kent to improve the infrastructure in advance of the completion of the channel tunnel project.

4.18. Comment.

The Conservative control of North Kent has enabled a more cohesive and concerted effort to be made in the adoption of strategies to assist economic development and local employment initiatives. Internally the local authorities have been concerned with providing value for money services with competitive tendering and the possible demise of the direct labour forces. Although unemployment is considered to be a problem in North Kent, the answer as far as Kent is concerned is that it is only by wealth creation that a lasting remedy will be found. There is a limited commitment to the minority groups such as the long term unemployed and the young unemployed and the support of the various

Y.T.S. schemes. In not being prepared to retain large staffs to undertake the provision of services which the community consider necessary, as in the case of Sheffield, the fund available for economic development is limited. It is also likely that the provision of employment by new firms could well be long term.

CHAPTER 5. PROFILE SHEFFIELD.

5.1. Historical and Geographical Profile.

Sheffield is located on the eastern flank of the Pennines at the confluence of five tributaries of the Lower Don, the Loxley, Upper Don, Porter, Rivelin and Sheaf. It is England's fifth largest city with a population of approx. 450,000. It is situated on the main route M1 with easy access to the motorway network. The rail network also enables easy access to the surrounding conurbations and port facilities in Lancashire and in the Tyne Tees area as well as Hull to the South. It is 30 miles from Manchester, 60 miles from Liverpool and 167 miles from London (see Figure 5.1).

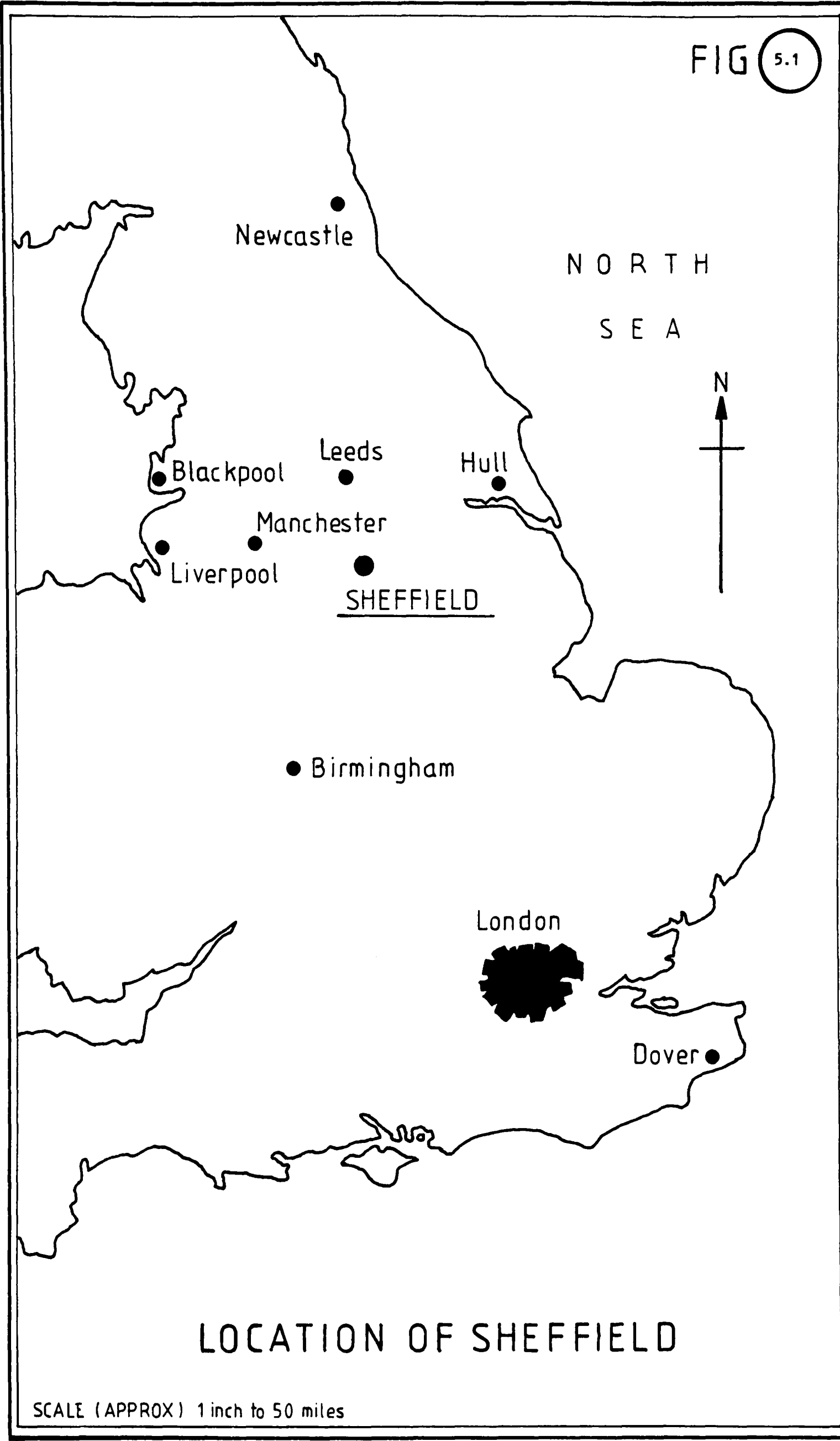
The base industry for the area has been the metal trade.

Sheffield has for many years been the centre of innovation and invention in the iron and steel industry and this has strengthened the specialist knowledge and subsequently acted as a powerful locational pull to the area for associated trades and industries. However it also succeeded in making Sheffield a highly specialised heavy industrial city. The population of Sheffield grew rapidly from 46,000 in 1811 to 460,000 in 1911. The steel mills had been producing at full capacity until the 1960's, supporting Sheffield's claim to be "Sheffield City of Steel".

5.2. Economic Profile.

The late 1970's saw a series of mergers and takeovers of Sheffield based steel and engineering firms by multi-nationals such as Lonrho and R.T.Z. The local tool manufacturers were taken over by Swedish and American

FIG 5.1



firms. Between 1979 and 1983 over 57,000 redundancies were notified to the Manpower Services Commission. Until 1979 the expansion of service employment (banking, insurance, Health Service) had reduced the effects of decline in the manufacturing sector aided by the move of the Midland Bank and Manpower Services Commission to Sheffield in the 1970's. The off-setting of this decline was largely through unskilled female and part-time labour replacing male skilled workers. This "cushioning" effect has been absent since 1979. This has resulted in physical decline of the city industrial quarter and parallel growth in redundancies and unemployment, with the net effect of income reductions.

The decline in heavy industry during the 1970's and 1980's has been felt in Sheffield more than in many other industrial areas in Britain because of its dependence on iron and steel and the associated trades and industries.

5.3. Political Dimension.

Sheffield is historically the city of labour. In the early 1920's it was known as the most proletarian city in Europe. Politically the city is a Labour stronghold. The Labour Party gained power in 1926 and that control has been retained and consolidated with the exception of brief loss of control in 1968. The council composition is as follows:

Table 5.1 Political composition of Sheffield.

	<u>Labour</u>	<u>Conservative</u>	<u>Liberals/Alliance</u>
Sheffield			
City Council	65	13	9

The continuity of administration has led to a development and implementation of policies consistently at the forefront of social reform. This was spearheaded by the Leader of the council, David Blunkett, one of the Labour Party's more outspoken and informed members, particularly on employment strategies. In the early days up to the late 1920's the Labour Party in Sheffield was a mass based movement able to mobilise substantial working class support around socialist political issues. However with the decline in the trade union movement's influence and the continuing decline in the industrial base of the area this type of mass support is less evident although it can be seen that the actions of the labour council are ardently supported in the locality.

The political position of Sheffield changed in 1980 when David Blunkett became leader. The policies of the council became much more left wing. The success of the Labour Party prior to this was due to the discipline which was imposed on the Labour group with no free votes and disciplining of councillors who sought, without approval, to alter philosophy proposals. Blunkett (1982) considered this to be authoritarian; doing the right for the people rather than with them. He stated that the previous councils had been oppressive at worst, paternalistic at best. The Labour Party had however maintained a hold on the council but in 1980/81 after growing frustration with the policy of the Labour Government 1974/79 and the election of a Conservative Government in 1979 a move to the left was to be expected. The ground swell of opinion in favour of greater accountability of the council to both the Labour Party and the population ensured that this was achieved. A strategy group was created within the Council to advise on economic and social policy. The Labour manifesto in 1981 committed the council to the new committee and Department. Before 1980 the council took a conventional approach in relation to its local economy. The employment

department, the first of its kind in the country, set out with four broad objectives, to prevent further job losses, alleviate the worst effects of unemployment and to encourage effective training for new skills and jobs, to stimulate new investment to create new kinds of employment, and to explore new forms of industrial democracy and cooperative control over work. The trend in Sheffield during 1987 is now to promote initiatives in partnership with the private sector in an attempt to obtain investment; a move back to pre 1980 strategy and away from the Radical left approach.

5.4. Lawless Model.

The Lawless Model in Chapter 3 is used to indicate the political ideology and direction of Sheffield City Council. Using this model the council can be defined as Radical Left. This type of Authority is concerned with the alleviation of unemployment and increasing the element of democratic control over industrial decisions and encouraging new forms of social ownership. The economic crisis hit Sheffield later than most other northern towns. They have adopted explicitly radical and progressive policies as will be shown later in this chapter in identifying initiatives. The City Council have been at the forefront of the campaign against rate capping and other proposals to curtail the latitude for such local radical initiatives. Politically the longer term decline threatens the base on which the Labour Party has been built. The local Labour Party has taken on a progressive and radical programme. They have claimed that with the union movement they can galvanise popular support by demonstrating that alternatives are both beneficial and practical. (Child and Paddon 1984). Many councils, including Sheffield, have come to realise that there is economic leverage which the local authority and other public sector organisations can exercise

through their own mainstream activities. An alternative economic strategy can generate employment through public sector led investment and purchasing.

The disillusionment of the City Council with the lack of success in interesting new companies in Sheffield prompted it to adopt its own interventionist policies to promote job creation and counteract or slow down the effects of job losses. It has seen its duty in attempting to try to stem the rate of existing job losses in the city; to alleviate the worst effects of unemployment; to encourage the local creation of new jobs and the acquisition of skills; to explore new forms of industrial democracy and control.

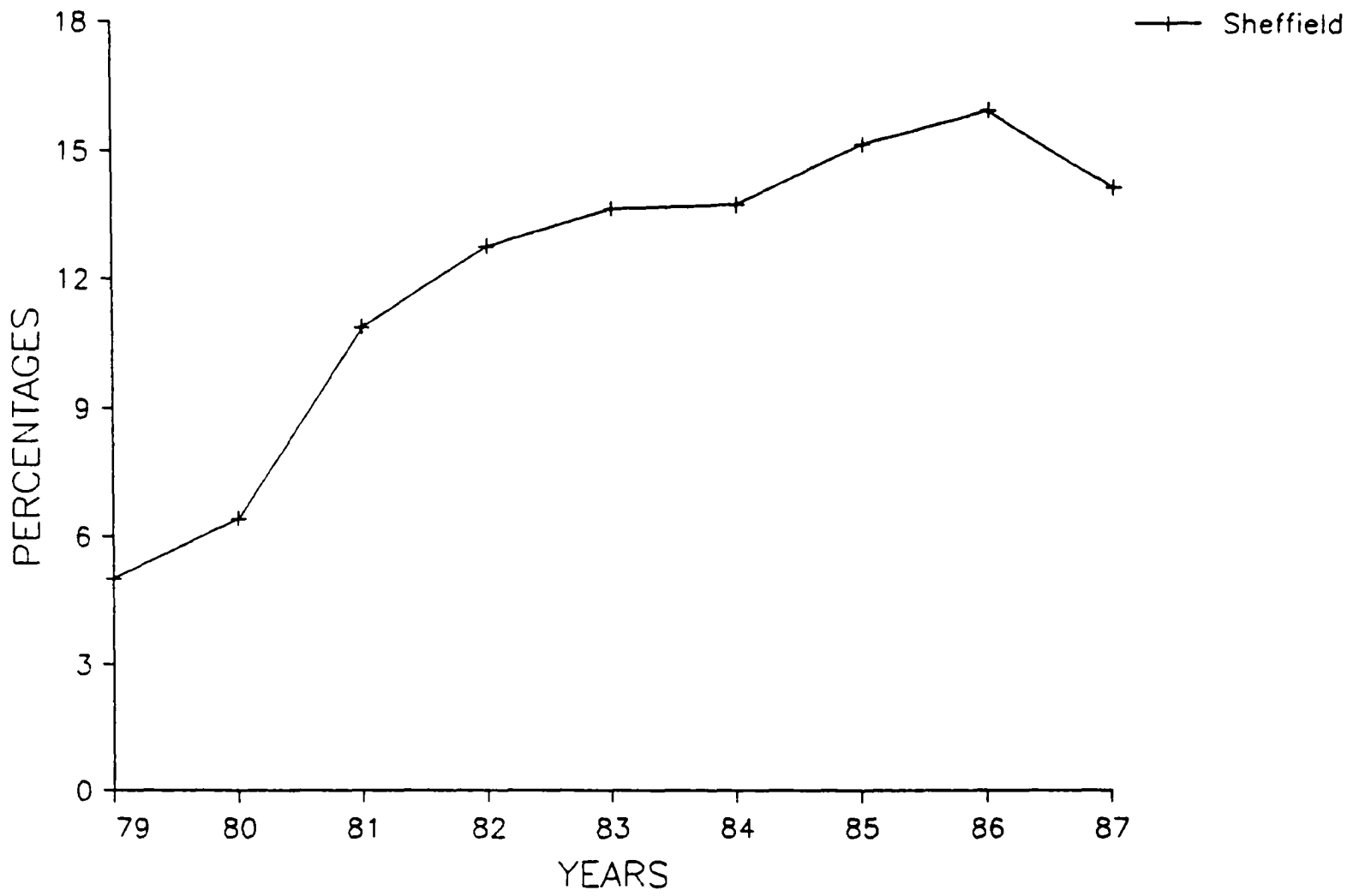
A key element in this process was the decision taken in 1981 to create a city based Employment Committee and Department. The legal basis involved section 137 of the Local Government Act 1972. This allows local authorities to raise 2p in the pound in the rates to do "anything which is calculated to facilitate or is conducive to or incidental to the discharge of any of its function". There has also been opposition to "rate capping" which is seen as affecting all services in the city. The initiatives outlined in the matrix in Figure 3.1 Chapter 3 are those which Chandler and Lawless expected to find in Local Authorities of differing political ideologies. Sheffield is categorised as one on the radical left and its involvement in interventionist policies and in the published policies confirm this view.

5.5. Unemployment Trends.

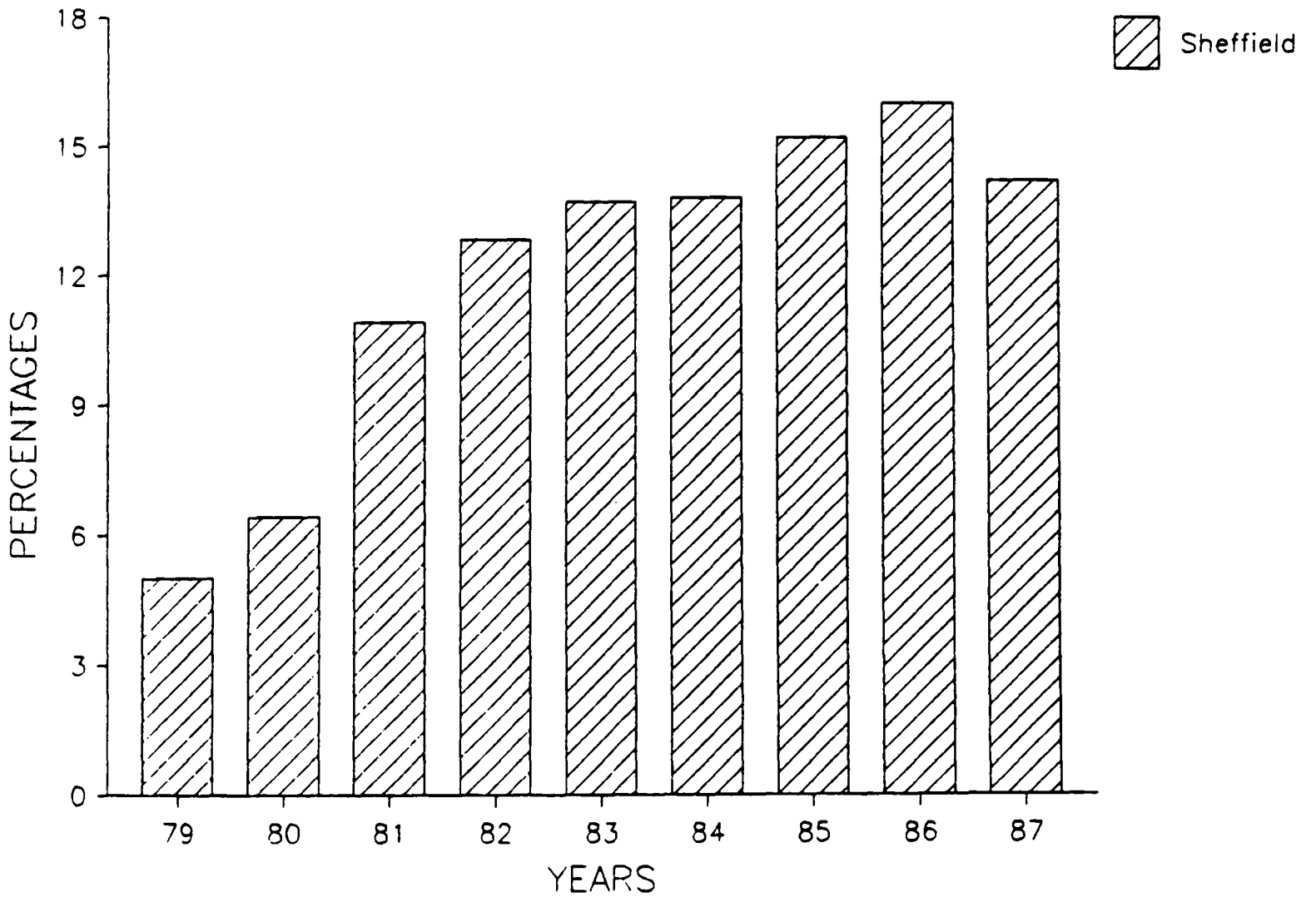
The travel to work areas of South Yorkshire are all experiencing unemployment well above the national average. The level of unemployment in Sheffield has risen from 4.8% in 1978 to 14% in 1987 (see Figures 5.2, 5.3 & 5.4). This is higher than the national average although

UNEMPLOYMENT 1979-1987 SHEFFIELD

Figure 5.2.



UNEMPLOYMENT 1979-1987 SHEFFIELD

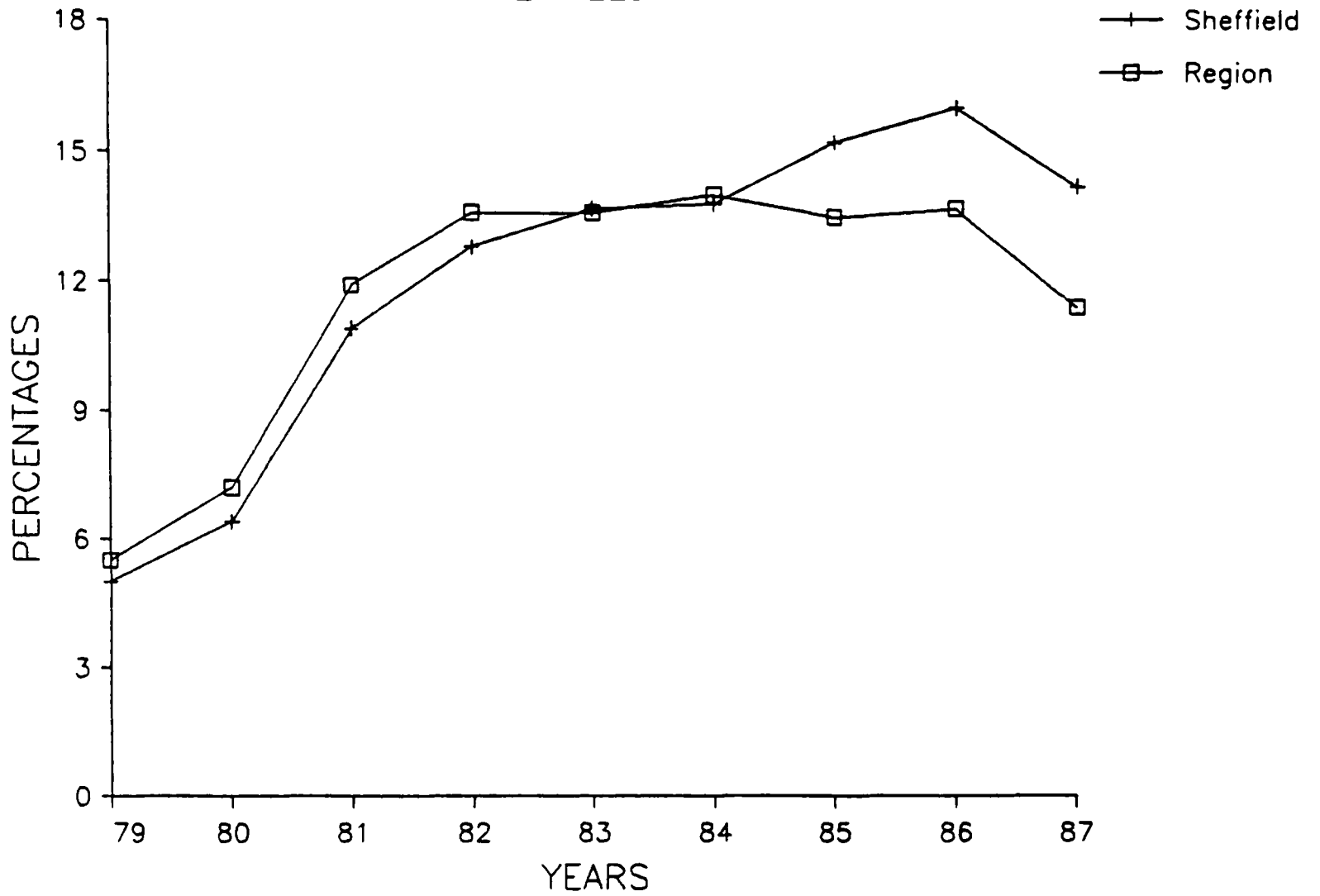


Source: Department of Employment.

