

XVI/23/72-E

COMMISSION
OF THE
EUROPEAN COMMUNITIES

General Directorate
for Regional Policy

Regional economic
structures and policies
in the United Kingdom

March 1972

N O T I C E

From the statistical data and information supplied by the national administrations of the acceding States, the Directorate-General for Regional Policy has undertaken to produce an analysis of the regional structures and regional policies of these States, to complete the analysis already made for the six Member States (1).

The present study represents a first general description. It will be supplemented by more detailed statistical analyses which, in spite of many gaps, will provide a more complete picture of the regional structures in the acceding countries and the problems they present in the enlarged Community.

(1) See Analysis, 1971

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Brussels, 23 March 1972

A N N E X

Memorandum on the British Government's White Paper
on industrial and regional development,
presented to Parliament on 21 March 1972

1. New incentives

- A 100 % first-year allowance on all investments in plant and machinery throughout the United Kingdom;
- An initial 40 % allowance and an annual 4 % allowance thereafter on new industrial building throughout the United Kingdom;
- Regional Development grants :
 - Industrial building : 22 % in special development areas, 20 % each in development areas, intermediate areas and derelict land clearance areas;
 - Plant and machinery : 22 % in special development areas, 20 % in development areas.

2. Boundaries of assisted areas

- "Intermediate areas" are to include the North-West and the Yorkshire and Humber side planning regions;
- "Derelict land clearance areas" are to include the North Midlands.

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3. Controls in the London area

The exemption limit for industrial development certificates is to be raised from 5 000 sq.ft. to 10 000 sq.ft.

4. Entry into force

When Parliament has passed the necessary new legislation, the system will apply to all operations subsequent to 22 March 1972; it will remain in force until 1 January 1978.

5. Administrative arrangements

Appointment of a Minister for Industrial Development and establishment of an Industrial Development Executive.

6. Transport

Improvement of road communications to ports giving access to Europe.

7. Cost

The cost of the policy will increase by about £ 200 million per annum, making a total of £ 500 million per annum.

THE UNITED KINGDOM
in the Community of Ten

	United Kingdom	Community of Ten	United Kingdom
			Community % or index (Community = 100)
Area in sq. km.	244 000	1 847 300	13.2 (%)
Population (in thousands)	55 711	257 422	21.6 (%)
Density (inhab./sq.km.)	228	139	163 (ind.)
Total working population (in thousands)	25 032	106 418	23.6 (%)
Working population in agriculture (%)	2.8	10.18	
Working population in industry (%)	46.2	43.87	
Gross domestic product (£ inhab.)	1 975	2 372	83 (ind.)

Exchange value of the English Pound in August 1971

1 £ = 0,416667 English Pound

...

I. Regional delimitation

Three types of regions can be distinguished in the United Kingdom : administrative regions, economic planning regions and regions receiving assistance. These divisions differ greatly; while the first two are relatively stable, the last one is frequently modified.

1) Administrative regions

The administrative division of the United Kingdom is one of the oldest, if not the oldest, in Europe. The division of the country into counties (or shires) and county boroughs dates back nine hundred years to William the Conqueror. Yorkshire is thus also referred to as the county of York. There are more than one hundred of these areas, which vary considerably in area and importance, ranging from the Greater London Council with 7.7 million inhabitants to certain Scottish counties with a few thousand inhabitants. While this administrative framework remains in force in regard to institutions and customs, it cannot be used for an analysis of structures and regional policy.

The division of the United Kingdom into the political units of England, Scotland, Wales and Northern Ireland (Ulster) is extremely different. Northern Ireland has its own Parliament and Government, while Scotland and Wales have a Secretary of State. This administrative and political delimitation is not only apparent in all British regional statistics but is also taken into account in true regional policy.

2) Economic planning regions

The economic planning regions date back to the beginnings of British economic programming, 1965-66. There are eleven (1) economic planning regions and they are used primarily for statistical purposes :

...

(1) There are in fact ten economic planning regions: North, Yorkshire and Humberside, North West, East Midlands, West Midlands, East Anglia, South East, South West, Wales and Scotland, to which an eleventh, Northern Ireland, may be added (cf. map 1).

since 1965, the Central Statistical Office has published annually an Abstract of Regional Statistics which divides the country into eleven regions and 81 "sub-regions". Regional development programmes are drawn up for each of the eleven economic planning regions.

British statistics are superimposed to a certain extent on to this division and some statistical tables are devoted to conurbations. Great Britain is in fact one of the countries of Europe where the phenomena of urbanization and the formation of very large conurbations are most developed. Statistics refer to seven conurbations (1) and highlight the main features of their demographic and social evolution.