UNEMPLOYMENT 1979-1987

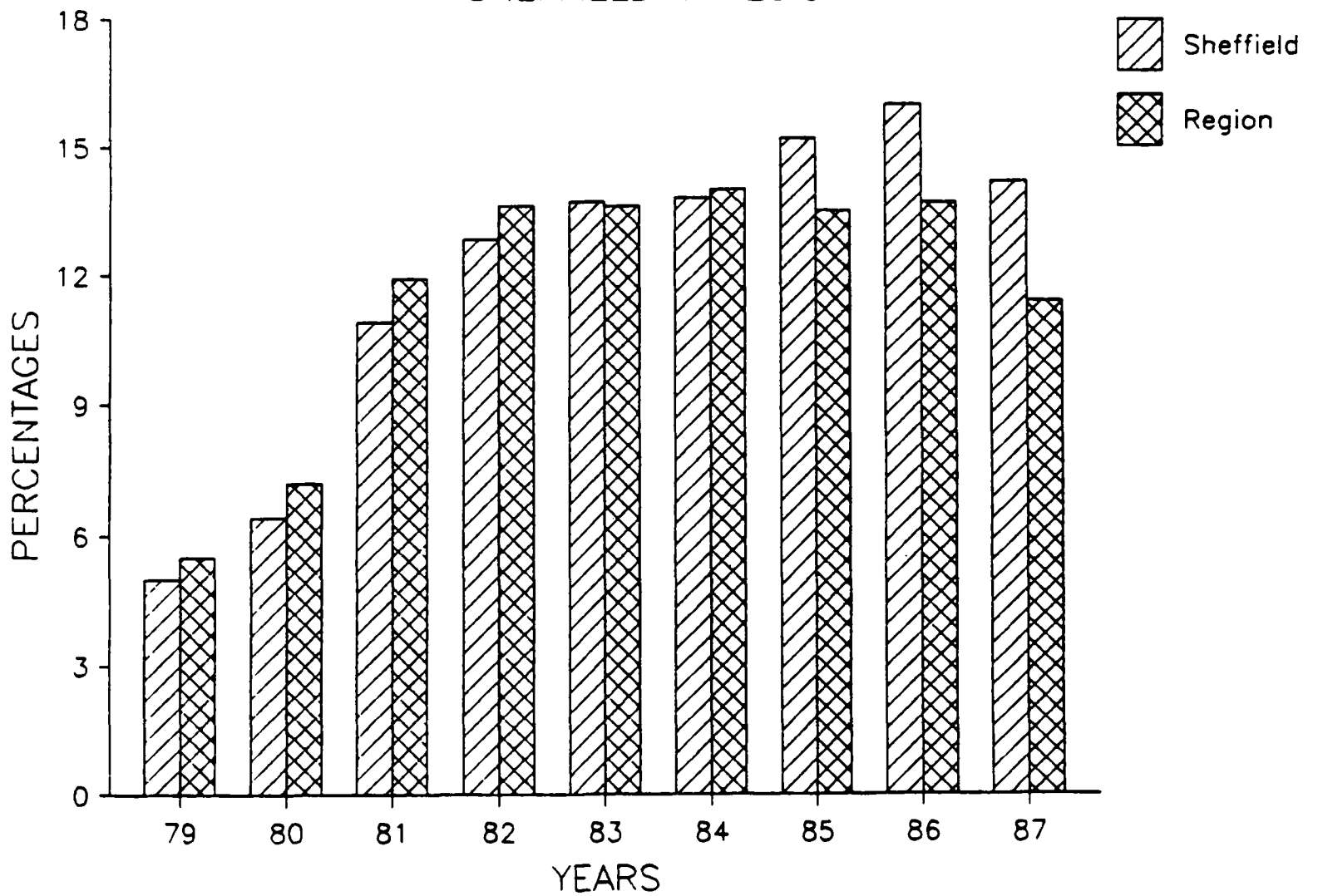
SHEFFIELD + REGION

Figure 5.3.



UNEMPLOYMENT 1979-1987

SHEFFIELD + REGION

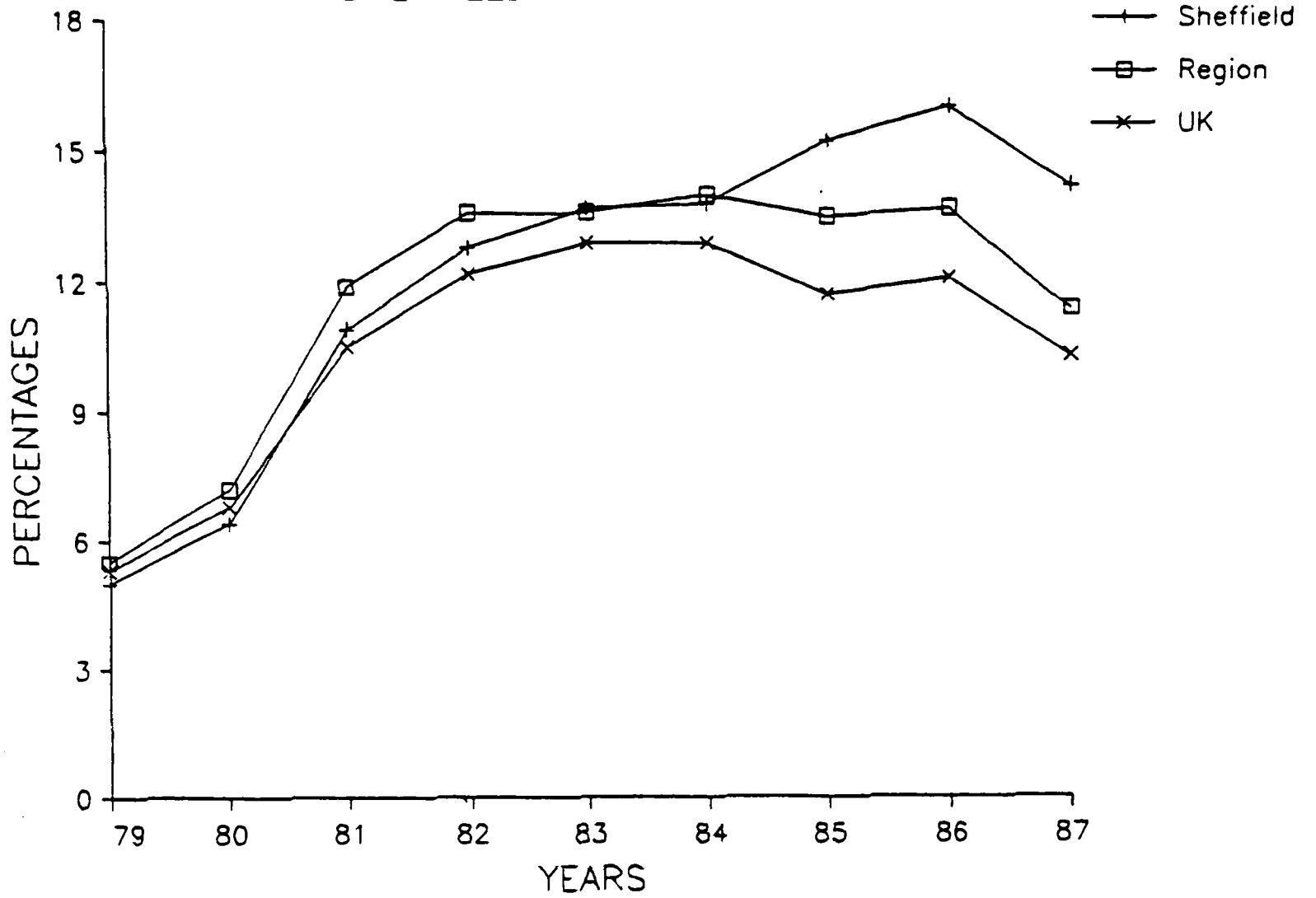


Source: Department of Employment.

UNEMPLOYMENT 1979-1987

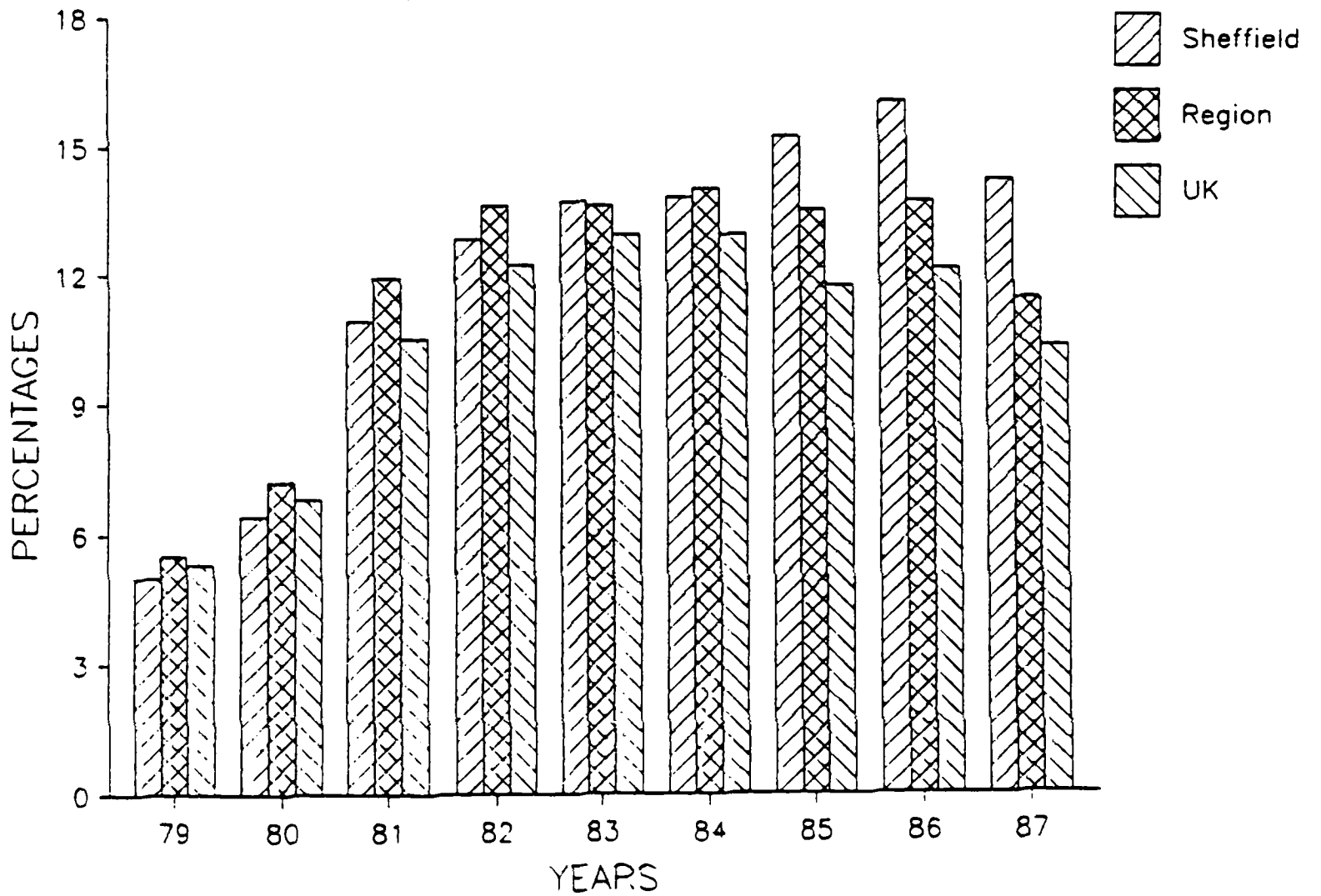
Figure 5.4.

SHEFFIELD + REGION + NATIONAL



UNEMPLOYMENT 1979-1987

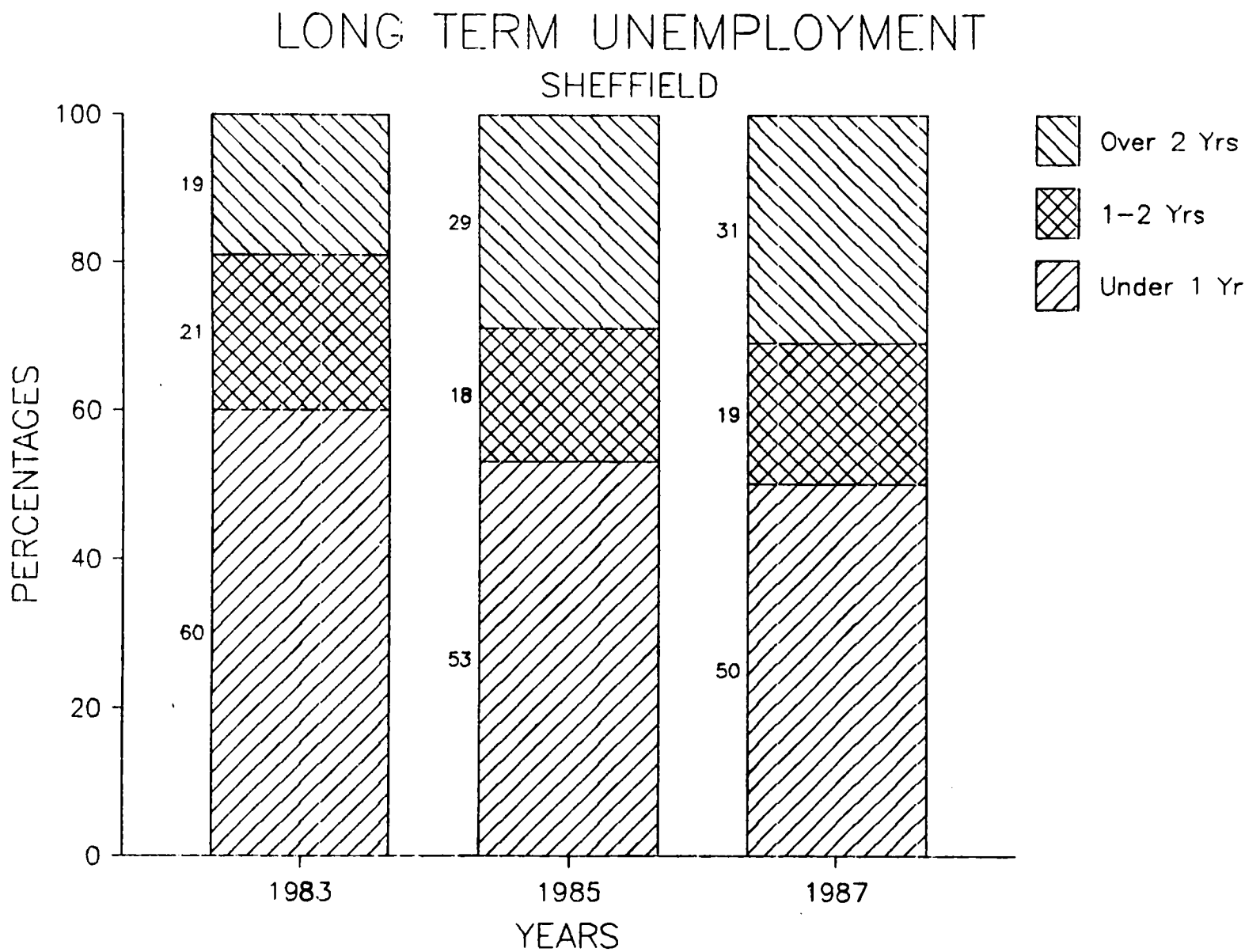
SHEFFIELD + REGION + NATIONAL



Source: Department of Employment.

slightly below the level experienced in Yorkshire Humberside region. The trend is now downwards as are the regional and national figures. However two main trends are identifiable. Firstly the number of long term unemployed (see Figure 5.5); those out of work for one year or longer are increasing as a proportion of the total unemployed population. What is of more concern is that of 44,915 unemployed in 1985, 11,264 had been out of work for more than two years. Secondly the transfer of jobs to other sectors of the economy are clearly identifiable (see Table 5.2).

FIGURE. 5.5



**Source: Department of Employment.
Sheffield City Council.**

TABLE: 5.2 EMPLOYMENT BY SECTOR IN SHEFFIELD.
1971-1986 (000's)

	1971	1981	1986	% Change 1971-86
Primary Industries	5.2	4.8	4.1	-22%
Manufacturing	136.3	88.6	82.1	-40%
Construction	16.1	13.2	11.8	-27%
Services	123.7	142.8	147.3	+19%
TOTAL	281.3	247.9	245.3	-13%

Source: Sheffield City Council.
Department of Employment.

The service sector is the only sector which has increased its employment over the period 1976 - 1986.

The levels of unemployment also vary within the Sheffield constituency wards. (see Table 5.3)

TABLE: 5.3 UNEMPLOYMENT IN SHEFFIELD
BY CONSTITUENCY.

Constituencies	1986 %
Attercliffe	15.1
Brightside	20.6
Central	27.9
Hallam	11.9
Heeley	16.2
Hillsborough	12.5

Source: Sheffield City Council.
Department of Employment.

What is also important and germane to this study is the distribution of employment among the sectors of the economy. The Steel Industry has lost almost 60% of its labour force in the period 1971-1983. The major employer in Sheffield is the City Council closely followed by the Area Health Authority. (see Table 5.4).

TABLE: 5.4 MAJOR EMPLOYERS IN SHEFFIELD.
1981-1985

Company	1981	1985	Ownership/Control
Sheffield City Council.	24,280	26,524	Local Government
Sheffield District Health Authority	15,028	15,476	Central Government
British Steel	11,557	1,000	British Steel Corporation
United Engineering Services		5,000	U.E.S. P.L.C.
South Yorkshire Passenger Transport Executive	3,820	5,049	Local Government
University of Sheffield	3,674	3,500	Central Government
British Telecom.	3,712	4,521	British Telecom. P.L.C. Public Corporation
Post Office			
Trent Regional Health Authority	766	2,872	Central Government
South Yorkshire Police H.Q.	2,112	2,207	Local Government
Geo. Bassett	2,498	2,130	Bassett Foods P.L.C.
British Rail.	2,439	2,000	Public Corporation

Source: Sheffield City Council.
Dept. of Employment.

5.6. Local Authority Intervention.

The persistent decline in employment prospects and the increasing rate of unemployment was the overriding reason why the City Council set up the Employment Department in Sheffield to coordinate policies on employment. Its first programme was a series of good intentions rather than a coherent strategy. The more recent areas of support include developing an unemployment centre network, developing specialist training areas such as new technology, developing policy on support for women and ethnic minorities. The Council have also funded and supported Sheffield Co-ordinating Centre against Unemployment, Sharrow Unemployment Self Help Group.

The City Council has consistently adopted the approach that it is attempting to reinstate the central relationship between alternative economic policies and a social strategy. It has sought an economic and social strategy that is interlinked. The Sheffield Labour Party Manifesto 1982 stated that the defence of local services and democracy is also an opportunity to explore how to build mass support for a socialist administration. The City policies are built on this premise.

In any regeneration of the economic and industrial life of a community local initiatives can only play a small part. They can make a wider political impact by committing people to a new kind of work experience and carrying this over to a vision of a different kind of society (Blunkett and Green 1983). The City are committed to research to identify the structure of local industry, its production and processes, ownership and control to identify ways in which it might be adapted to meet social priorities more efficiently.

Central Government's initiatives have been extremely limited towards

Sheffield. In 1981 the Intermediate Development Area status was withdrawn and Rotherham to the north given full Development Area status. The problems experienced in Sheffield have already been catalogued with rising unemployment levels and decline of base industries. This combined with the change in leadership and subsequent change in political direction to the radical left has led to the introduction of policies designed to show that a successful alternative economic policy is possible. The approach in 1981 was to the private sector question of short term fire fighting. However with the failure of the Labour Party to win the general election in 1983 the council re-appraised its position to one of protecting the public sector and to utilise its resources and powers to plan for longer term economic and employment initiatives. The policy strategy is that the Employment Dept. and more generally the City Council no longer gives principal emphasis to reacting to firms in crisis. By trying to establish new forms of municipal enterprise and new forms of social ownership, i.e. co-operatives, the council aims to increase democratic control over certain aspects of local employment.

The City Council strategy may be defined as being in three broad categories:-

- a) Involvement with the Trade Unions and opposition to closures.
- b) Municipal Enterprises - the Local Authority utilising its own resources to provide adequate services.
- c) partnership between public and private sector.

5.7. Municipal Enterprise.

The City Council has since 1926 been involved in municipal enterprise. The Employment Department's Red Tape Recording and Rehearsal Studios

opened in 1986 as one of the first municipal recording studios in Britain. The studios are situated in the old Autoways building. It aims to help people become musicians, sound engineers and acoustic engineers by providing access to instruments, rehearsal and recording facilities and training. The studios came into being when the council realised that there were 500 Bands and 2,000 musicians in the locality. This together with the possible 3,000 potential musicians in schools indicated a large potential market. The rates charged are such that the unemployed can have access to them. The aim is to expand the facilities to enable commercial hire to offset running cost.

The City Council are anxious to expand work areas formerly undertaken by the private sector. These areas include trade refuse disposal and medical waste collection. There has also been an expansion of the Asbestos Stripping Unit within the Works Department which now has 30 employees. The expansion of the Vulcan Catering Service, (a municipal catering service) together with cleaning and security services is planned.

The Department of Employment and Economic Development has by working with other departments helped to improve the services provided and by careful new investment created a more efficient service which has won new contracts, created jobs and generated income.

5.8. Economic Planning and Environmental Planning.

In developing the framework for local economic initiatives, economic planning must be limited to environmental and social planning. Sheffield consider that regeneration of the urban environment must come from the bottom not imposed from the top. Land and property can be managed and utilised to promote community initiatives rather than speculative

initiatives of the private developers. The City Council see their policy very much as an alternative economic and social policy in direct conflict with the policies of the conservatives. The involvement of the Council and its Officers is paramount to its strategy and with the agreement of the community through the ballot box. The City Council have studied the likely effects on jobs of the expansion of public services which amounts to in excess of 11,000 new jobs over a two year period at a total cost of £10,800 per job on revenue spending and £17,400 per job on capital spending.

5.9. Sheffield Jobs Audit.

The jobs audit commissioned by Sheffield City Council (1985) made an important contribution to the debate regarding the use and impact of resources on the local economy. It followed in the wake of the Cambridge University Department of Land Economy report (1985) commissioned by the Department of the Environment. The survey contrasted the policies of Sheffield, a Labour controlled council, with the policies of the conservative controlled Dudley Authority in the West Midlands.

The report set out detailed research on the effects of council spending and rates on local employment in both private and public sectors. It investigated privatisation of public services together with the pay and conditions of council workers and compared these with other Sheffield workers. The audit identified the number of local jobs supported by the City Council's spending. One in five of those in work in Sheffield are employed by the City council. It also identified the importance to the local economy of this support. (see Table 5.5).

TABLE: 5.5

LOCAL JOBS SUPPORTED BY SHEFFIELD.
CITY COUNCIL 1984/85.

	Jobs Supported by Sheffield C.C.	Jobs Supported Multiplier Effect	Total Jobs
Direct Council Employment	32,564	7,163	39,727
Construction Contracts	953	321	1,274
Other Contracts	879	180	1,059
Improvement Grants	250	99	349
Total	34,646	7,763	42,409

Source: Sheffield City Council.
Labour Research Unit.

5.10. Local Jobs and the Private Sector.

There has been national debate regarding the rates burden on private sector firms and was one of the subjects of the Sheffield Jobs Audit. A considerable number of the complaints have come from private sector firms who claim that the rates they have to pay are a burden which reduces the number of people they employ. The jobs audit compared the burden of rates with the jobs supported by Sheffield Council contracts with local private firms. The study showed that 60% of rates paid by private firms return to them by way of council contracts. It was estimated that these contracts support more jobs than may be lost through high rates.

The statistics provided were put forward in supporting the Council's contention that in providing services it is not only creating employment directly but also indirectly. The audit supported the view that not only providing services but by its contract policy it has a major impact on the productive and service sector of the area as a whole.

Some of the 42,000 jobs supported by Sheffield are created from expenditure of capital budgets. This work is mainly of a construction industry, some £60 million in 1984/85. The majority of this work is undertaken by direct labour who carry out 65% of all council building work.

5.11. Purchasing Policy.

The local economy can benefit considerably from the expenditure of local authorities. A considerable proportion of their expenditure is on wages. However, goods and services account for several million pounds and this magnitude of expenditure will affect the community. There are both financial and legal constraints to the possibility of spending all the money locally. Legally the E.E.C. regulations do not permit a minuted policy of buying solely local goods. Regulations require all organisations to allow firms within the E.E.C. to tender for contracts. However the purchasing of local goods as far as possible may well be an unpublished aim of some local authorities. Financially the local authority is required to ensure that if local goods are purchased they are not more costly than goods elsewhere or that they are not of inferior quality. The Audit Commission are looking for value for money and are likely to investigate any deviations from this practice. Local firms can have distinct advantages where delivery costs, for example, could well be lower. There is also the possibility of closer understanding of needs and capabilities where local firms are involved. This type of initiative is clearly demonstrated in the combined heat and power programme in 5.15.

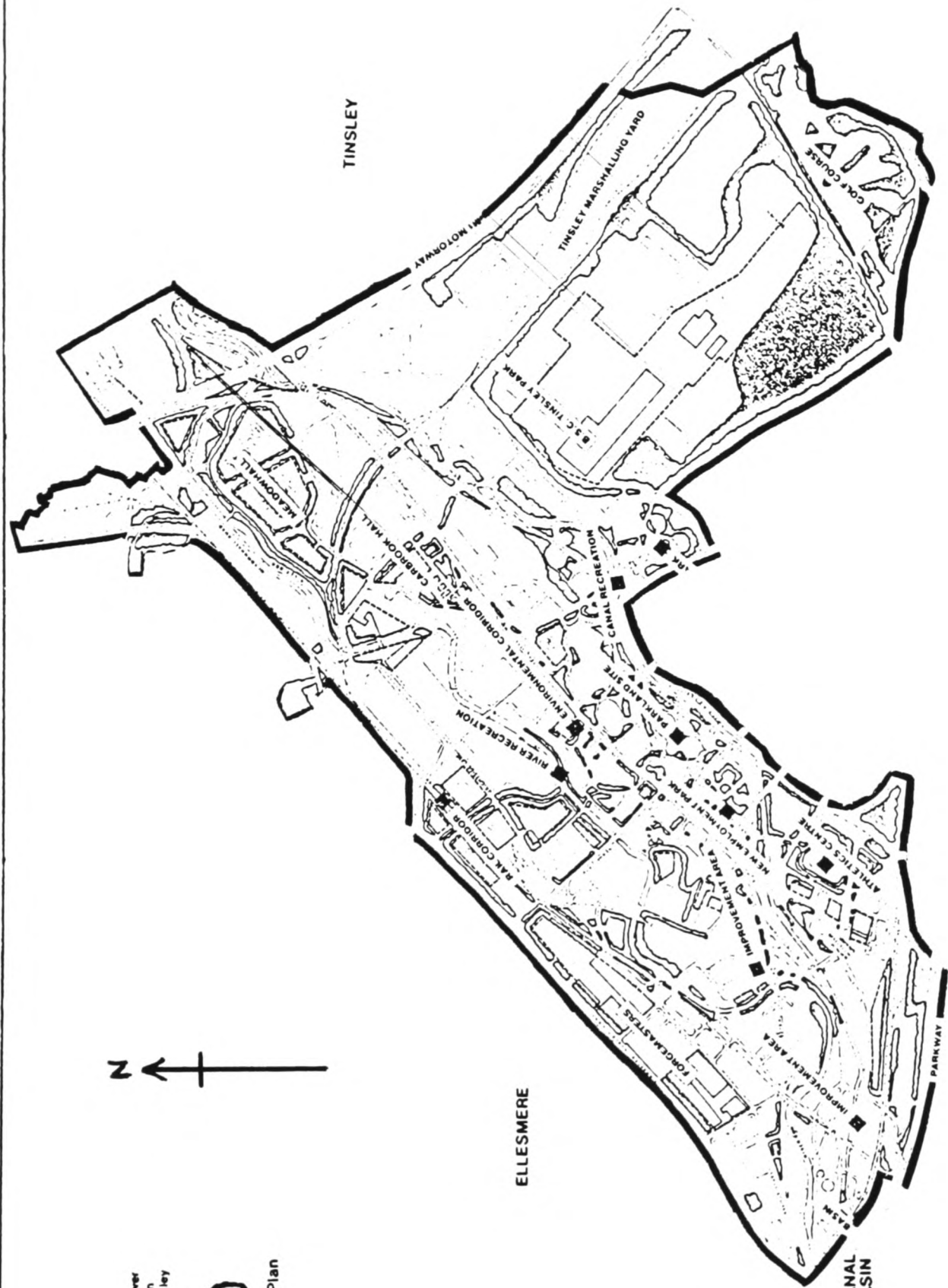
5.12. Contract Compliance.

In 1983 Sheffield City Council decided to create a single list of contractors following sound employment practices. They also agreed that council policies should be understood in relation to contracts and that the contracting policy supports the council's municipal enterprise, industry and products. They also were determined that contractors follow good employment practices including training, health and safety, equal opportunities etc. This policy is used to ensure that contracts which are let, particularly within the City, go to companies which are using or are prepared to employ good employment practices.

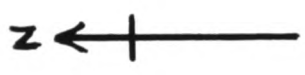
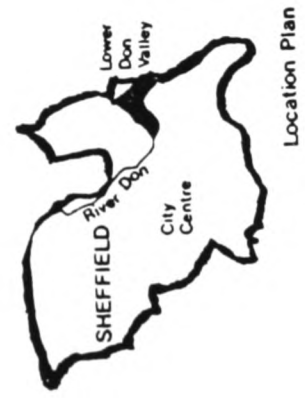
This has been a problem for the city council because compliance with these ideals is voluntary. The second problem is that the construction industry has been identified locally as being a future growth industry. With cheap land and a possible economic up turn the City Council are anxious to ensure success should this come about and are therefore unwilling to be too heavy handed in awarding contracts.

5.13. Lower Don Valley.

This area of the city was the site of the heavy engineering and steel making industries. In 1985 there were still 400 firms located in the valley employing over 17,000 people. However the economic recession has reduced 35% (900 acres) of the area to one of closed factories and undesirable sites (see Figure 5.6). The industrial prosperity of the area is therefore reliant on national and international forces and local initiatives by the City Council. The council decided that in order to promote and stimulate industry in the area it would redesignate for large scale environmental improvements and recreation a percentage of



SHEFFIELD Lower Don Valley



SCALE (APPROX) 1 inch to 1/2 mile

the land in the lower Don Valley which was unlikely to be used for industrial or commercial purposes. In 1986 it created the Sheffield Economic Regeneration Committee to explore the possibilities of a partnership between public agencies and private sector organisations. In June 1987 the consultants, Coopers and Lybrand (1987), in conjunction with Drivers Jonas, Crouch and Hogg and Sheffield City Polytechnic were commissioned to prepare a report on the structure and implementation of economic regeneration initiatives in the Lower Don Valley. The key issues for this area are that low land prices give rise to low rents. Ownership in the area is fragmented, meaning considerable time and expense in purchasing enough land to make construction of industrial premises uneconomic.

They concluded that the area's industrial base was still in the metal or metal related trades. However investment is low and continued job losses likely. Despite this there are advantages in that it is the home of many of Sheffield's important companies and several company headquarters in Sheffield itself. The Valley also has access to a reasonable infrastructure and large markets within 120 miles. The valley also contains 60% of Sheffield's industrial land and is the only location which can accommodate a range of industries. In terms of land there is considerable low cost serviced land available. Four main categories of development are available, (1) Commercial, with limited demand because of the physical environment, (2) Leisure, locationally of interest both to the private sector and Sheffield City Council for the World Student Games. (3) Retail, with the highest demand at present and (4) Residential, now more attractive because of the reduction in air and ground pollution.

The current regeneration policy and strategy for this area accepts the need for continued industrial development and the attraction of other

firms into the area by direct encouragement or action and improving the "image" by environmental improvement works. Central to this is the Council's development or support of a large number of major projects such as the New Employment Park, Canal Corridor Programme, East End Park, City Airport, Athletics Stadium, Indoor Arena, Combined Heat and Power, Nature Reserve and Supertram. There are also private sector committed initiatives such as Canal Basin and Carbrooke Industrial Area. Although this strategy provides a base for land utilisation, Coopers and Lybrand doubt whether it will secure the regeneration objectives and, secondly, whether all the projects need to be undertaken as part of the valley regeneration strategy. In four cases the report recommended that the projects should not be undertaken as part of the valley strategy. The Combined Heat and Power Scheme, City Airport, World Student Games Stadium and the Supertram Link were excluded because of their limited impact within the valley.

The report recommends that in order to develop the valley more fully emphasis must be given to four items; Land, Projects, Programmes and Image. The land should be made available for sale to stimulate development. There should be a number of flagship projects to demonstrate change and lever further investment. There should be environmental improvement to direct and support the changes in the valley. The image of the valley should be one of radical change to encourage companies. The proposed schemes and development costs of these flagship projects and other current initiatives are shown in Table 5.6 and Table 5.7.

In order to achieve these objectives the report considers the management structure. In so doing they considered the operational tasks and organisational aims and proposed the Urban Regeneration Project with the Urban Development Corporation would be as an alternative.

TABLE: 5.6

LOWER DON VALLEY
FLAGSHIP DEVELOPMENT COSTS (£ Million)

Flagship Project	Net Public Expenditure	Initial Private Expenditure	Total Project Expenditure	Subsequent Private Expenditure
1. River Corridor (Industry/Environment).	6.4	15.1	21.5	
2. Meadowhall (Retail/Leisure/ Industry).	21.9	182	203.9	10
3. Tinsley Industrial Park (Industry).	7.2	20	27.2	40
4. Attercliffe Regeneration (Leisure/Housing Environment).	18.1	23.2	41.3	
5. Advanced Metals and Materials Centre (Industry).	2.8	5	7.8	1.6 (Industry).
6. Northern Freight Interchange (Industry).	3.5	9	12.5	4 (Industry).
TOTALS	59.9	254.3	314.2	55.6

Source: Coopers & Lybrand.
Lower Don Valley Report 1987.

TABLE: 5.7

OTHER CURRENT INITIATIVES' DEVELOPMENT COSTS
(£ Million).

Project	Net Public Expenditure	Initial Private Expenditure	Total Project Expenditure
1. Canal Basin	8	16	24
2. Forgemasters 2000	0	30	30
3. New Employment Park	2.4	2.6	5
TOTAL	10.4	48.6	59

Source: Coopers & Lybrand.
Lower Don Valley Report 1987.

5.14. World Student Games.

Closely linked with the Lower Don Valley and Central Area schemes was the proposal that Sheffield should make a bid to host the World Student Games (Universiade) in 1991. Sheffield was the British Student Sports Federation's choice. In August 1987 the F.I.S.U. decided that Sheffield should be the venue although the ratepayers of the city were concerned that the cost of such a venture would involve the council in considerable expenditure with any losses being borne by the council. The games will require 86 venues to cover the sports represented with both competition areas and practice facilities. Many of these facilities can be provided close to the city centre with an additional 17 facilities being constructed elsewhere in the council's area. The Lower Don Valley will provide the venue for athletics in the recently constructed centre. The games will give the City publicity together with the possibility of jobs in the construction of the various facilities. The games will also provide an increase in the visiting population which will benefit firms in the area. A separate company has been set up with a Chief Executive to raise and control the necessary funds estimated to be in excess of £100 million with running costs of £12 million. There was fear that any losses could affect Sheffield in the same way as the Commonwealth Games in Edinburgh with considerable amounts of money being required even after the games had finished. The rationale was seen as one of promoting jobs which it will no doubt do in the short term.

5.15. Combined Heat and Power.

Sheffield City Council were not included in the grants allocated for the design of a suitable system. The discussions held between Belfast,

Leicester and Edinburgh were extended to include the areas with advanced C.H.P. plans, namely, Sheffield, Newcastle and the now defunct Greater London Council.

The Sheffield City C.H.P. is based on the existing waste burning incinerator (opened in 1975). Part of the heat is used for District heating of Council premises but over 50% of the heat output is wasted up the chimney. C.H.P. is widely used in Denmark, Finland, Germany and Sweden. A firm of engineering consultants from Finland (BKONO) have won the tender and have been prepared to put in the cash equity to finance the scheme. Sheffield identified the areas in which they can contribute. They are already installing wet systems on Norfolk Park estate (1890 flats in 15 tower blocks) to replace the underfloor electric heating. They will provide legal and financial expertise and take responsibility for certain works including civil engineering services such as tunnelling and geotechnical work, land surveys and liaising with the Statutory Undertakers.

The project is expected to provide employment in the mechanical, electrical, construction and component industries as the specification in the contract is that local labour and skills will be used where possible and materials procured locally. The City Council rationale for providing community heating is even greater in 1987 than in 1975 - the heat is sold at half the price of competing fossil fuels. The extension of the system to reduce fuel bills for city centre shops, offices and industry, it is hoped, will play its part in revitalising the city centre.

The contract for the first stage was agreed in mid 1987 and a private company set up in October 1987 through which trading is to commence in April 1988. The funding was originally to be provided by the Finnish Bank but after consideration the City Council chose The Bank of Tokyo. This is ironic in view of the right wing capitalist nature of Japan and

the radical left position of the City Council.

5.16. Tourism.

Sheffield City has been involved in some aspects of tourism for several years. The city has been predominantly manufacturing oriented and civic promotion rather than marketing strategy has underpinned the council's interest in tourism. In partnership with the city's business community conference tourism has been pursued. Tourism as an industry and employment producer is expanding as is the urban tourist, an example of which is the increase in visitors to Bradford. The City Council decided in 1986 that Sheffield had more to offer than conference facilities and the home of international snooker at the Crucible Theatre.

There are a number of attractions in the Sheffield area such as the Peak District and the 'Golden Frame' the area bounded by Barnsley, Doncaster, Nottingham and Sheffield, Sheffield's Heritage and City Entertainments. The Lower Don Valley area is the subject of a developing tourist strategy. One main principle is the grouping together of similar or complementary activities. The need to develop a transport system to link these facilities is of great importance.

What has been required is an overall strategy. The City Conference and Tourist Officer is in the process of producing a consultative document proposing just such a strategy. The aim is to develop and improve the image of the city and to maximise the economic benefit to the city by concentrating resources on those markets which will be of greatest value to new initiatives. It also suggests that benefit could be derived by raising awareness and commitment in Council Departments, local companies and ratepayers as well as visitors. The development of tourism is greater than providing Tourist Information Offices.

5.17. New Technology and Product Development.

Sheffield Science Park.

Sheffield City Council has joined forces with English Estates to build a focus for the technology and research based industry in the City. The five acre park enjoys a City Centre location close to the Polytechnic, the University and industrial research associations. The direct involvement of the academic institutions enable the promotion of such items as Electron Optics and Surface Analysis Group and the Institute of Information Technology can contribute to the transfer of technology process. A range of accommodation is being developed for technology related companies with flexible workspace for new enterprises and commercial spin offs from the Polytechnic and University. Tenants of this park will have access to these resources. The "Cooper Building" is at the heart of the Science Park and is backed by the Government's Urban Programme. It will contain a business and innovation centre offering a network of advanced facilities for developing technology, engineering and design skills as well as business management and marketing expertise. The complex will contain a purpose built Business Centre, an innovation work shop together with other features aimed at producing a business like and collegiate environment conducive to modern innovative technology companies. The park is to be run by an independent company with both public and private sector participation. The park is already a member of the United Kingdom Science Park Association established to promote technology transfer and the science parks role.

5.18. The New Employment Park.

The park is a natural extension of the product and production

development facilities in the science park and creates an environment within which the support and technology transfer will assist in industrial growth. The industry will be of the light type with associated office and research facilities. The high quality landscaping and high standards of buildings, it is hoped, will create an appropriate image and favourable response from interested companies.

5.19. Sheffield Centre for Product Development and Technological Resources. (SCEPTRE)

The Sheffield Centre for Product Development and Technological Resources (SCEPTRE) was formed in 1983 jointly by the City Department of Employment and the City Polytechnic with the aim of developing socially useful products, processes and services. They aim to encourage product development through closer working relationships between producers and consumers and to resource small enterprises. Since its inception it has firstly established a bank of product, service and processes ideas. Secondly it has developed some product proposals to the prototype stage. It has also developed an Advanced Dehumidifier to combat condensation in houses and a wash basin which allows wheelchair users to wash in safety and comfort. In co-operation with the Department of Trade and Industry, South Yorkshire County Council and the City Polytechnic the City Council has helped to establish the Micro Systems Centre in Sheffield. This gives advice on the introduction of new technology to private firms and co-operatives and has supported other initiatives which ensure new technology is used to enhance employment and benefit industry.