3) Regions receiving assistance

The regions receiving assistance are those where regional policy has been applied in Great Britain since its introduction in 1934.

Although we shall refer later on to variations in the geographical area where British regional policy is applied, it should be noted here that these regions have been successively referred to as "special areas" in 1934, "development areas" in 1945, "development districts" in 1960, and "development areas" once more in 1966, to which "intermediate areas" were added in 1970.

The most recent stage of British regional policy was reached in February 1970 and is interesting from the geographical point of view as it enables a synthesis to be made of the regional economic structures of the country. Current regional policy covers Scotland, the whole of northern England, a large part of the North West and Yorkshire almost the entire area of Wales (excluding the extreme north) and the South West (practically the whole of Cornwall and north Devon)!

...

(1) These seven conurbations have a total of 19 million inhabitants, or 34 % of the population of Great Britain. They are specified by and correspond to the following major towns : Greater London, Tyneside (Newcastle), West Yorkshire (York), South East Lancashire (Manchester), Merseyside (Liverpool), West Midlands (Birmingham) and Clyde (Glasgow).



FIG. 1

II. Regional economic structures

Great Britain can be divided into two extremely large regional units each of which have specific structures : the North West and the South East. This classification corresponds to very real economic and social conditions but the division is not absolutely identical to that which distinguishes the "development areas" from the rest of the country; the lack of statistics is the reason for its being chosen. The division adopted in the analysis made below was formulated as follows in accordance with the economic planning regions :

- North West unit of Great Britain : the five regions of Northern Ireland, Scotland, Northern England, North West of England, Wales;
- South East unit of Great Britain : the six regions of Yorkshire and Humberside, West Midlands, East Midlands, East Anglia, South West, South East.

These two regional units as defined above are separated by an arc drawn from the Severn estuary in the west to the middle of the North Sea coast in the east.

It should be noted that this division is used for the sake of conciseness. In fact, there are "intermediate areas", in Yorkshire and Cornwall for example.

Instead of considering these two regional units separately, it seems more appropriate to analyse them together on the basis of certain indicators as they can thus be distinguished and contrasted more easily.

The analysis can be made in accordance with the following criteria (1) : natural conditions, population, working population and employment, unemployment, production, level of development.

...

(1) Source : Abstract of Regional Statistics, n° 6, London, H.M.S.O., 1970

1) Natural conditions

The area covered by these two "units" is 57 % of the country in the case of the North West and 43 % for the South East.

The North West includes the most mountainous areas of the country, with the Pennine chain, the Welsh mountains and the Highlands of Scotland. The South East includes the country's major plain, the Midlands.

The North West is the least sunny and wettest area (annual rainfall in Scotland and Wales is double that in the South East).

The North West is the least fertile area (being mainly heathland) while the South East area includes the main agricultural region (East Anglia).

2) Population

The North West has 19.6 million inhabitants of the United Kingdom population of 55.8 million i.e. 35 % of the total population; the South East has 36.2 million inhabitants, or 65 % of the population of Great Britain. The density of population in the South East is double that of the North West.

The North West is characterized on the one hand by the large urban concentration of central Scotland, Manchester, Liverpool and south Wales and, on the other, by the mountainous regions of the Highlands and central Wales with a low population density.

The South East is characterized by larger industrial and urban concentrations : London (8 million inhabitants) and Birmingham (2.4 million). The South East economic planning region alone accounts for 17.5 million inhabitants.

Population of the economic planning regions
in 1970, in thousands of inhabitants

United Kingdom	55 809
<u>North West unit :</u>	19 637
Regions : North	3 357
North West	6 807
Scotland	5 202
Wales	2 741
Northern Ireland	1 530
<u>South East unit :</u>	36 172
Regions : Yorkshire and Humberside	4 830
West Midlands	5 220
East Midlands	3 398
East Anglia	1 698
South West	3 792
South East	17 434

The main demographic feature of regional structure - which to a certain extent summarizes all the others - is a continuous migratory flow from the North West towards the South East. During the last twenty years alone, more precisely from 1951 to 1969, the North West has lost one million inhabitants on account of emigration to other regions of Great Britain. In some cases, as for example in Scotland, emigration is greater than natural growth (1).