5.20. Enterprise Zones.

The 1980 Local Government, Land and Planning Act designated 11 areas in England as "Enterprise Zones". Within these zones new and existing industrial and commercial enterprises receive a number of benefits regarding simplified planning procedures and exemptions from rates, certain taxes and training levies. The Conservative Government viewed the zones as test grounds for establishing the primacy of market forces in regenerating local economies. (Anderson 1983, Taylor 1981).

In April 1980 Sheffield City Council submitted a proposal despite the fact that such zones were in direct opposition to the promotion of public sector initiatives by Labour Authorities. The proposals were for the Attercliffe area of the City which had been the centre of steel and engineering industries. The area was a desolate, derelict tract of land having lost 17,000 jobs between 1977 and 1982. The new Labour causes amended the application, even so in 1981 the scheme was rejected by the Secretary of State for the Environment.

Consideration was given to various proposals during 1982/83 with several working parties on the Attercliffe/Lower Don Valley. Eventually in June 1983 the Labour Group agreed to an Employment and Environment Policy for the Lower Don Valley based on landscaping, housing, pollution and parks with the idea of an Employment Park not a Zone. This also involved an increased role for the private sector.

5.21. Assistance to Minority Groups.

The dramatic growth in Sheffield's unemployment has brought with it a parallel growth of projects for unemployed people often initiated by the people most affected by the problem. The projects are supported

by Sheffield City Council Departments, including Department of Employment and Economic Development, the Adult Education Service and Family and Community Service.

These projects include Open Door at Frecheville, an unemployment centre set up in an old ballroom above the local co-op, Star Works and Chapel Green Community Project.

5.21.1. Worker Co-operatives.

In 1981 Sheffield City Council visited Mondragon in Northern Spain in an attempt to identify any areas of the co-operative system which could possibly assist in Sheffield's unemployment problems. The Mondragon experiment has involved compromise and accommodation to the economic realities of the private enterprise market. The system of socialism working within a capitalist economy was of interest and relevance to the City Council. Individuals joining the Mondragon co-operative movement provide a money stake together with a commitment to collective work. In the first two years after this visit by Sheffield, two full time development workers were financed by the City Council, and six industrial co-operatives created, even though some are producing work on a sub contract basis from former employers, for example Aerex Resurrected Machinists (ARM) making items for Edgar Allen Aerex. The Sheffield Co-operative Development Group in association with the local trades council and traditional cooperative sector was founded in 1982 and has helped to establish new worker controlled businesses and the creation of 26 new co-operatives (Mawson and Miller 1982). These co-operatives manufacture such items as concrete products, computer software etc. The group in conjunction with the Co-operative Bank P.L.C. have developed a revolving fund to help finance the work of the group.

Local Authorities are enabled to assist in the creation of co-operatives either directly or indirectly by utilising financial support available in a number of acts. However, the levels of employment which can be secured from the expansion of co-operatives is likely to be small as they represent only a very small proportion of productive output.

5.22. Training for Women.

The City Council is concerned in promoting actions and initiatives which will encourage women to take a more active role in the development of real opportunities for women.

The majority of women in paid employment are in the service sector but with few opportunities for training to allow women to move out of the low paid grades. There is also the problem of child care for women.

Sheffield City Council promoted a pilot scheme called Women's Technology Training Workshop (WTTW) and Young Women Plastering Project (YWPP) both of which provide training and help with nursery or creche facilities.

The City Council through their Employment Department had a separate equal opportunities unit which has been absorbed into the research and resources team and the training for employment team. Sheffield undertook a study, within its own organisation, of female employees identifying that 56% of salaried women were on the lowest salary point as against 10% of male employees. It is important that such policies of equal opportunities must start within the promoting organisation in order to give credibility and commitment to these policies.

5.23 Training and Education.

5.23.1. The Youth Training Schemes and Community Programmes and predecessors have been utilised by Local Authorities. Such initiatives

and placements are commonplace amongst local authorities. However not all Councils are satisfied with the schemes, wages are frequently seen as too low, real training minimal and employability hardly affected. (Chandler & Lawless 1985) Sheffield has negotiated a block grant with the Manpower Services Commission and has allocated additional funds to this to ensure that union rates are paid during training and that training received will actually increase the chances of employment for the trainee. Sheffield has also established a County Apprenticeship Scheme to provide new employment, training and educational opportunities in local government for local unemployed, unqualified people with previous trade union, voluntary or community experience.

The Town Hall Youth Training Scheme provides 165 places at the present time and over 60% of the trainees entering the City Works Department. The major problem is placing them with craftsmen handling a full range of jobs.

There are plans to extend the training strategy to encompass the long term unemployed. The Community Programme is under consideration for radical changes to create a better programme of education and training for this group of people. A high proportion of the Community Programme places are currently within the Voluntary Sector (95%) compared with the national average (55%).

5.24. Lawless Model - Radical Left.

The Sheffield City Council was identified in 5.4 as of the Radical Left. This type of authority is described as interventionist because of its concern and activity in not only acting as a catalyst in promoting local initiatives but in actively pursuing and promoting initiatives of its own in an attempt to stem the loss of jobs in its area. Sheffield does exhibit the type of initiatives shown in the model in Figure 3.1 namely

those of socialist values, alleviation of unemployment and the increase in democratic control through supporting co-operatives, minority groups, purchasing policy and maintaining services within its boundaries despite the pressure from central government to privatise those services.

However their commitment to the Lower Don Valley development is much more akin to the Keynesian Centre stance with the close involvement with the private sector in an attempt to generate investment and hopefully employment. The Combined Heat and Power scheme is an example of a scheme which provides cheaper services to parts of the community. There have, however, been problems in that the provision of such facilities were as far as possible to be supplied from local companies with local labour. Unfortunately such materials and skilled labour were not available in the area. The scheme is being designed and built by the Finns and financed by the Bank of Japan. A private company will administer it on completion. These two projects could just as well have been from a Keynesian model authority. They show that a left wing council can, and will, undertake varied initiatives in order to try to achieve prosperity for its constituents. The view that such councils are inflexible is a mistakenly held one.

The single most interesting initiative which Sheffield has undertaken is to set up the Department of Employment and more recently added to it Economic Development. This demonstrates their commitment to the problems even if only in political stance but from the previous indications in this chapter it can clearly be seen that it is more than posturing. Sheffield has accepted that in the struggle to relieve unemployment it cannot through its own resources achieve a great deal but with outside assistance and through socialist policies motivate both the public and private sectors to achieve at the least understanding and

at the most ambitious the possibility of local economic growth.

5.25. Comment.

Sheffield, together with other Labour controlled councils, has a reputation for radical politics. However it has attempted to act reasonably and not to the extremes of some other authorities. The identification of policies which will show that there is an effective alternative economic strategy has been foremost in the initiatives and actions of the City Council. The move to left wing radical policies can be traced to 1981 when David Blunkett became leader of the Labour group. As can be seen from Figure 5.2 unemployment began to rise rapidly between 1980 and 1982. The City Council was concerned that action should be taken by them in response to this trend. Initially their strategy was to attract investment from outside the city and at the same time assist ailing local firms with grants. They soon discovered that the failure rates of firms being helped was such that detailed evaluation of firms applying for grants was necessary in order to prevent what little resources the Council had from being wasted and neither sustaining or creating jobs. This evaluation identified the potential of the firm in the long term to enable grants to be considered.

The evolutionary creation of an Employment Department has demonstrated the Council's resolve but has necessitated a change in attitude and organisational structure to prevent the inter-departmental rivalries often associated with this type of organisational change. The need for corporate management and strategy is of great importance. The initial policy which the Council adopted has been the maintenance of services. The aim is towards a more democratic form of government by providing

people with what they want and need rather than what the Council considers they require.

There are three main strands to policy strategy in the City Councils approach since 1981. Firstly, those areas of economic development which concern the large scale development of the city. These have tended to be longer term initiatives requiring considerable financial investment is required. An example is the Lower Don Valley where the overall investment is expected to exceed £300 million over 3 to 5 years. Once the initial investment has been made, the City Council will have a reduced role although it will still be investing in the infrastructure. The private sector is being encouraged to bear a considerable proportion of the costs and risks. The Coopers and Lybrand (1987) report indicated that the overall strategy of the council was in need of revamping by identifying several flagship projects (see Table 5.6) to attract prospective investment. The policy of looking outside the area for assistance in the early 1980's did not have the required response and a more introvert policy was adopted. This has in fact had the effect of encouraging outside interest in Sheffield, something the City Council did not consider possible when the policy was mooted.

The second strand of policy initiatives is those areas where the City Council undertake projects and continue to control them. Such initiatives as services, the new technology and product development, training and education and assistance to individuals. The maintenance of services and the support of such initiatives as assisting co-operatives are areas where the City Council consider they can have a direct effect in maintaining or increasing the job market. The third strand is closely allied to the second and is the area which has less to do with creating jobs and more to do with helping people to maintain their self respect. There is an element of employment initiative in such assistance but perhaps of less overt importance. These areas include equal

opportunities, training for women and assistance for minority groups. Interventionist authorities consider such "people based" initiatives to be important and ones which should, therefore, be specifically targeted. (Hausner Vol 1. 1987).

The interventionist approach identifies the need to concentrate on the provision and building of skills and knowledge through its local institutions and local people. In Sheffield this strategy has been part of the council's policy and close co-operation between the various training organisations, educational establishments together with the local industrial and commercial sector is evident.

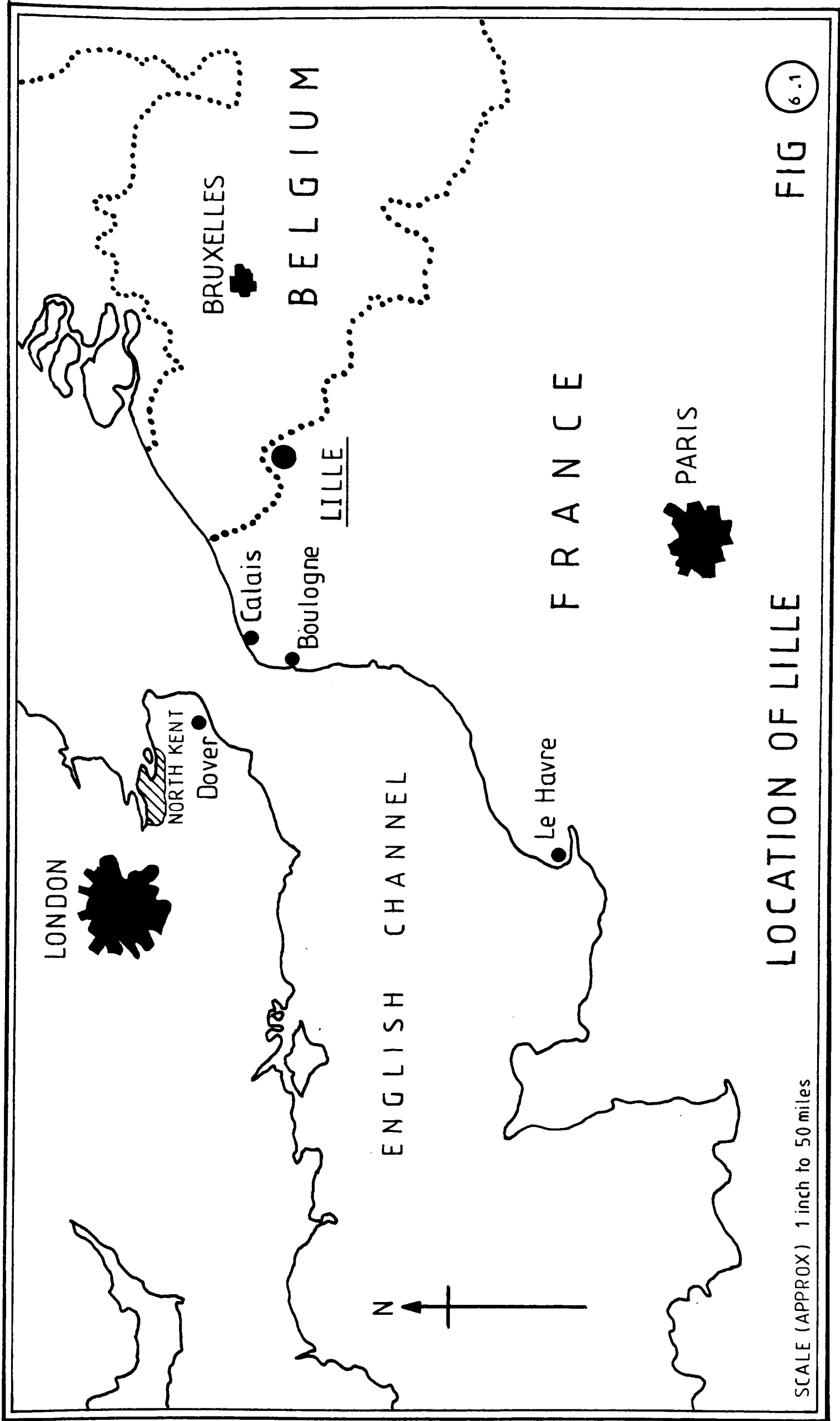
CHAPTER 6. PROFILE LILLE.

6.1. Historical and Geographical Profile.

Lille is situated in Northern France in the Region of Nord Pas-de-Calais close to the Belgian border. Lille is at the centre of a conurbation that includes the textile towns of Roubaix and Tourcoing together with a number of smaller industrial and suburban settlements. This investigation covers the town of Lille with a population of 170,000. It is situated 60 miles from Calais, 140 miles from Paris and six European capital cities are within a 220 miles radius. (see Figure 6.1).

Within the 220 miles radius the population totals in excess of 100 million people thus giving the Region of Nord Pas-de-Calais and Lille in particular a remarkable economic and geographic position. This position is enhanced by the infrastructure, Lille being the first urban area to be connected to Paris by motorway. The motorway network extends into Belgium and the Ruhr area of Germany. It also has a deep draught waterway for vessels up to 3,600 tonnes which continues into Belgium via the newer Lys, fast link by Rail to Paris in under 2 hours, and an airport with both national and international flights.

Villeneuve D'Ascq is part of the Lille urban area. It was established in 1971 around the university. The university activity is backed up by a research potential put to the use of regional and community development. Centre d'Etude et de Recherche de Technologie des Industries Alimentaires (CERTIA) for the food industries, Centre de Recherche et d'Enseignement Supérieur de Textile (CREST) for the textile industry, Centre Interuniversitaire de Recherche en Sciences Humaines (CIRSH) Social Sciences.



The inauguration in 1983 of the Métro, the computer controlled high speed transit system, with its link with the tram network now means that the North, South, East and West of Lille are effectively linked. It has been compelled because of its history to share the functions of regional capital with the towns of Cambrai and Douai.

The old town of Lille consists of a Flemish core with typically tall houses, Vauban's 17th Century extension to the North and 19th Century suburbs to the South. Gradual desertion by the bourgeoisie left Lille with a problem of spreading poverty in the historic central quarters. The search for status and style has taken the form in recent years of restoration and of extensive clearance to create a new commercial centre.

6.2. Economic Profile.

The Nord Pas-de-Calais region has a long industrial tradition. Textiles provided the base for growth during the 19th Century and coal and iron acted as other growth sectors.

The close ties both geographical and industrial with the Belgium textile industry has meant a transfer of employment across borders but the economic recession has had a detrimental effect on both economies.

Planning of the complex central conurbation (Bruyelle 1975) is a key to the diffusion of growth and change throughout the regional urban system of the Nord. The conurbation of Lille/Roubaix/Tourcoing takes the form of an urbanized region rather than a well structured coherent built up area (House 1978). There are multiple urban nuclei each with distinctive economic pattern and problems. The restructuring and rehabilitation of the central conurbation in the late 1970's involved major renewal operations in Lille.

6.3. Political Dimension.

In France there have been some changes since President Mitterrand assumed power, in that decentralisation to regional government is slowly being developed. The local Government system consists of two levels namely Département, for example Nord and Pas-de-Calais and Commune level such as Lille.

All Communes elect a municipal council who are obliged by law to undertake certain service functions such as gas, water and roads. The Mayor is the dominant figure and is elected by his colleagues. He is the State's representative as well as head of the commune. Each département has a general council whose members are elected on a territorial basis. Although the council had an elected president, its executive was an appointee of the interior minister, the Prefect. The Prefect implemented decisions and was the direct link with central government. However in the legislation of 1982 and 1983 Communes were empowered to take major decisions which the Prefect can then challenge if he so wishes. The mayor now has new powers covering housing and town planning and discretion to intervene more in areas of employment and economic development. At département level the Prefect loses his executive power to the President of the General Council. The region is now a full tier of local government elected as from March 1986. The region's powers were also increased in the area of economic development.

Table 6.1

Political Composition of Lille Council.

	<u>Socialist.</u>	<u>Opposition.</u>
		<u>(A.P.R.)</u>
Lille.	33	14

6.4. Lawless Model.

Lille is a socialist controlled town but one which does not have an interventionist policy or strategy. It can be defined in terms of the Lawless model as between Keynesian and Radical Left. The decentralisation of power regarding economic development has only recently been given to Lille. However there has been considerable research both nationally and internationally regarding the most effective method of dealing with economic development and unemployment. The strategies employed by the City Council are aimed at providing funding which will enable other agencies to undertake the provision of grants, loans and advice and counselling. There is a certain reluctance on the part of the Council to be directly involved in the provision of some of these initiatives. The authority in the main has adopted policies supportive and uncritical of industry.

6.5. Employment Trends.

The textile sector of Nord Pas-de-Calais region accounts for a third of the total French textile workforce. It also provides a quarter of the total national textile output. However, the textile industry has suffered job losses in the face of economic recession. In 1950 200,000 were employed in this sector yet by 1970 the figure had dropped to 127,000 and in 1986 to 37,000 according to I.N.S.E.E. statistics published in January 1988.

The coal industry has had an even more marked decline in its workforce. In the 1940's 220,000 worked in Nord Pas-de-Calais. In 1986 the figure was 12,000. The output of coal has declined from 27.1 million per annum in 1962, 17 million in 1970 and in 1983 to 3.2 million. A dramatic

reduction brought about by national and international recession.

(I.N.S.E.E. 1987).

The iron and steel industry has also suffered considerable reduction from 9 million tonnes in 1975 to 6 million tonnes in 1986. The traditional industries of the area have been badly affected by the economic recession.

In order to gauge key economic trends the local authority conducted a survey of firms in 1984. The survey revealed 313 establishments employing 77,043 people, 81% of those employed worked in the service sector. Within the service industry, 57% of workers are in the public sector. The two largest employers are the local authority and the State Administration. In the survey, manufacturing represents 19% of the work force. Lille has experienced job gains in the service sector and job losses in the manufacturing sector.

The level of employment in the main sectors are shown in Table 6.2.

TABLE: 6.2 EMPLOYMENT BY SECTOR IN LILLE.
1975-86. (%'s)

	1975	1982	1986	% Change 1975-86
Agriculture	1.9	1.7	1.5	- 21
Industry	40.8	34.3	32.7	- 20
Services	57.3	64.0	65.8	+ 15

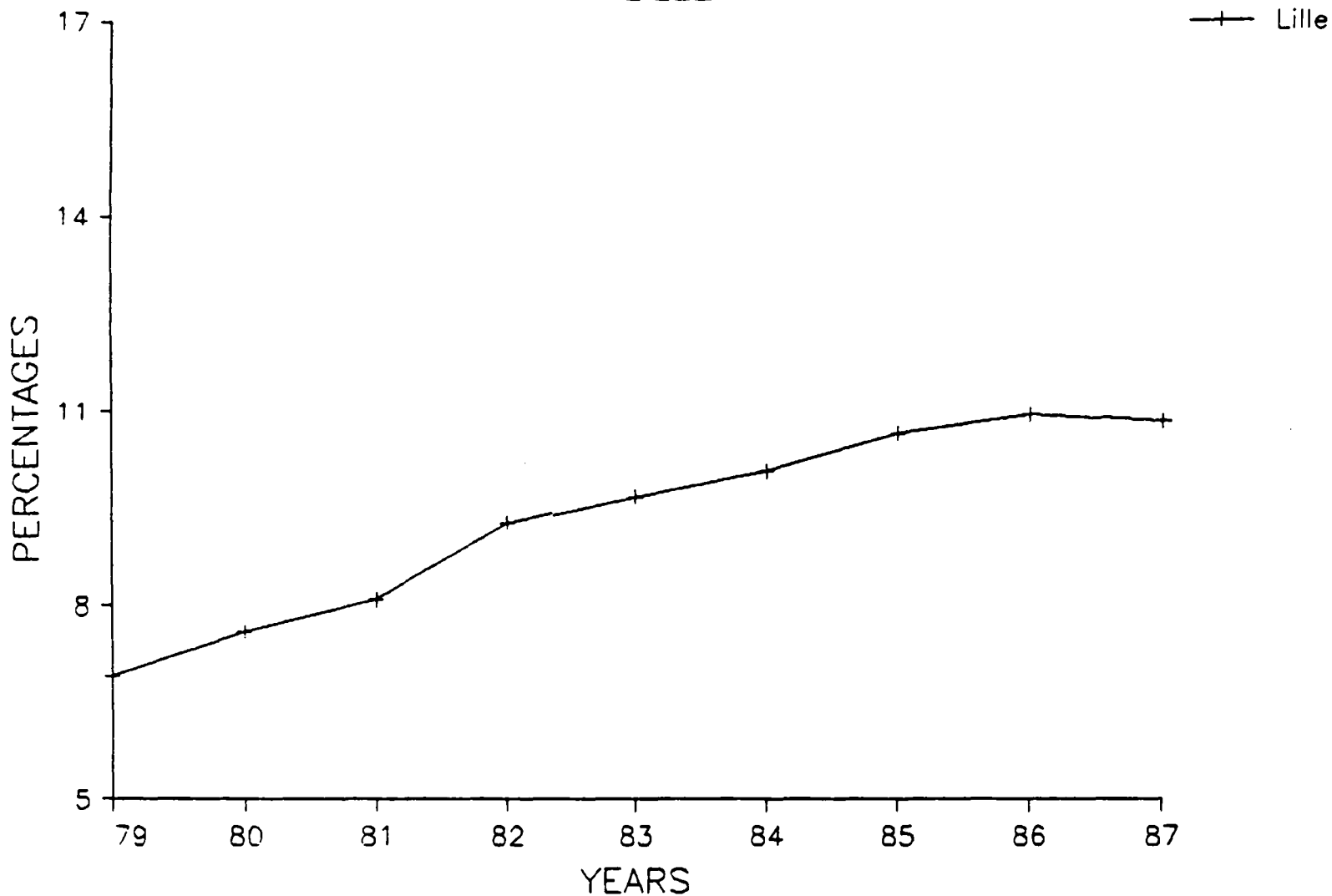
Source: I.N.S.E.E. 1987.