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(1) Department of the Environment : Long Term Population Distribution in Great Britain. A study. London, HMSO, 1971, p. 40

Intra-regional net migration from 1951 to 1969

	Total in thousands of inhabitants	as a percentage of the resident population in 1951
<u>North West unit :</u>		
Regions: North	- 133	- 3.9
North West	- 198	- 3.0
Scotland	- 579	- 11.2
Wales	- 49	- 1.9
Northern Ireland	- 142	- 10.3
<u>South East unit :</u>		
Regions : Yorkshire & Humberside	- 141	- 3.1
West Midlands	+ 102	+ 2.3
East Midlands	+ 96	+ 3.3
East Anglia	+ 135	+ 9.7
South West	+ 273	+ 8.4
South East	+ 516	+ 3.4

3) Employment

The number of persons employed in the United Kingdom was 23 603 000 in 1969, of which the North West accounted for 33 % (its population is 35 % of the United Kingdom total) while the South East accounted for 67 % of the total (population = 65 %).

The approximate distribution of employment by broad sectors does not bring to light any profound differences in the structure of the two large regional units.

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1969 regional employment distribution as a percentage
of total employment in each region

	North West unit	South East unit
Agriculture	1.5	2.4
Extractive industries	2.5	1.4
Manufacturing industries	39	38.1
Services (including the building industry)	57	58.1

An analysis according to branches shows the following basic features :

- while the North West provides 33 % of the working population of the United Kingdom, it provides 45 % of persons employed in the coal industry, 63 % in shipbuilding and 50 % in the textile industry;
- while the South East accounts for 67 % of the working population of the United Kingdom, it provides 67 % of persons employed in the engineering industry, 70 % in electronics and 75 % in the motor building industry.

In other words, the North West unit has more than a proportionate share of branches in decline or showing relative stagnation.

The most noticeable differences from the regional point of view are apparent in regard to overall and sectoral development.

Over the last few years, i.e. the period 1966-1970, alone, it can be seen that the number of persons employed in the United Kingdom decreased by 580 000 units, of which 265 000, or 43 %, in the North West (population = 35 %). This unfavourable trend is essentially due to the sectoral dependence of the North West on declining activities.

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Employment trends in Great Britain from 1966 to 1970
in thousands of persons employed

	North West unit	South East unit
Agriculture	- 30	- 65
Extractive industries	- 100	- 60
Manufacturing industries	- 60	- 205
Services	- 75	+ 15
	- 265	- 345

An analysis of regional variations in employment rates shows that the rates are highest in certain areas of the South East - mainly the Midlands - and lowest in certain areas of the North West - especially Wales and Northern Ireland. Differences are particularly apparent in female employment rates and are closely linked to the economic structure of the regions.

4) Unemployment

From 1959 to 1971, unemployment in the United Kingdom varied from 1.55% (lowest rate, in 1965) to 2.7 % (highest rate, in 1971).

During the same period, unemployment in the various areas of the North West fluctuated between 2.5 and 8 %, while it was of the order of 1.5 % in the areas of the South East.

In June 1971, unemployment stood at 7 % in the various "development areas", 8.5 % in "special development areas" and 6.5 % in the "intermediate areas", all located in the North West of the United Kingdom.

5) Coal and steel production

In view of their importance within the British economy and especially in certain areas, the coal and steel industries should be mentioned briefly here.

a) Coal industry

From 1956 to 1970, British coal production fell from 220 to 141 million tons per year, a reduction of 36 %.

Over the same period, the number of persons employed in the coal industry fell from 707 000 to 292 000, a reduction of 58 %.

This general decline is characterized, however, by very noticeable regional differences :

- production at the basins in the North West decreased from 105 to 38 million tons, a reduction of 64 %; their share in British coal production fell from 47 to 27 %; the number of persons employed at these basins fell from 400 000 to 118 000, i.e. by 70 %;
- production at the basins in the South East fell from 115 to 103 million tons, i.e. by 10 %; the number of persons employed at the basins fell from 307 000 to 174 000, a reduction of 43 %.

b) Steel industry

From 1955 to 1970, British steel production rose from 19.7 to 26.4 million tons, an increase of 34 %.

During the same period :

- production in the North West rose from 13 to 16.5 million tons, an increase of 27 %;
- production in the South East rose from 6.7 to 9.9 million tons, an increase of 45 %.

6) Level of development

The only available evaluations which show the level of development of the regions of Great Britain are based on Gross Domestic Product per head at factor cost. Evaluations are given below for the two years 1961 and 1964.