The trends shown in Figures 6.2, 6.3 & 6.4 indicate that unemployment levels in Lille have followed those of France rather than that of the

UNEMPLOYMENT 1979-1987

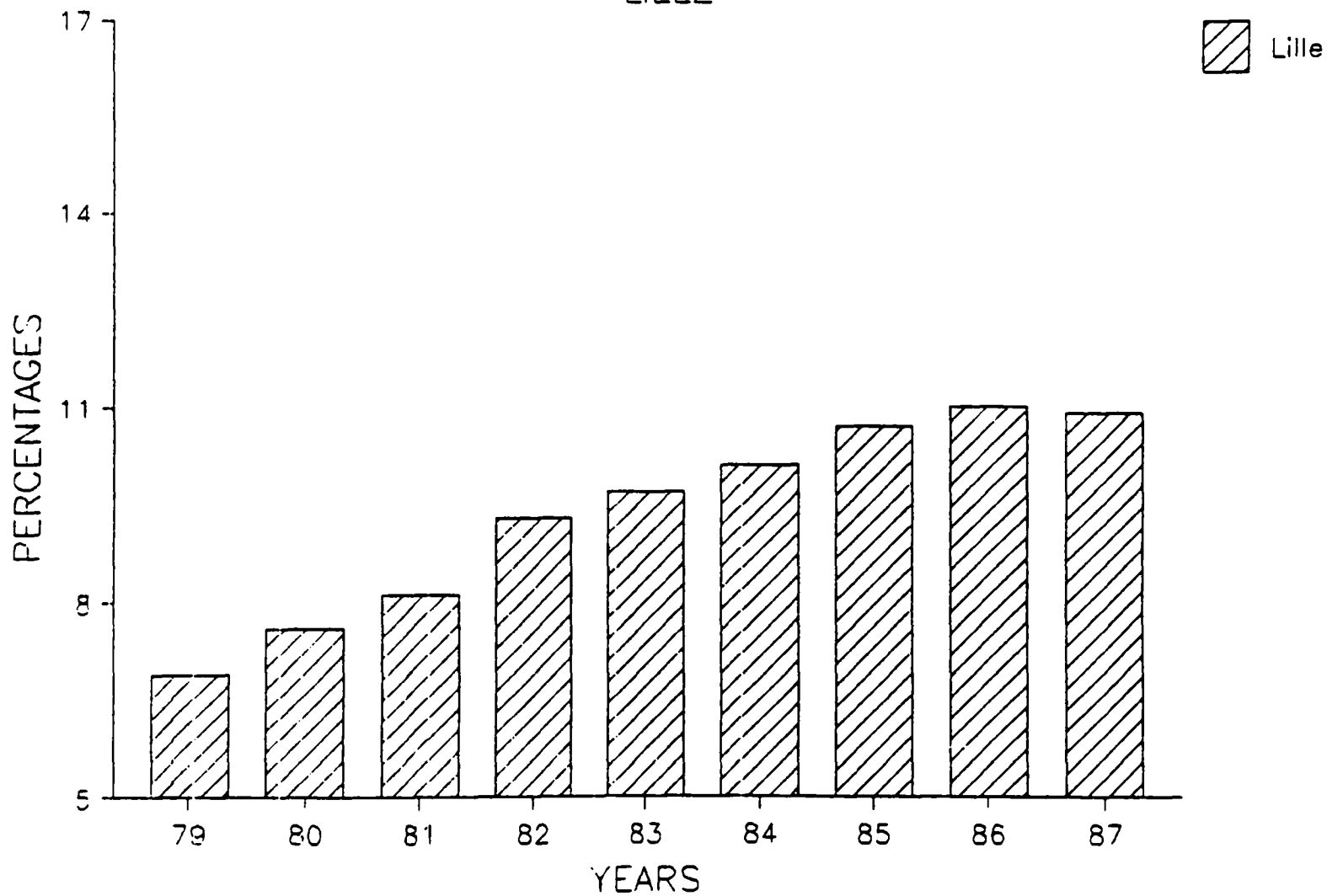
Figure 6.2.

LILLE



UNEMPLOYMENT 1979-1987

LILLE

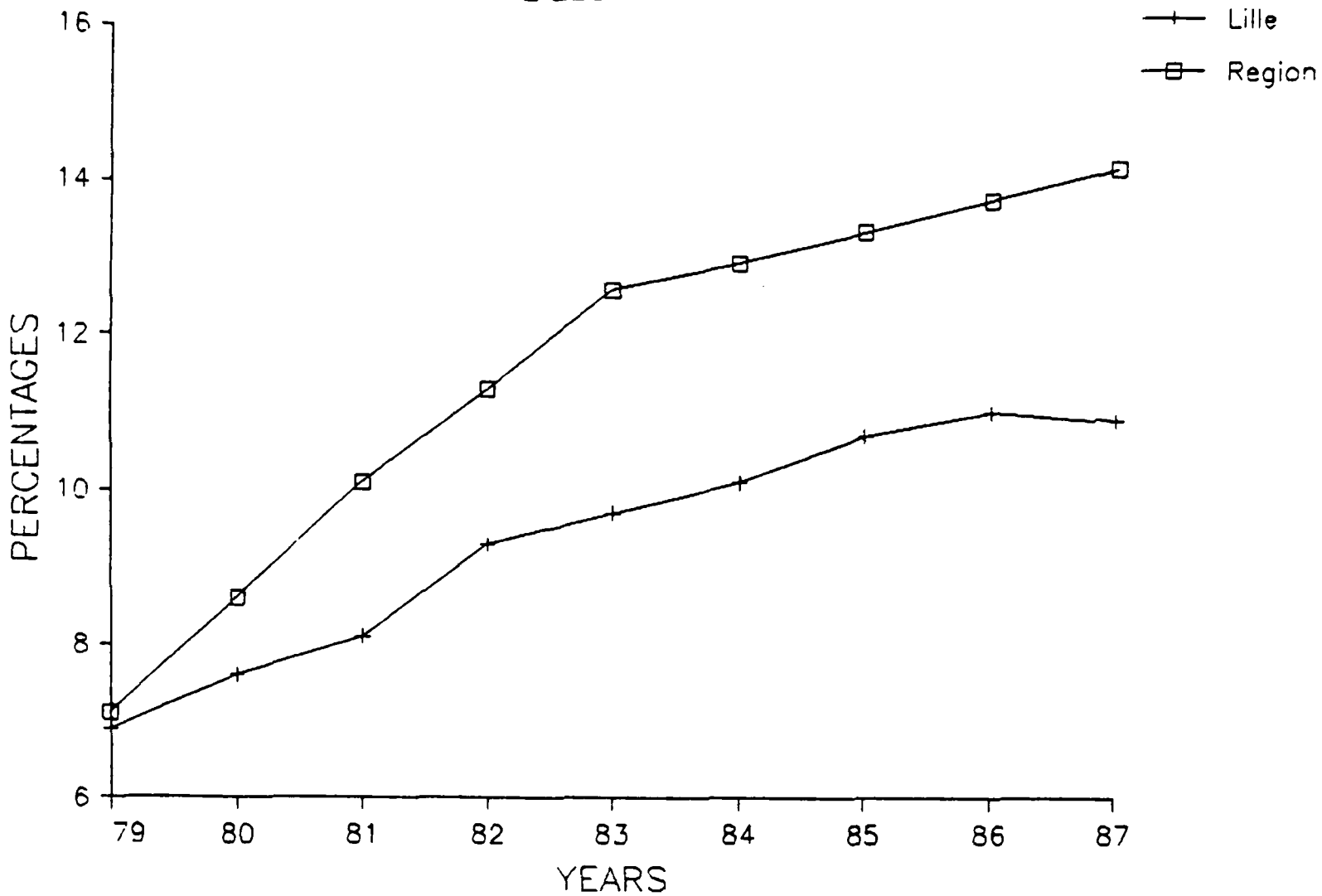


Source: I.N.S.E.E.

UNEMPLOYMENT 1979-1987

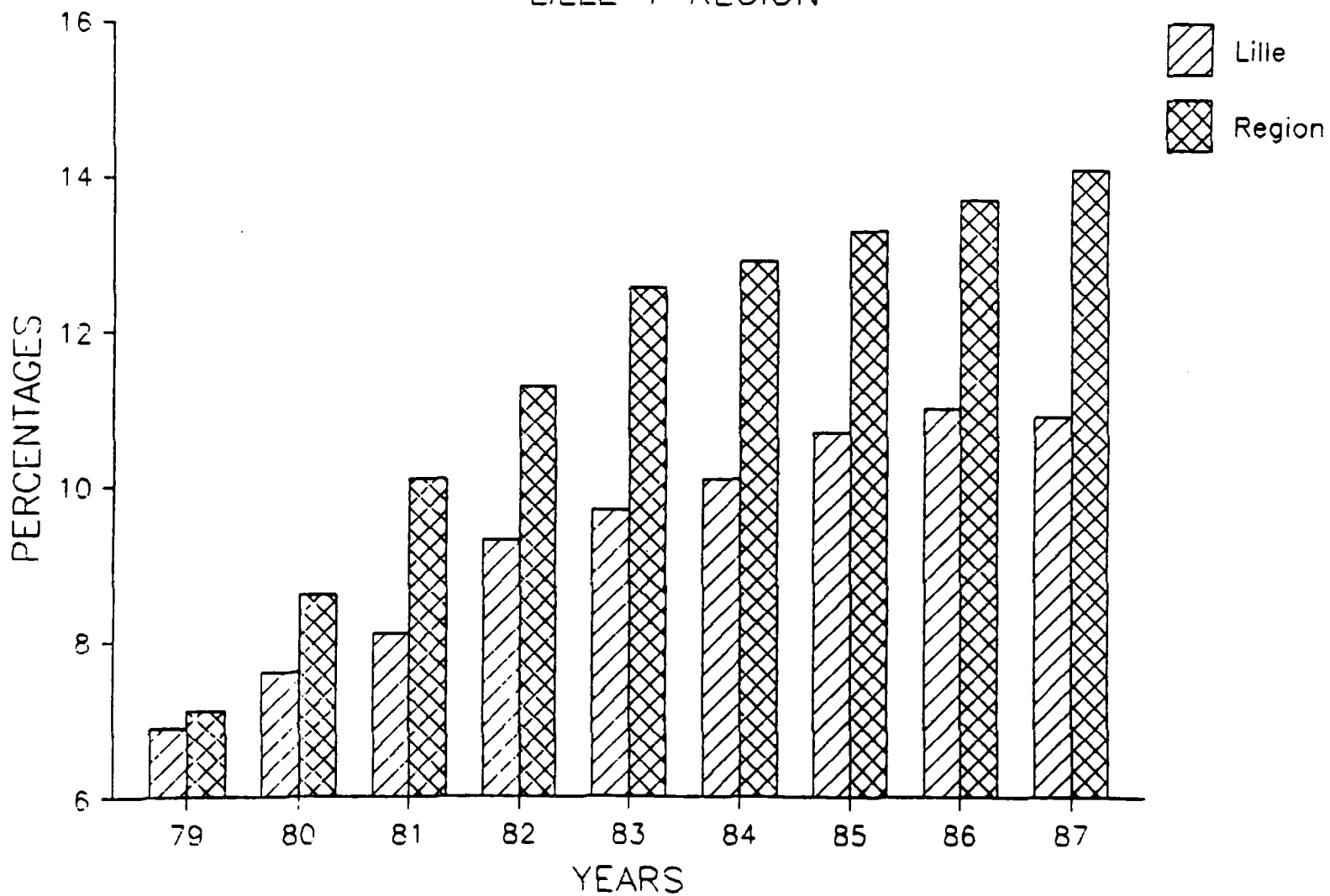
Figure 6.3.

LILLE + REGION



UNEMPLOYMENT 1979-1987

LILLE + REGION

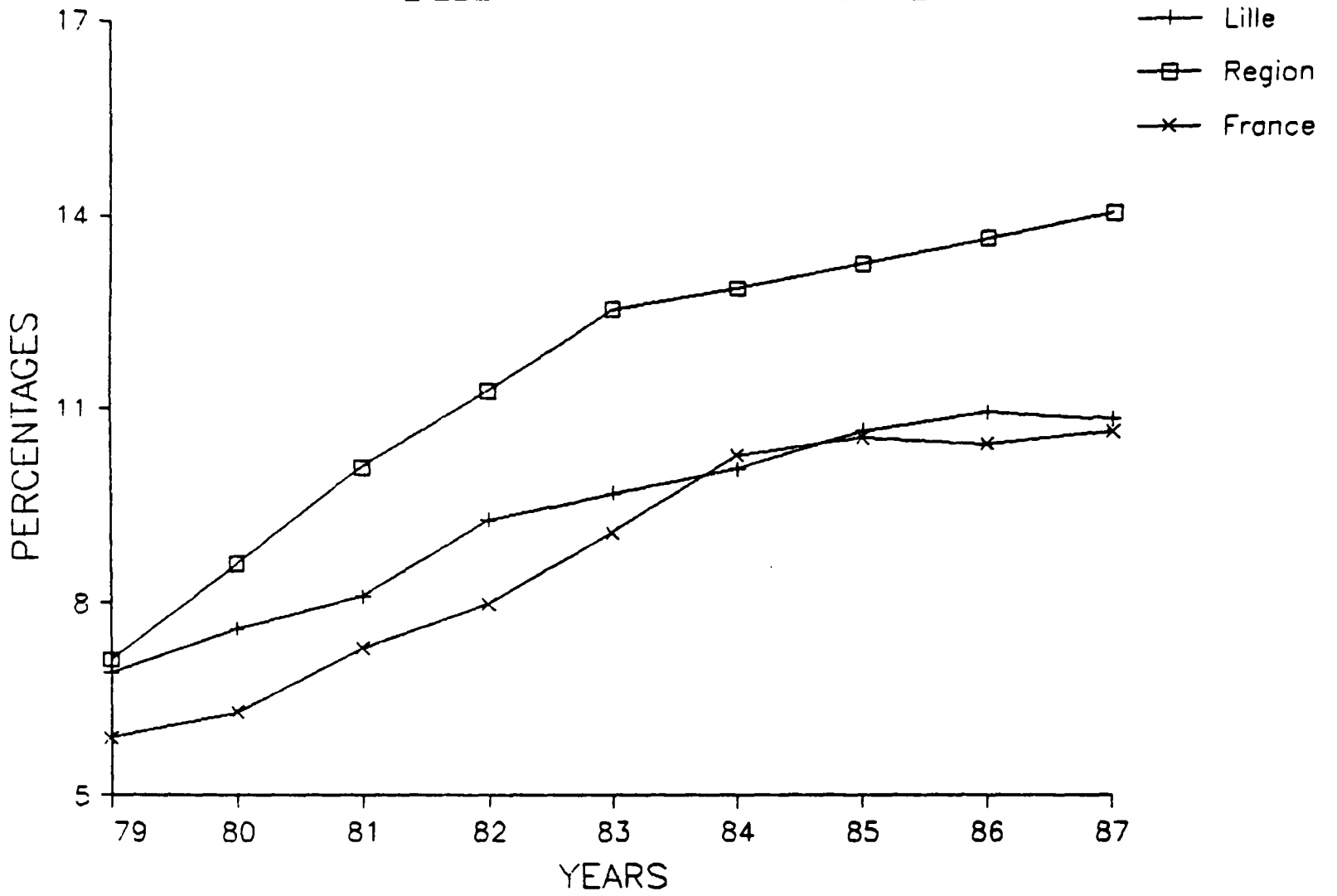


Source: I.N.S.E.E.

UNEMPLOYMENT 1979-1987

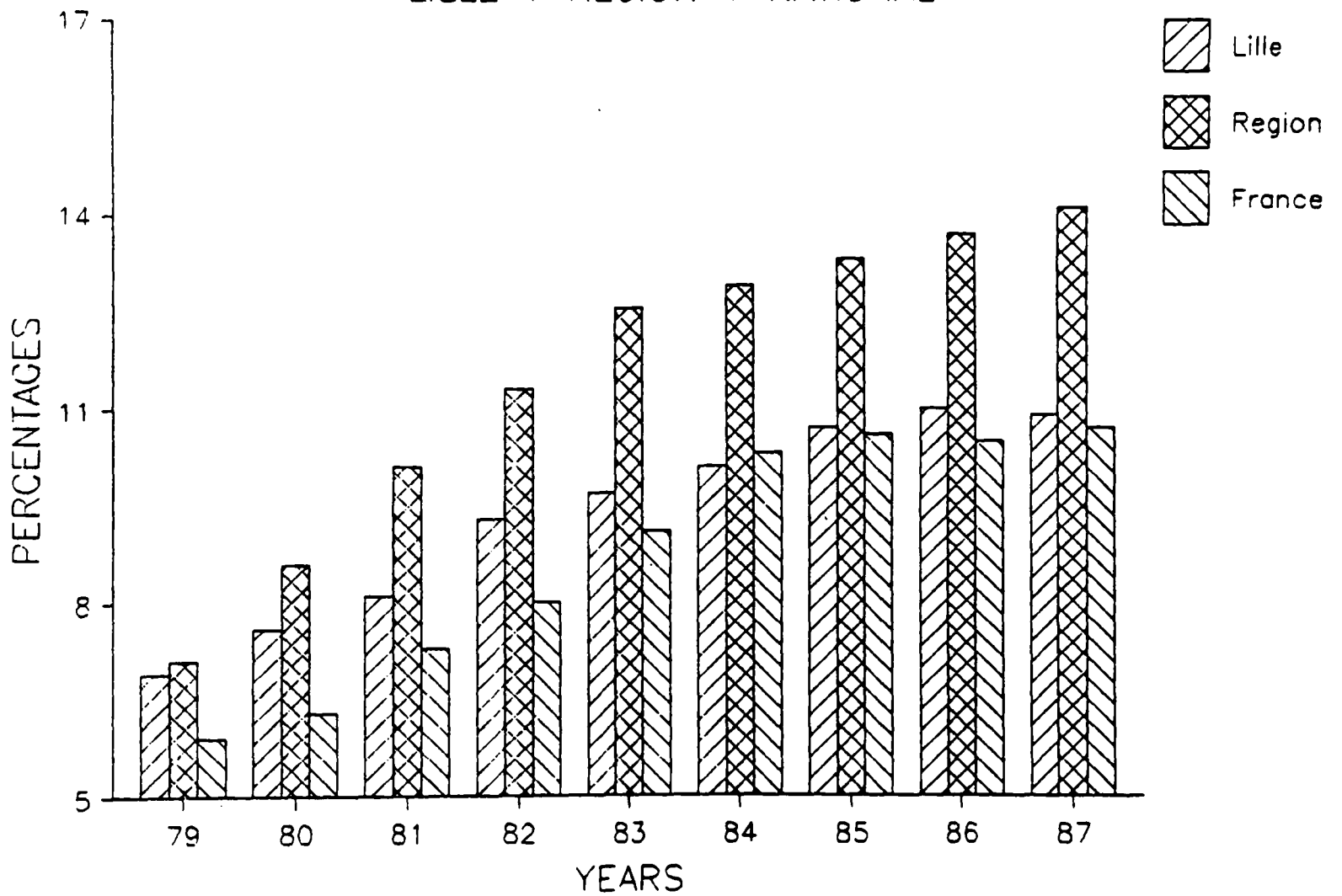
LILLE + REGION + NATIONAL

Figure 6.4.



UNEMPLOYMENT 1979-1987

LILLE + REGION + NATIONAL



Source: I.N.S.E.E.

region. This is primarily because the textile industry on which Lille has relied has been in decline over a longer time scale than coal, iron and steel on which the region depend. Adjustment to this situation has therefore been more gradual.

6.6. Regional Planning for Nord Pas-de-Calais 1984 - 1988.

The underlying policy commitment to this region has been that of industrial regeneration. Since 1984 3.3 billion francs have been spent on industrial modernisation, measures to promote and improve foreign trade and improvements to the transport and infrastructures in the region. The improvements to scientific research and promotion of high technology industries has cost 1.8 billion francs and a further 1.7 billion francs in the general environmental improvements; (reclamation of derelict industrial land). Additionally three new areas within the region have been designated sectoral development areas to deal with iron and steel, coal mining and dockyards, thus enabling them to receive special state assistance.

6.7. Modernisation of Industry.

The French Government and the Regional Governments consider that modernisation of industry is a major priority. In 1983 the Industrial Modernisation Fund was created. The national savings are directed into industry to finance modernisation, it represents approximately 10% of the capitalisation of the French Stock Market.

Legal reforms have been introduced to improve the quality of finance received from banks. A minimum period of notice is now required before loans to industry can be recalled and laws facilitating re-financing

have been passed. Special tax relief for companies investing in innovation has been provided. A ceiling of 3 million francs per company applies.

6.8. Support for Enterprise.

Local authorities were legally restricted in the area of economic development prior to the 1982 de-centralisation. Since this legislation, the town council of Lille have taken positive steps to involve themselves in the formulation of strategies. The main aims of the City Council in economic development are, to establish policies to aid development, to support action taken by individuals and groups at the local level, and to work towards the reduction of inequalities. The City Council are committed to the involvement of the local authority in local economic and employment development. Lille has moved some way towards involving itself in this area, however it is still in some respects refining its overall strategy. Some areas which are being developed include technology transfers, aid for restructuring small and medium sized companies, financial incentives for job creation and the promotion of new jobs. Their initial policies have been in the area of assistance to firms of small and medium size. The larger firms, those of more than 5,000 employees, it considers the responsibility of higher tiers of government. This is mainly because the resources required are often well in excess of that which such an authority could support. It does however still seek to influence by lobbying at regional and state level. The main policy area is with the smaller firms, in emergency situation through direct financial assistance, but more often by indirect assistance such as tax exemptions or land and premises transactions. The degree of action by Lille Town Council is limited by financial

constraints.

6.9. Land and Buildings - Lille.

The main policy of Lille Town Council has been in bringing together companies wishing to move into new premises and businesses wishing to move away. It has however identified the basic problem that many of the derelict sites and buildings in the city are not suitable for use by modern industrial firms or the service industries. There has been a fear that because of this their firms may choose to locate their premises outside Lille either elsewhere in the environs or even outside the region. In 1986 Lille decided that there is a need to commence a major scheme for reclamation of industrial wasteland.

Improvements to the infrastructure are mainly the responsibility of Regional Governments, however French Industry and Commerce is able to exercise some influence on the planning system. In 1978 Lille and its neighbouring towns of Roubaix and Tourcoing declared the area a Zone of Concerted Action to accompany the construction of an urban motorway linking the three cities.

6.10. Agencies for the Promotion of Research.

The National Agency for Promotion of Research (ANVAR) has a budget of its own and also manages other forms of public assistance in the field of industrial modernisation. It distributed 906 million francs in 1985 from its own budget and 8.5 billion francs from the industrial modernisation fund. Regional Advice and Assistance Funds (FRAC) were established in 1984. In 1984 26 businesses in the Lille Metropolitan District received aid from FRAC and some 700,000 francs. The Regional Guarantee Fund in Nord Pas-de-Calais was the first regional fund to be

established with the participation of the local banking organisations. The fund originally stood at 24 million francs; it now in 1987 is 52 million francs.

6.11. Specialist Services - Lille Town Council.

In 1977 Lille Town Council employed economists to provide a specialist service. They identified three main objectives. Firstly it was to provide advice and information on the local economy for industries and firms. Secondly to provide analysis and assistance to the council on economic policy matters. Thirdly to play a functional role in the implementation of council policies. In 1986 the office had enquiries and gave advice to 175 different businesses.

6.12. Council Purchasing Policy.

Lille Town Council is aware that its own expenditure has a not inconsiderable impact on the local economy. It has made efforts over several years to award contracts to companies in the locality as far as is possible. It has estimated that its own salaries and wages bill per annum is in excess of 300 million francs, 88% of which was spent with local firms operating in the Urban Community of Lille. However there is no conscious attempt to award contracts only to local firms - value for money is also of considerable concern.

6.13. Small and Medium sized firms - Job Protection.

In order to try a system of public intervention it is necessary to have advanced information of impending situations affecting or likely to

affect jobs. The Bankruptcy Laws have been improved to improve the flow of information and facilitate intervention by the local authorities. There are problems with this system. If a firm is unavoidably made bankrupt there is a procedure to allow a period of up to a year after bankruptcy during which efforts may be made to re-establish the company.

The financial assistance for ailing firms has necessitated the State Government setting up a number of bodies to provide or coordinate assistance to firms in difficulty. One of the bodies is called CODEFI, the Department Committee for Investigating Business Financing Problems. It is chaired by the Prefect and coordinates representatives from the Banque de France and Government Offices to make plans for assisting businesses employing less than 250 people. It can intervene on a firm's behalf with banks in an attempt to negotiate finance or an extension of loans. It also has the power to grant extensions for payment of tax liabilities. It can also secure loans from the BEC's economic and social development fund up to 1 million francs.

Local authorities have, since de-centralisation, been able to provide assistance to industry. They can undertake any measures they wish with the exception of purchasing share capital in assisted firms. An example is that of a small manufacturing company, Capon, which encountered financial difficulties. Lille Town Council effected a sale and lease back arrangement involving the company's premises. This provided a capital input of 2.6 million francs enabling the company to stay in business.

6.14. Sale and Transfer of Business.

The public authorities can intervene to preserve employment in small or medium sized firms by providing mechanisms by which businesses can be taken over or transferred to new owners when an existing owner decides

to withdraw. In many cases withdrawal is due to the owner's wish to retire and not, as might be thought, due to financial pressures.

Nationally several initiatives have been taken in an attempt to ease the burdens on businesses. Firstly a new business saving scheme was set up in 1984. This enabled a company owner to place savings into a special fund which could be used to grant a loan to a successor on retirement. In this way the new owner has readily available source of finance and the sale of the business is made easier. There is also a national loan guarantee fund for the creation and transfer of business which provides guarantees for up to 75% of whatever other lending financial institutions are providing. Fiscal reforms have also been implemented which enable capital gains tax exemption on certain share transactions within families.

There is also legislation (1984) whereby employees can take control of a business by creating a holding company. The holding company is financed by means of a loan used to buy at least 50% of the company's shares. There are also subsidies available within the region for transfers and takeovers of businesses which are in financial difficulties where transfer of ownership is likely to contribute to the long term recovery of the business.

6.15. Promotion of Innovation and Transfer of Technology.

The transfer of technology includes the Technology Transfer Programme of the University of Science and Technology of Lille. The town of Villeneuve D'Ascq developed around the University with a Science and Technology Park working closely with the University to develop High Tech industries and innovation.

The Annual Exhibition "Applica" was set up by the Chamber of Commerce and Industry in 1983, with backing from Regional Government, and has

established itself as the leading French exhibition on the application of electronics and information technology to industry and businesses generally.

6.16. La Centrale de Valorisation et de Faisibilité Economique. C.V.F.E.

There are two programmes operating at present which are complementary, namely CEFE and Independent Inventors. CEFE is an organisation of University of Lille I. Its aim is to evaluate the products and technology being perfected in the University's laboratories. It was created in 1984 to bring together university researchers.

It has resulted in two years, 1985 and 1986, in five products or technologies transferred and six likely to be transferred in the next two years. They have encountered difficulties both in finance, attempting to achieve a self financing situation and in the involvement of the researchers. The process is supervised by the President of the University, the businesses and the State and local authorities.

The Independent Inventors are those people who are developing products or technologies outside. The aim of the organisation with its headquarters in Lille is to assist in the transformation of their inventions into viable manufacturing or industrial activities. These activities include patent rights, feasibility studies, finance, negotiations and a search for suitable interests.

6.17. Setting up Businesses. (ESPACE)

The main aim of the Local Authority is to encourage and support people setting up in business. The area of advice and training business creators is undertaken by several organisations, E.S.P.A.C.E. is one of

these. Its aim is to assist in the creation of activities and employment in the Lille Metropolitan area. It is a non-profit making organisation financed by the State and Local Authorities (40%), training activities (40%) and involved services (20%).

The activities of this Management shop can be summarised as the reception of potential business founders, an analysis of their projects and assistance in their development, pilot the feasibility study and assistance in the development of financial plans and in finding resources.

Since its creation in 1980 the association has increased its clients and developed a greater professionalism. It has accepted the need for raising awareness in schools and the involvement of local elected members. It is also important that there is follow up of the business created. The activities undertaken are supervised by means of quarterly activity reports which are submitted to the administrative council and the financiers.

6.18. Support for new firms.

The Lille Chamber of Commerce and Industry indicated in discussions that 48% of all new businesses in France fail within their first four years of trading.

These failures tend to be because of poor preparation or inexperience on that part of the entrepreneur. In order to try and remedy this situation the French Government enacted legislation in 1984 giving employees the right to one year's unpaid leave from work if they wished to make investigations and preparations for setting up a new business. If after the year the scheme does not prove possible the employee has the right to return to his old post.

In addition and as a support to this scheme, employees may have access

to a proportion of any funds which have been acquired through profit sharing schemes or paid into wages funds. These are exempt from tax. New Business Saving Schemes are also available which provide a loan with commitments from 2 to 5 years at favourable interest rates.

6.19. Advice and Training.

The Lille Chamber of Commerce together with the Guild Chamber have set up training centres to provide business courses. Lille Town Council, through the Office of Economic Affairs and Development, have attempted to improve the flow of information to potential entrepreneurs. There is also the opportunity at Regional level to make approaches through an Information Bank for Business Finance (CIFE) operated by the Banque de France for contracts to be made for people looking for business partners and finance.

The association ESPACE operates a nationwide network of management shops with courses operating at various levels which have been discussed in 6.17.

There are Regional Subsidies which reflect a conscious decision by the government to concentrate on improving the industrial productive capacity of the regional economy. The National and regional development Subsidy (PAT) is financed by the State Government. In Lille projects linked to research or engineering, computers and management are eligible.

6.20. Local Assistance.

Lille Town Council have implemented a scheme of its own which provides a one year subsidy of 70,000 francs per job created payable in two instalments provided that the project can demonstrate that it will be

self financing within 3 years.

One problem which has been of great hindrance to those trying to set up a business was the inordinate amount of bureaucracy involved. The Central Government have identified this and have introduced legislation to try and reduce the problem.

In Lille there are now two centres located at the Chamber of Commerce and the Guild Chamber called registration centres where only one set of documents needs to be completed.

Lille have also decided to allow exemption from professional tax (local tax based on rental value of fixed assets and total payroll) to new businesses during their first three years of trading. This does not apply to branches and subsidiaries of large companies.

Lille has also set up a cable network in Lille costing in excess of 1 million francs because it is aware of the importance of modern communications and new technology industries for the development of the local economy.

The Town Council are aware of the need to promote the image of Lille and have financed the construction of a Conference and Music Centre. The "Metro" opened in 1983 was also an attempt to improve communications and to give Lille the image of being an innovative and desirable area in which to carry out business.

The channel tunnel is also a possible generator of new employment and the French Government have invested considerable finance in improving the infrastructure of Northern France.

6.21. Support for Individuals.

The Regional programme for training and apprenticeships is aimed at complementing other initiatives undertaken by private and public sector

within the region. They have agreed and stated objectives which they have followed. Firstly they set their policies in such a way as to help redress imbalances in the levels of employment between different geographical areas. Secondly they provide training in modernised and new industries which will ensure that the skills requirement on the labour market are met by the potential workforce. Thirdly they provide re-training for individuals who have lost their jobs or have out-dated skills and or for those individuals with little or no relevant skills or experience.

In Lille there are a number of initiatives available.

6.22. Community Work (TUC).

This scheme is not unlike the Community Programme in Britain. It provides a scheme for people between 16 and 21 who do not have a job and are not being re-trained. The scheme provides 20 hours per week part-time experience and training with local authorities or non profit making organisations. The work is socially useful and in Lille there is a supporting training programme with the majority of the finance contribution being made available by Lille Town Council.

Lille Town Council employs approximately 150 young people in its Departments who receive a minimum of 1,700 francs per month.

6.23. Training with Employers - Contracts (CET).

This is a national scheme with regional support which gives young people under 26 an opportunity to have a training contract with a private company to gain experience and work towards recognised qualifications. The regional training programme pays 70% of the wages bill plus any extra training costs.

6.24. Training - General.

There is also a basic integration course which provides a training course lasting between 5 and 8 months for those with poor qualifications or little motivation. It provides basic skills. At national level there have been several initiatives identified but a major training initiative in work connected with watersports has one centre in Lille. The increasing need and expansion of leisure activities particularly in the water sports area has been identified.

In Lille there is also a Centre for Research and Training in New Technology (CIRFTEN) which provides training in electronics and information technology, those qualifying from the course often obtain employment in the centre's own department providing high technology services to local industries.

6.25. Creation of Business.

The Intermediate Enterprise is a production unit which takes people with employment difficulties on for a fixed period. The aim is to create a business. The staff for the business will consist of a manager, a trainer and several young people. The Enterprise receives a fixed allowance of 30,000 francs for each recruit.

This group will carry out market surveys, draw up finance and economic documents and request subsidies from appropriate bodies. This is the most difficult problem which they can encounter. Supervision is provided by the trainer and the business is subject as is any other business to the rules of French Commercial Law. This project system started in 1984 and one of its first projects was the creation of a vehicle hiring company for vans and mini buses.

6.26. Association for the Social and Professional Integration of Young People.

Lille Town Council set up this association as one of approximately 100 in France. Its aim is to offer advice and guidance on an individual and de-centralised basis to any young person who wishes to avail themselves of the service. It produces statistics and liaises with the interested authorities assessing the requirements and qualifications and potential of the 16 to 25 age group.

There is considerable concern among all levels of government about the young unemployed. However, there is an agency concerned with older workers called the French Agency for Adult Training (AFPA). Its main aim is the training and re-training of adult workers. It is supervised by the Ministry of Employment and assists firms to adapt to the changing structure of employment. It also promotes training so that the labour skills market provides adequate resources for the appropriate industries. The agency has its regional base in Lille.

6.27. State Benefits.

It is possible for unemployed people to waive their rights to unemployment benefit and instead receive a lump sum to provide starting capital for a new business. Subject to a basic minimum the grant depends on the time spent unemployed and previous work references. The amount of grant varies between 10,000 francs and 40,000 francs with the benefit increasing if a salaried job is created. There is also the benefit of free national insurance for the first six months.

6.28. Tourism.

There has been concern both nationally and locally to improve the image of the region Nord Pas-de-Calais. It has a somewhat drab industrial and mining image not enhanced by the nature of the terrain which is flat. In 1984 the French Government, in liaison with regional government bodies implemented a new plan to increase the modernisation of industry and improve infrastructure and in the north the integration of the cross channel link with regional policy. Considerable funds have been made available during the last two years, for measures to improve the general image of the region and therefore to encourage people to the area, both those wishing to invest and start businesses and tourists. The measures will, it is hoped, promote and develop tourism. The new channel tunnel project and the possibility that Lille will be on the T.G.V. high speed train route are seen as opportunities to attract people to Lille.

The renovation of buildings and the introduction of pedestrianisation in the city centre has assisted Lille in its aim to attract tourists. It is a regional centre with a variety of museums and Arts facilities including theatre, opera, musical activities with its own National Orchestra. It is also the venue for the "Lille Festival" which encompasses items such as classical and contemporary music, dance, theatre and many exhibitions. It also hosts the traditional "braderie" which is a giant second hand goods fair and is held in February.

The communications in a town such as Lille are important. The tram way is still in use in Lille and connects it with Roubaix and Tourcoing. However in 1974 it was decided to construct a "Metro" system which would link West Lille with the University at Villeneuve d'Ascq in the East. The system is a modern computerised fast transit system providing trains every 2 minutes at peak times and linking with the North, South

tram system at the main railway station. The London Docklands transit system is based on a similar design.

The City Council has a strategy to ensure that Lille is an attractive centre for tourists. However there is no evidence to indicate that they consider as a separate issue the question of using tourism as a direct method of increasing the number of jobs available in the area.

6.29. Lawless Model - Keynesian Centre/ Radical Left.

Lille is, as has already been said, a socialist controlled authority. It is certainly not of the radical left and from the type of initiatives employed it tends towards the Keynesian centre. The main aim of the City Council policy is to promote investment both by existing and newly created businesses and to assist individuals in their endeavours to start a business. However they are aware, as in Britain, that there is only limited finance available to them with which to undertake the many initiatives available to them.

The use of the Lawless Model for Lille is not particularly accurate although the basic concept of the type of initiatives which could be expected from this type of authority is rather early to judge.

6.30. Comment.

The percentages of unemployment shown in Figure 6.4 indicate that Lille has maintained a lower rate of unemployment than the region over the last 10 years. The region has averaged unemployment at levels in excess of 14% and has a young population, 36% of which are under 20 years of age. There is a determination among the residents of the region and in Lille particularly to be involved in renewal and advancement. The region

generally has been promoted through various agencies in an attempt to attract much needed investment. There is also a commitment to trying to reduce the inequalities such as those having been unemployed for long periods. There are three main strategy areas; Local initiatives, sectoral initiatives and promotion and communications. Advice and Training are also seen as an important area for concentration of resources with E.S.P.A.C.E. at the forefront of this initiative staffed by young committed professionals anxious for the success of the venture. The problem in Lille and to some extent in North Kent and Sheffield is that there is a lack of statistical information on individual initiatives. There is also difficulty in identifying the outcome of policies, faced with numerous variables and the long term nature of most of the initiatives. Accurate quantitative comparisons are therefore difficult. However the vigorous way in which Lille is developing and applying its expertise to the various initiatives and attempting to target resources is worthy of continued study.

CHAPTER 7. COMPARISON OF CASE STUDIES.

7.1. Introduction.

This Chapter compares the initiatives undertaken by the three case study areas with the Chandler and Lawless model.

In Britain Local Authority involvement in economic development policies has varied depending on geographical location and the economic climate. The local authority role in the 1970's was one of complementing national and regional policy particularly in the field of industrial development. However, with the gathering momentum of the depression and decline in the industrial base this approach became inappropriate. Local Authorities have therefore become increasingly involved in economic development and measures designed to promote investment and employment. These activities are now well established functions within the local authority operations. There has been some discussion in recent years regarding increasing statutory powers of Local Authorities to enable economic development to be more adequately financed. However, it could be argued that it was a failure on the part of some authorities to make use of the existing legislation which was the main reason for their earlier non involvement. As Allan (1982) points out, much more significant constraints are felt to lie with the financial resources with which these powers can be deployed.

Legislative development has also seen an extension of the range of economic activities performed by local authorities. The largest growth area has been in financial assistance to firms and the provision of direct and indirect subsidies. While increasing stringency has been brought to industrial assistance and while benefits in employment terms

are less often taken for granted so too have some authorities shifted the emphasis of their programmes from firm oriented to people oriented concern. Boddy's (1983) suggestions that (1) local economic initiatives are development led and (2) employment is a secondary objective remain true.

There has been a shift of emphasis which is not confined to any particular group or political persuasion. Local Authority economic development is no longer solely confined to urban areas. The Shire Counties and Districts are becoming increasingly involved in local economic development.

Mills and Young (1986) are currently investigating local authority economic development. Their interim report is concerned with the following areas. Firstly, do local authorities have the resources to deal, promote and sustain economic development? Secondly, are they organised and adequately staffed by those with appropriate skills to carry out the role? Thirdly, are local authorities the most appropriate organisations to lead the process?

Their interim analysis, whilst not being central to this thesis, has findings which are of interest and may help to explain in part some of the problems which Local Authorities in general have when dealing with economic matters. There is a problem over the limited resources available to those undertaking economic development, but as Mills and Young identify there is a trend towards budgetary expansion with increasing numbers of staff assigned to economic development. The adaptation of local authority organisations is an indicator of the level of commitment to economic policy. Local Authority organisations are by their nature not geared to the speed of decision making often required for entrepreneurial projects and could therefore impede progress. The skills of those undertaking the work must be advanced in order to take

advantage of gains in the areas of resources and organisational change. Mills and Young (1986) suggest that development of procedures which can produce rapid decision making within an authority is important if single purpose organisations are to be avoided.

The Local Authority response to the changing economic and employment situation has been one of increasing intervention and support for the local initiatives (Mawson and Miller 1987) as shown in local election manifestoes, particularly of the Labour party, and increasingly in the publicity of the other parties. The emphasis of Local Authority policy has moved from distribution of employment to its generation. The local authorities have also been increasingly concerned that they achieve as far as possible results which are evident to their community. They have therefore been increasingly concerned to involve the private and voluntary sectors by assistance and by joint ventures. This has posed problems both for the organisation in its structure and for the private sector and its understanding of the way in which local authorities operate.

Economic development is now acceptable as an important area of service delivery which will continue. Local economic policy has a considerable contribution to make in the implementation of national policy although individually their effect is limited.

7.2. Geographical Profiles.

The areas studied all have locations adjacent to areas of large population and with readily available access to other markets. North Kent has available to it the M25/M2 corridor with London 20 miles to the West, Sheffield is situated close to the M1 Motorway and rail connections to Manchester and the East of England. North Kent has

within its boundaries the ports of Sheerness and Chatham providing routes to the continent whereas Sheffield and Lille both have access to port facilities but not within their boundaries (although Lille does have the canal linking it to the sea and to the north with Belgium).

Lille has a central position in Northern France close to the Belgian border and within easy access of Germany and Luxembourg with their large markets. It has an excellent infrastructure both by road and rail to these areas and has the ports of Calais, Boulogne and Dunkerque in France and Zeebrugge in Belgium. In terms of infrastructure and access to markets, all the areas are well served although North Kent has the advantage of the port within its boundaries (Sheerness) providing additional export potential.

7.3. Economic Profiles.

All three areas have had base industries, developed since the industrial revolution, which have collapsed over the last 10 to 15 years. In North Kent it has been the reduction in oil refining, cement and paper productions, in Sheffield, iron and steel and allied manufacturing industries and Lille the textile industry. Although the three areas differ in size, they all have positions which are close to large urban conurbations with good infrastructure and communications. All three areas have experienced accelerated job losses and all three have tried to compensate for these losses in a variety of ways. The most recent town to take on the role for economic development is Lille and it has, therefore, a less well developed strategy than North Kent and Sheffield. The close ties between E.E.C. member countries, Academic Institutions and Local Authorities have supported the French in becoming increasingly active in the promotion of new and innovative development and trying to

alleviate unemployment.

In North Kent, unlike the other two areas, an additional cause of economic decline has been the closure of the Royal Naval Dockyard Chatham with the resulting loss of jobs and trade from the large number of service personnel stationed at H.M.S. Pembroke. The County Council and Rochester upon Medway Council have been instrumental in the work being carried out by English Estates and the Chatham Historic Dockyard Trust in trying to focus attention on tourism and the industrial and housing development in other areas of the old dockyard.

7.4. Unemployment Trends.

The comparisons of unemployment made in Chapters 4, 5 and 6 do not take into account the variations within the region both in types of industry and whether or not they are assisted areas. Sheffield has a "village or small town" attitude to the problems it is experiencing despite being the fourth largest conurbation in England. The surrounding region as a whole has fared better than Sheffield because it has received outside finance to a higher degree and so influenced the regional figures in a downward direction. In Sheffield there is also a problem in that the lack of prosperity in the surrounding areas further reduces local sources of employment. This has increased the need for development within the Sheffield area.

North Kent has reflected national trends with the exception of the period 1986/87 where a considerable drop in unemployment occurred. This has been due to

- a) increased movement outside normal travel to work area.
- b) increase in small firms.

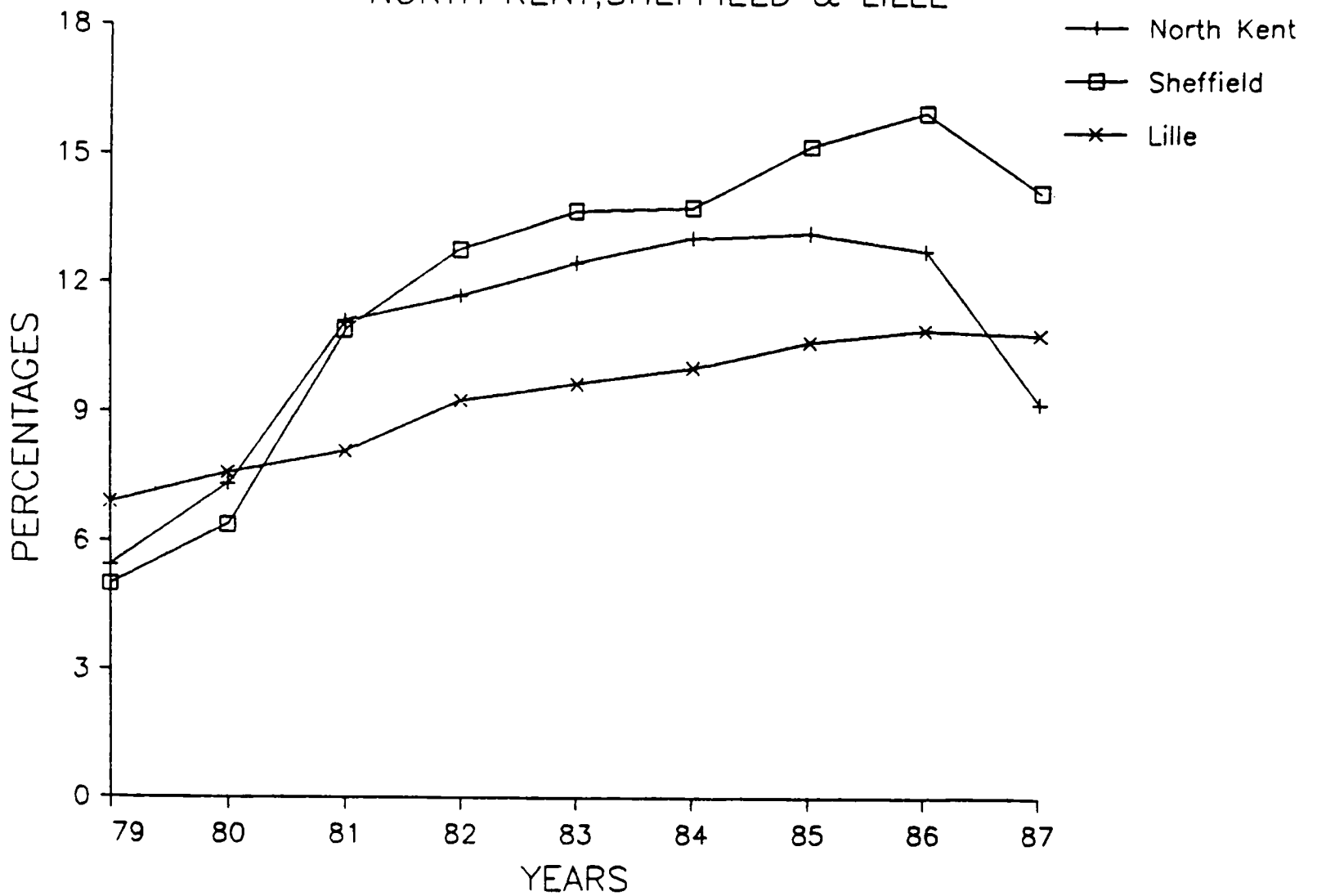
The South East Region has suffered to a lesser extent than that of Yorkshire and Humberside or Nord Pas-de-Calais although there are pockets of high unemployment in North and East Kent. These areas are surrounded by more prosperous areas with the possibilities of the unemployed travelling into those areas to obtain employment outside the normal travel to work areas. This is not the case in Sheffield; in Lille the surrounding conurbation including Roubaix and Tourcoing and just over the Belgian border provides a limited choice.

The unemployment levels in all three areas show similarities (see Figures in Chapters 4, 5, and 6). Lille and North Kent both exhibit similar trends to that of their respective national unemployment figures, whereas Sheffield has a similar pattern to that of the region (South Yorkshire and Humberside). In Lille, the levels of unemployment are considerably lower than in the region Nord Pas-de-Calais because of the difference in the base industries. The region is based on coal and steel whereas in Lille itself the base industry of textiles has been in decline over a longer period. North Kent is more closely allied with the overall national trends because it represents an industrial area in a predominantly non industrial region. The region has a better record although a North Kent recovery is evident from the trends in Figure 4.5. Sheffield, although reflecting region trends, has not been as successful as the region. The decline in iron and steel has accelerated during the last eight years and together with the fact that it is not an assisted area has meant that its recovery has not been as great as in the region. However, what can be identified from the data in the two British areas is that unemployment is declining. In France there is a levelling out with a possible decline in Lille itself (see Figure 7.1).

UNEMPLOYMENT 1979-87

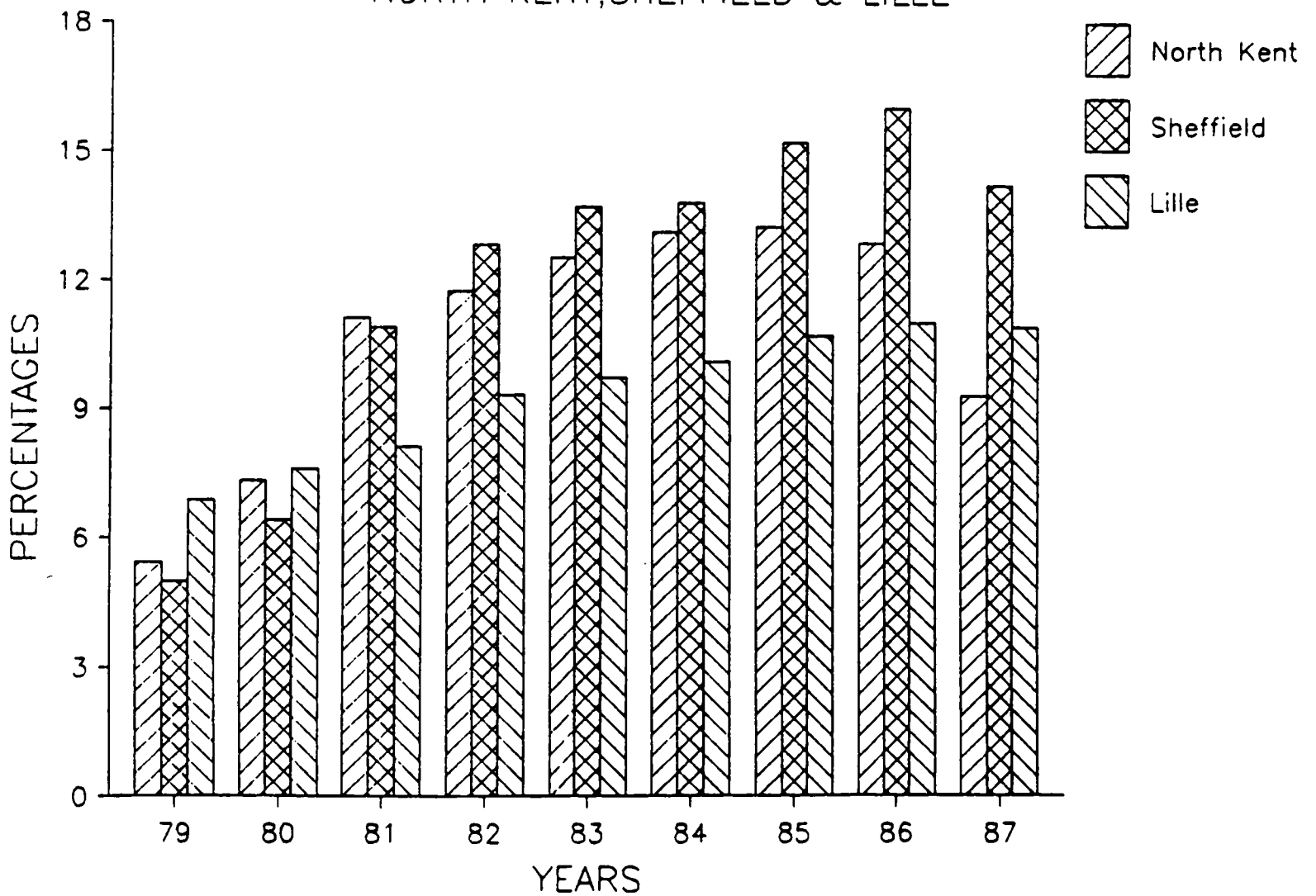
NORTH KENT, SHEFFIELD & LILLE

Figure 7.1.



UNEMPLOYMENT 1979-87

NORTH KENT, SHEFFIELD & LILLE



**Source: Department of Employment
and I.N.S.E.E.**

In North Kent and Sheffield a large section of the unemployed have had skills in areas of industry which are no longer required. Retraining is therefore vital if new industry is to be attracted to these areas or new businesses formed locally. The decline in industrial employment has meant an alteration in the percentage of the working population employed in manufacturing industry and a rise in service sector employment (see Tables 4.2, 5.2 and 6.2). Within North Kent some variations have been noted in the employment levels and the distribution between manufacturing, service and construction. In Sheffield, as in Lille, there are variations in unemployment within the communes and districts of the cities.

7.5. Political Cultures; Chandler and Lawless Model.

The three areas show an interesting cross section of the political spectrum but in terms of the Lawless model can be identified as Keynesian and Radical left. The right of the political spectrum has maintained that the reduction of government controls is important in any effective policy on economic development and employment strategies. (Chandler and Lawless 1985). This they suggest leads to an increased private sector manufacturing and business sector providing better employment opportunities. However since the 1987 general election the British Government has become increasingly concerned with inner cities and with more assistance to these areas from central government. The left of the political spectrum have been concerned not just with economic development at local level but with the social problems associated with unemployment. They see their role in society as one of providing an alternative economic solution. However public sector involvement within the economy should not simply result in the

replacement of private capital by public capital. Intervention should provide an opportunity to create a more equitable distribution of wealth and to ensure industry and commerce are more sensitive to local needs. In North Kent the political culture has been predominantly of the right. The County Council has always been Conservative controlled and although there has been some movement between Labour and Conservative in the Districts they are all now Conservative controlled. The strategies which these authorities have employed have been attempts to stimulate the local economy into expansion by providing grants, business advice and promoting the area locally, nationally and internationally. They regard this approach as one which will increase investment and expansion and thus by the multiplier effect increase the provision of jobs in the area. In Sheffield the Council is Labour controlled and has in more recent past been radical in its approach to all its responsibilities. The Council has assumed this approach as a direct result not only of its socialist principles but because it views the Conservative Government's policies with distrust. Sheffield City Council consider that there is an alternative economic strategy and society that can provide economic development and employment prospects and be of benefit to the community as a whole. The City Council under its leader David Blunkett took action to ensure that the radical approach has been maintained. Its aim is to alleviate unemployment and to increase wherever possible the element of democratic control over industrial decisions and encourage new forms of social ownership. There has also been a realisation by the Council that there is power exercisable through its main stream activities. The Council's activities are still interventionist but less concerned with an alternative economic and social strategy. Since 1987 there has been a distinct move away from radical left policies to those of "partnership" with the private sector.

In Lille the current political control is in the hands of the socialists with the Mayor, M. Mauroy, an ex Prime Minister as its leader. The actions of the French in economic development have been somewhat delayed due to the centralised nature of the French system of government which has, since 1982, become less central. The powers which have been devolved have been given to regional, département, & town authorities. The French local government economic strategy and initiatives have been influenced by Britain and Germany in the methods adopted. There has been a realisation in recent years that the unemployment problems are international. Considerable effort both in local government and in the academic institutions has been centred on discussions and exchange of ideas and information on possible approaches to deal effectively with increasing unemployment. The Channel Tunnel Project and its effects on industry in the region Nord Pas-de-Calais and Lille in particular have become of prime importance. There has been a considerable investment nationally to improve the infrastructure in an attempt to influence industrial investment favourably to the region. The Town Council is anxious to promote an image of innovation.

In political terms the council is of the left but its methods have embraced initiatives over the whole spectrum, Keynesian and interventionist, in an attempt to benefit from the experience and advice of other authorities and academic bodies nationally and internationally. Therefore politically the three areas, North Kent, Lille and Sheffield cover the main political categories.

The problems for local authorities, no matter of what political persuasion, are the constraints placed upon them both directly and indirectly in terms of economic development strategies. Central Government will always have the ability to influence unemployment levels with greater impact than the efforts of local authorities themselves. The recession and rising unemployment have in late 1986 and 1987 halted

with the level of unemployed people claiming benefit falling and in the short term an indication of a consumer "boom".

7.6. Comparison of Strategies.

Lawless and Chandler (1985) considered that four main areas can be said to affect local economies; national policy, trends in the labour market, spatial issues and primacy of the market. National economic policy and involvement in employment strategies have already been considered in Chapter 2 together with trends in the labour market. The spatial issues, namely those of locational advantage are evident in Fothergill and Gudgin's work (1982). It has been suggested by Lawless and Chandler (1985) that local authorities can only alter economic output and unemployment at the margins. In view of the small influence of local authorities it is doubtful whether the effort of considering and implementing employment strategies and economic development policies together with intervention tactics is worthwhile. Local Authority Members and Officers in all three locations maintain that even if their actions are not effective the severity of the problem has required them politically, economically and morally to make the effort.

There has been a wide acceptance that local employment and local economic policies are a legitimate area of local authority concern and an important element in national economic policy.

The government's concern and impending action since the 1987 general election on the inner city areas reinforces this view. Whether organised or controlled by the local authority or by a specially constituted body is of less importance nationally than the action which is undertaken. Sheffield is a prime example where the local authority is the single largest employer in the vicinity, a fact which is replicated in many

local authority areas.

One problem with the local employment strategies in the U.K. is that, because of the very nature of a local initiative each individual programme and agency is different. Each area's needs are specific and reflect the economic structures and associated economic or industrial decline of that area. However within defined categories there is a degree of commonality of purpose and of services offered. In this respect national organisations such as Business in the Community and the Co-operative Development Agency disseminate information and to some extent are helping to bring some uniformity to overall strategies and individual schemes. There is also the forum of academic institutions and local authority bodies who are operating at least an information system to spread ideas and information so that innovation can be attempted wherever appropriate.

The private sector over the last ten years has assumed substantial responsibility for financing local job creation or employment related initiatives. Leading this trend were Pilkingtons (St. Helens) and British Steel Industry Ltd. There are two main types of support either financial or the secondment of staff. In North Kent, in Swale, the local business community is involved in such schemes, together with the Chatham Dockyard development which is a combined effort between local authority and the private sector to both improve the environment and create jobs within the same area. In Lille the need to involve all sections of industry, commerce and local authorities is evident.

The strategies used by all three case study areas have a central core namely, that of promoting and assisting investment and development in industry. They are also concerned to ensure a diversity of approach which will benefit a considerable proportion of their constituents.

7.7. North Kent.

In general the strategies employed in North Kent have been of a catalytic nature. The aim has been to promote the type of environment which will enable the private sector to expand, increase employment, and in so doing reduce or slow down the rising levels of unemployment. The problems in North Kent have never been as acute as in Sheffield despite the Dock closures and declining base industries. The area is situated in an extremely wealthy part of Britain close to large markets. Initiatives for the increase in industrial and commercial ventures have been undertaken including the redevelopment in Chatham Dockyard and the Enterprise Zones throughout the area. Since the late 1970's there has been an increase in the involvement by local authorities, central government and industry in the training and education of potential employees. The Y.T.S. and Y.O.P.S. schemes have been supported by the local authorities in North Kent despite some reservations expressed by some Trade Unions. They have been concerned about the use of young people in these schemes, by some less scrupulous employers, in preference to the creation of permanent employment. There is concern both at national level and locally at the high incidence of young unemployed who have been out of work for more than a year. The problem has been recognised in North Kent but it requires the added incentive of a job or at least the possibility of work at the end of the training period. Aspirations which are not met may well lead to loss of morale.

7.8. Sheffield.

Sheffield is an example of a socialist controlled Local Authority using an interventionist approach to local economic development and

unemployment initiatives. It was one of the first local authorities to set up a separate employment department. The City Council are committed to a policy of reducing unemployment within the city. The City Council employs 20% of those in work in Sheffield although it should be noted that it is often the Local Authority in an area who is the largest employer by the very nature and diversity of the services that it provides.

There has also been a suggestion that Local Authority pension funds could be used in the same way as some foreign co-operative banks utilise local investment thus helping to promote local initiatives with local finance, locally raised. The idea of community initiatives which are bottom-up based are very evident in the strategies employed. There has been support for the notion of an alternative economic and social policy which has been enshrined in Sheffield policy for several years but this is changing in line with changes in local political leadership and a realisation that partnership is the only way forward.

The City Council has over a number of years given aid to ailing firms but this strategy has been less than successful as it confined its activities to those firms actively seeking support. There has also been considerable activity in the support for campaigns which were against closures and redundancies in an attempt to reduce or prevent the number of jobs lost particularly in the steel industry. The area which has received considerable interest and support in Sheffield is the assistance to individuals and co-operatives.

The development of socially useful products and services has also been a joint process with the City Polytechnic. In the field of Youth Training and Education the City Council have utilised the national schemes. The City Council has not been diverted from its objectives of attempting to show not only that it was trying to alleviate local unemployment but that it sees it as a prime objective. There is within the system an

attempt to show that local authorities can adopt radical economic policies which are compassionate and caring.

In late 1987 a tourism strategy was being collated which will broaden the base of attracting tourists to the City, both economically to spend in the City and serve as a job creating industry. As previously noted the Council have moved towards a "partnership" with the private sector.

7.9. Lille.

The economic development programme in France has been one of central control and only since 1982 with the Mitterrand initiative has decentralisation taken place. This has led to the involvement of the local authorities at a time when unemployment is an extremely important and difficult problem. The late entry into the field by these authorities, cities and communes has meant that they have been able to utilise the wealth of knowledge already available from other countries' efforts without the need to make the same mistakes. It is also the case that these authorities' fresh view of the problem has given them the opportunity to explore new initiatives and innovative ideas.

The policy commitment to this area has been one of industrial regeneration with a large industrial modernisation programme in Nord Pas-de-Calais for iron and steel, coal mining and docks enabling them to receive special state assistance. Lille town council have been concerned with bringing new companies into the area. It has provided specialist services which provide advice and information on the economy and also analysis and assistance to the council on economic matters. An interesting and innovative idea is that of public authorities being able to take over or transfer businesses to new owners should the original owner decide to cease trading. The ability of employees to take over companies by creating a holding company also provides an additional

method by which jobs can be protected.

Tourism in Lille is based on the attraction of tourists to the area where there are conference facilities, and many leisure and art attractions. Urban tourism, as has been seen in Britain in such places as Bradford, is possible in such cities as Lille. Strategies are possible which will maximise the city and provide possible benefits to employment in Lille and Nord Pas-de-Calais.

In all three areas the local authorities and private sector are seeking to develop foreign interests, particularly North Kent and Lille with the channel tunnel project firmly underway. The private sectors interest is in obtaining orders from abroad in order to sustain and possibly expand their businesses. The local authorities' interest is to expand a flagging economy, increase prosperity and eventually produce more jobs and the private sector to expand profitable production. There is also an increasing understanding in the private sector of the importance of good relationships between the firm and the community. The firms interviewed in North Kent subscribed to this view.

7.10. Comparison of Initiatives.

In order to compare the initiatives undertaken in the three localities with the Chandler and Lawless model a grid has been provided in Figure 7.2. This classifies each initiatives into the three categories identified in the model.

Initially the grid shows that as far as initiatives discussed in this thesis are concerned the Keynesian grouping of all three areas is significant.

There are other initiatives being undertaken within these authorities which may conform more closely with the Chandler and Lawless categorisation but convergence is evident in all three areas.

Figure 7.2.

Grid classifying initiatives in accordance with Chandler & Lawless Model.

Sheffield.	North Kent.	Lille.
<hr/>		
1. Neo Liberalism.		
<hr/>		
2. Keynesian Centre.		
Lower Don Valley. World Student Games. Tourism. New Tech. Employment Park/ Enterprise Zones. Sheffield Centre Training.	Kent Employment Fund. Enterprise Office. Small Urban Businesses. Dockyard. Tourism. Swale Econ. Dev. Enterprise Zones. Education & Training. Kent Economic Dev. Board.	Land & Buildings. Reclamation. Sale & Transfer of Businesses. Tech Transfer. Eval Products & Technology. ESPACE. Creating business. Advice & Training. Retraining.
<hr/>		
3. Radical Left.		
Municipal Enterprise. Purchasing Policy. Contract Compliance. Individual & Work Group Co-operation. Training of Women. Combined Heat & Power.	Medway Young unemployed.	Subsidy of Firm producing jobs. Purchasing Policy. Municipal Enterprise Community Training.

North Kent which as previously stated in Chapter 4 is to a large degree a Thatcher model authority, exhibits the Keynesian centre initiatives. What is more significant is that Sheffield the model Radical Left authority has moved to the right and also exhibits Keynesian initiatives. Lille as one would expect from a marginally socialist authority, has taken both Keynesian and Radical Left initiatives although it will be interesting to follow the patterns in the French system over perhaps 5 - 10 years to determine a trend.

The Chandler and Lawless model is not an accurate political model but it does show that, with changing economic fortunes, there has been a convergence, a conflict between theory and practice.

Tourism is becoming an important area which it is expected will produce both investment and employment in all three areas. It should be noted that the jobs which are created tend to be those requiring unskilled labour, often part-time, and in many cases for women. There is also the cautionary note that there can and often is leakage. Having created the investment it does not always benefit the local area or in many cases not the country, particularly where multi-national organisations are involved. Tourism is not a panacea for the unemployment problem. There is already a considerable body of academic work in tourism but it has not been developed in this thesis.

7.11. Municipal Enterprise.

Sheffield has actively pursued a policy of municipal enterprise with their recording studios and catering services following the radical left policies which one would expect. Lille has set up a communications network in an attempt to assist businesses to adapt to high technology. North Kent, however, has not involved itself in such initiatives.

7.12. Support for Business.

North Kent, Sheffield and Lille are all actively pursuing support for business. In North Kent the Kent Economic Development Board is promoting and marketing economic development and assisting firms already trading. The Kent Employment Fund try to promote and expand business in areas where such expansion may not take place naturally. Support and advice for business is also available, of particular use in the early stages of business formation. In Sheffield the Lower Don Valley scheme has been one of the flagship developments proposed in an attempt to regenerate this derelict area. The Combined Heat and Power project was a method of providing an expansion in local employment together with the benefits to the community of cheap heat.

In Lille there are a variety of initiatives which promote support for industry. These include such provisions as job protection in small and medium sized firms, the sale and transfer of businesses, modernisation of industry and assistance with setting up firms (E.S.P.A.C.E.) and the assistance nationally with training. There are variations in the type and scope of the initiatives in the three areas but their intentions in all cases is that of support and encouragement for the creation and retention of businesses in their localities.

There is also support in all three areas for training and education both to provide existing industry with a supply of trained labour and in the longer term to provide an attractive reservoir of labour for future employers. In Sheffield and in Lille there is a commitment to the provision and support of technological research which will provide ideas for marketable goods and in turn support increased employment prospects. In North Kent this type of initiative has only been considered in late 1987.

7.13. Enterprise Zones.

In Lille there are no enterprise zones, however the Lille Town Council have allowed exemption from local tax based on rentable value during the first three years of trading. In Sheffield enterprise zones were considered and applied for in 1980 despite being in direct opposition to the promotion of public sector initiatives. This was eventually rejected by the Secretary of State for the Environment. Further consideration was given in 1982/83 and again in 1986/87 but has not been actively pursued. However what has developed is the idea of an Employment Park which will have only a limited number of advantages in comparison with sites with enterprise zone status. In North Kent enterprise zones have formed a substantial part of the strategy and have been successful in respect of the take up by companies.

There has been support for the private sector in North Kent both from the County Council and District Councils and close co-operation between them. The Enterprise Zones are an example of the provision of constructed sites with added benefits of reduced rates which have been successful in terms of increasing investment by private firms in these areas. However concern has been expressed although re-location from one area to another may occur, which does not provide additional jobs or work but rather rearranges them within the local boundaries.

In Sheffield the City Council have accepted that an increased input from the private sector is required in order to generate increased employment. Since early 1987 there has been an increasing "partnership" in the initiatives which the City Council are pursuing.

In Lille there has been an acceptance that the economic development initiatives require involvement both from the private sector and from agencies set up to promote and develop these ideas.

In Kent this theory is not supported by the Officers responsible for the

Zones. The firms who have taken up these options are new firms or those in the area who are expanding their warehousing. This of course does not mean that the unemployment level has been decreased because it may be that some small firms have reduced their staff or closed because of the increased competition from the larger organisations. The validity of this theory has not been tested.

7.14. Purchasing Policy.

In Lille, Sheffield and North Kent the local authorities are aware of the impact on the local economy of their expenditure. However, Lille and North Kent do not have a positive purchasing policy in awarding contracts to local firms where possible. In Sheffield contract compliance and purchasing policy are seen as complementary and an attempt not only to assist local firms but to discriminate against those firms who do not achieve certain basic employment criteria.

7.15. Tourism.

What is noticeable in the case studies is that there is an increasing realisation that tourism is an initiative which could provide employment prospects. North Kent has, for several years, pursued a policy on tourism not based solely on attracting visitors but in an attempt to increase the possibility of increasing jobs even if only in the summer months. Sheffield and Lille are at present in the stages of considering and implementing a more comprehensive policy to maximise resources.

7.16. Minority Groups.

The emphasis in Sheffield is very much towards the support of minority groups. The council also support co-operatives and training for women, in particular technology and manual skills. It also has tried to both sustain jobs and to try to foster interest by the community in self help in the face of the considerable unemployment. In North Kent there has been less support for this type of activity and in Lille the trend has been towards the regeneration of businesses and support for the individual but not in the form of co-operatives. Lille Town Council are a forward looking organisation which has only been involved in economic development since 1982 with the de-centralisation of power from Paris and may consider support for this type of venture in the future. Both Sheffield and Lille consider that support for co-operatives and small firms is important. Both authorities are attempting to achieve an increase in levels of employment.

7.17. Theoretical Perspective.

As described in Chapters 3, 4, 5 & 6 the three areas have different political cultures as identified by the use of the Lawless model. The type of initiatives which each authority could have been expected to employ were detailed in Chapter 3. The initiatives discussed in the case studies are those considered to be the most significant both from the authority's viewpoint and from that of the research in this thesis. The initiatives undertaken in the three areas do not conform totally with the model. The model itself has to a degree been superseded by events in the field of unemployment and is less representative since 1987 in view of the experiences of local authorities in attempting to

deal with unemployment in their areas. It is however a useful guide. The names and declared objectives of many of the initiatives vary but despite this their aims and objectives are extremely similar namely;

1. To create the type of environment whereby economic development and expansion may thrive.

2. To expand employment in their authority's area.

The interventionist/radical left ideas of the alternative economic system have been modified, at least in Sheffield, in the light of experience although their attitude towards minority group initiatives has not changed.

The systems in all three areas are relatively well ordered in that they have their particular client groups and there does not appear a great overlap between them. The initiatives service different markets, differentiated by employment, firm size, location or by the magnitude of assistance required. There does, however, seem room for improvement in the overall coherent framework for action and in targeting specific areas for assistance. That is not to say that the large number of agencies and initiatives undertaken is a weakness, but because they all have differing strengths, expertise, modes of operation and diversity they are well placed to deliver policies to those requiring assistance. One noticeable trend in all three areas is the linking of tourism with economic development and employment initiatives. The government has been encouraging support in tourism as a method of increasing possible job creation since 1986, Kent has had a strategy for North Kent since 1984. North Kent and Lille both have the added incentive from the

construction and completion of the channel tunnel project. Sheffield has been considering an overall strategy to expand into urban tourism as in Bradford but this has not yet been ratified.

7.18. Conclusions.

The four main conclusions which can be drawn from this research are as follows:

1. It is evident that there is increasing convergence of the type of initiatives in all three areas. Tourism is one area of increased action as previously discussed. There is also evidence particularly in Sheffield that there is a move back to the less radical initiatives and in particular in the area of partnership with the private sector. Despite their political differences the initiatives which all three areas undertake involve the private sector with a similar approach to involving agencies.

2. The Lawless Model although a useful guide to Local Authority types needs to be refined because of the changes which have taken place in the last two years. The changes in the levels of unemployment and the increasing attempts by many local authorities to find innovative initiatives which will assist in the regeneration of investment and subsequently employment mean that the groupings which Lawless proposed required alteration and refinement.

3. There is little evidence to suggest that local initiatives of themselves have substantially affected the levels of unemployment within their locality. The levels in the three areas researched have been only

marginally affected by the initiatives employed.

4. Tourism has become of increasing interest in all three areas. In North Kent it is more advanced than in the other two areas. There is an increasing expectation that tourism will provide a possible expansion in available jobs.

There are, however, several less theoretically significant but nevertheless interesting conclusions which can be drawn from the research.

5. The measurement of the effectiveness of initiatives whilst possible for individual initiatives is much more difficult when dealing with a variety of initiatives. The problem arises over the differences in objectives which can range from the production of jobs to the support of ethnic groups in coping with the effects of unemployment. In order to achieve a reasonable comparison of the effects it is also necessary to assess what might have happened if the initiatives had not been undertaken.

6. What is evident is that there has been an awakening of interest in local authorities, in local businesses and in the local community in general in the need for close liaison and understanding of the problems of unemployment and the unemployed and that concerted action is required in attempting to deal with them.

7. There is only limited monitoring and evaluation of initiatives within the local authorities which is somewhat surprising in view of the levels of unemployment, the limitations on funding and the need to target to achieve maximisation of resources.

8. The Government has become increasingly concerned with unemployment - particularly in the inner cities and has increased its commitment to action.

9. At present despite the falling levels of unemployment, there is a continuing commitment to economic initiatives and employment initiatives at local level.

CHAPTER 8. RECENT POLICY CHANGES POST 1987 AND FUTURE RESEARCH.

8.1 Regional Development.

Since the completion of this study there have been several changes in national policy in both Britain and France which will have effects on the three areas. Firstly the British changes. In January 1988 the government announced a radical shift of direction in regional development policy. The Department of Trade and Industry have plans to end automatic government regional grants to industry and commerce and focus on selective assistance. The details were set out in a White Paper "D.T.I.- The Department of Enterprise".

Regional grants in Britain are seen by the government as damaging industry's efficiency. They intend to place greater emphasis on small and medium sized businesses. The White Paper indicates that the government wants industry and commerce to bear the main responsibility for efficiency. The D.T.I.'s traditional role as "sponsor" for various industries is to be abandoned in favour of "communications" with business. The private sector are also being expected to become more involved in research and development with the emphasis being placed on collaborative projects rather than single company schemes. It remains to be seen how this will affect the business community and in particular regional development.

Robinson, Wren and Goddard (1987) concluded from their study of Newcastle Metropolitan Region that policies need to be selective. They need to be targeted and monitored to ensure that the agreed objectives are met. They have more recent data but as yet have not disseminated it. Monitoring is also the first step towards evaluation. It is noticeable

that in none of the areas studied were there detailed analyses of cost effectiveness either of the individual initiatives or across the whole range of initiatives. It is necessary in order to maintain a coherent approach in the system involving a multiplicity of assistance agencies and actors. What is required is a clear and coherent policy which identifies the inter-relationships between the different agencies involved. Evaluation is no less important in efforts to defend programmes. In order to utilise finite funds comparative costs and details of effectiveness are necessary.

Hausner (1987) in *Urban Economic Change: Five City Study* has investigated the degree to which five large urban areas have adjusted to change with varying degrees of success. The volume consists of a series of essays summarising the major findings of these studies and are part of the E.S.R.C. Inner Cities Research Programme. They identify the forces and public policies which account for the distinctive responses of those areas to change.

8.2. Urban Development Corporation, Sheffield.

In March 1988 the government announced an Urban Development Corporation for Sheffield with resources of approximately £50 million to cover the Lower Don Valley the area for which the Coopers and Lybrand Report (1987) recommended to Sheffield City Council, who commissioned the report, an Urban Regeneration Project. The Urban Regeneration Corporation would have involved control by the City Council, local businesses and with some funding from Whitehall but the government have argued against this on the grounds that government money could only be guaranteed if finance was controlled by the Government.

It has been suggested that the City has the best of both worlds, the

security of money that a U.D.C. guarantees together with a willingness to involve the business community and the City Council in decision making. The U.D.C. would have powers to undertake the following;

1. Control planning decisions within its boundaries.
2. Powers to compulsorily purchase land to encourage development.
3. Hold, manage and reclaim land, crucial in Sheffield where some of the area has been damaged by past industrial activity.
4. Sell land and carry out building and other work to provide services such as roads and other infrastructure.

The U.D.C. aims to give cash grants to companies to expand or set up in Sheffield. It will also renovate and re-use buildings for new enterprises, improve the environment of the Lower Don Valley to make it attractive to business and provide advice and other practical assistance to firms wanting to come to the area.

The City Council's attitude to the Government proposals have been guarded and whether they will take any part in the scheme is yet to be seen. However one can understand their frustration having undertaken the initial investigations.

8.3 France - General Elections.

In April 1988 the French Presidential Elections took place and returned President Mitterrand to continue with his socialist policies. However,

despite forecasts about the elections for Parliament there has been an uneasy cohabitation between president, premier and parliament which it was suggested may be resolved at the elections. This has not been the case and a minority socialist government is likely. This affects the nature of the policies which are followed and could affect employment and economic strategies although to what degree has yet to be defined. France has been the only key industrial nation not to have enjoyed a boom in the 1980's. (Sunday Times 24.4.88.). Despite this the Mitterrand reforms are taking shape in the regions and communes and involvement in economic development is actively being pursued. In Nord Pas de Calais the Channel Tunnel project is ensuring that continued activity is undertaken both to attract industry and to provide adequate infrastructure. Tuppen (1988) discusses the implications of the recession on employment and the structure of industry in France under Recession 1981 - 86.

8.4. Future Research.

The conclusions in Chapter 7 indicate that whilst there have been benefits for the community in general in the strategies and initiatives undertaken locally there is a need to develop a more detailed method of comparing these initiatives both for their effectiveness in providing employment and for their impact both on the local community and in the region in which they are situated. Interestingly there appears to be little overall difference in the attitudes and strategies employed in France. Work has been undertaken in evaluation of initiatives by Mills and Young (1987), Goddard (1987), Bovaird (1981,1986), Wunnup and Turok (1987). However such evaluations have been concentrated on specific types of initiatives and not in the production of an all embracing model. The problem in such a model is that every initiative has

differing variables and objectives, as well as differences in funding. The specific area of further research which would follow from this thesis is to identify two or three similar initiatives in each of the areas which could then be investigated in detail with the aim of;

1. comparing the aims and objectives of the initiatives.
2. preparing a hierarchy of objectives.
3. assessing their performance in achieving those objectives.

There are several other areas of interest which could include, management of those organisations and their reactions to the changing levels of unemployment.

The need for an international perspective would be of added interest in identifying trends in a country which has more recently devolved economic development strategies and employment initiatives to local authorities. There is also added interest in the region Nord Pas-de-Calais and North Kent because of their close proximity to the Channel Tunnel Project which may well affect both the employment in the areas and also the way in which these areas perceive and react to the challenge.

The specific initiatives which would be investigated are tourism, assistance to small firms and training. Tourism has as can be identified in this thesis become much more a method of both attracting visitors and possibly companies and also expanding the job market in tourism related industries. The assistance to small firms is also likely to change in emphasis with upturns in the employment figures in both Britain and France. Training is also a key area in employment strategies, there are an increasing number of vacancies but there are insufficient adequately trained people to fill them within the locality. With the continuing fall in the number of registered unemployed it will

be interesting to see whether there are any dramatic changes to local employment initiatives and whether there is continuing support from the community and local businesses.

Appendix A.

Statement of Related Studies Undertaken.

Attendance at research workshops for postgraduate research.

Attendance at conferences and seminars in connection with Economic
Development, Employment and related areas.

Appendix B.

LIST OF ORGANISATIONS & FIRMS FROM WHOM INTERVIEWEES WERE SELECTED.

North Kent.

Kent County Council - Planning Department - Economic Development.

Highways Department.

Gravesham Borough Council.

Rochester-Upon-Medway City Council.

Gillingham Borough Council.

Swale Borough Council - Economic Development Unit.

Swale - VOICE.

Kent Economic Development Board. Maidstone.

Chatham Maritime.

English Estates.

Medway Ports Authority.

Historic Dockyard Trust.

Medway Enterprise Agency.

Ericsson - Farit.

GEC Avionics.

Lloyds Ltd.

Nestledown.

Tesco.

Fisher Control.

DRG Sacks.

E&Q.

Gillingham Ice Rink.

University of Kent - Urban and Regional Studies Unit.

Chamber of Commerce North Kent.

Trade Unions - NALGO, NUPE, NUT, AEWU.

Sheffield.

Sheffield University - Department of Geography.

Sheffield Polytechnic - Urban and Regional Studies.

Sheffield Star Newspaper.

Sheffield City Council - Department of Employment.

Planning Department.

Publicity Department.

Chamber of Commerce.

Sheffield Area Health Authority.

British Steel Corporation.

South Yorkshire County Council.

George Bassett.

Sheffield Forgemasters.

British Telecom.

T.W. Ward (Steel & Engineering Group).

The Midland Bank (Headquarters).

Manpower Services Commission.

David McKee.

World Student Games.

Coopers and Lybrand. Sheffield.

Crouch and Hogg. Glasgow.

Combined Heat and Power Project.

Lille.

Lille Town Council. Développement et de l'Action Economique.

Conseil Général. Direction de l' Action Economique.

Département du Nord.

Conseil Regional.

E.S.P.A.C.E. Boutiques de Gestion Nord Pas-de-Calais.

British Consulate Lille. Commercial Attache.

Centre Etude Technique Equipment.

Prefecture, Lille.

Bureau de Touris me.

APEX (ARI).

University of Lille. Department of Geography.

Chamber de Commerce et Industrie. Research and Information.

Representatives of 28 Companies
operating in Lille.

I.N.S.E.E. Lille Office.

Information was obtained both by structured interviews and
questionnaires. In many cases the interviewees preferred to remain
anonymous.

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