Gross domestic product per head at factor cost (1)

	1 9 6 1		1 9 6 4	
	in £	index	in £	index
UNITED KINGDOM	454	100	528	100
<u>North West unit :</u>				
Regions : North	410	90	446	85
North West	449	99	515	98
Scotland	392	86	456	86
Wales	401	88	459	88
Northern Ireland	289	64	346	66
<u>South East unit :</u>				
Regions: Yorkshire and Humberside	452	100	525	99
West Midlands	489	108	573	109
East Midlands	463	102	515	98
East Anglia	461	87
South West	400	88	463	88
South East	503	111	599	113

...

(1) Source : quoted by WOODWARD (V.H.) : Regional Social Accounts for the United Kingdom, Cambridge University Press 1970, p. 79

This table calls for the following brief comments :

- a) Northern Ireland, with an index of 66, is by far the least developed region;
- b) Scotland, Wales, Northern England, East Anglia and the South West, with indices of between 85 and 88 come next in ascending order on the development scale;
- c) the only regions whose level is above the average are the South East planning region, with an index of 113 (London) and the West Midlands, with an index of 109 (Birmingham), both being located in the South East unit;
- d) all things considered, the disparities in development appear to be considerably smaller than those which exist in some States of the European Community.

III. Evolution of regional problems and regional policy from the major world crisis to 1965 (1)

After this outline of the present economic structures, and before defining regional problems, it would appear necessary to examine briefly the evolution of regional problems and regional policy.

Great Britain's situation is unique in Western Europe as the problems have existed there for forty years, while an effective policy has been in operation for only twenty-five years.

The evolution can be divided into three periods : from the crisis to the war, from the war to 1959, and from 1960 to 1965 (2).

1) From the world crisis to the war

The origin of Great Britain's regional problems can be traced back to the major world crisis of the period between the wars, which reached its height in the years 1930-32. A few figures will provide a more specific picture of the severity of the depression which overtook the British economy at that time.

In 1913, coal production was 287 million tons, of which 94 million were exported; in 1932, production had fallen to 208 million tons, of which 57 million were exported; there was an unemployment rate of 40 % in the coal industry. In 1913, vessels with a total tonnage of 2 million tons were launched from British shipyards, a figure which fell to 133 000 tons in 1933; there was then an unemployment rate of 60 % in the shipbuilding industry. There were three million unemployed in Great Britain in 1932, i.e. 19 % of the working population.

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- (1) The surveys given below on regional policy will not discuss in detail the legislation passed in order not to overlap with the account given in chapter V of this study, which is devoted to current policy.
- (2) A detailed account of these questions up to 1958 can be found on pages 19 to 112 of Regional economic expansion and the European Community (Expansion économique régionale et Communauté européenne) by ROMUS (P.), Sythoff Publishers, Leyden 1958.

However, the unequal distribution of economic activity meant that the areas which produced coal, steel, ships and textiles - mainly Scotland, the North East coast, Lancashire and Wales - had 932 000 unemployed, or 38 % of the working population. As a comparison, unemployment in the London area was only 13 %.

During the period between the wars, the working population increased by 50 % in the London area; it fell by 7 % in the areas of the North West. One and a quarter million workers left the North West for London and the Midlands. This considerable movement of manpower failed to solve the problems of the depressed areas.

Great Britain had "distress areas" at this time. It is essential to emphasise that the country was very severely affected by unemployment. All regional policy in Great Britain has been motivated by the overriding desire to avoid a recurrence of this situation.

In 1934, a first Act ⁽¹⁾ created "special areas" : powers were vested in two commissioners in order to encourage the setting up of new industries by the creation of new industrial zones known as trading estates. This Act was amended in 1936 ⁽²⁾ and in 1937 ⁽³⁾ for the purposes of organizing loans to industrialists and the renting of factories. While circumstances did not allow these new provisions to be applied widely, the essential point was made : the readaptation of the old industrial areas was to be effected by the introduction of new undertakings on trading estates developed at State expense.

In 1937, a commission called the "Barlow Commission" after its chairman ⁽⁴⁾ was entrusted with the task of conducting an enquiry into the distribution of the industrial population. Its findings were submitted to Parliament in January 1940, at a time when other events were contributing to the solution of the unemployment problem.

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(1) Special Areas (Development and Improvement) Act, 1934

(2) Special Areas Reconstruction (Agreement) Act, 1936

(3) Special Areas (Amendment) Act, 1937

(4) Royal Commission on the Distribution of the Industrial Population, H.M.S.O., Cmd. 6153, London 1940

2) From the war to 1959

Regional unemployment studies were carried out throughout the war (1) with the result that an Act was passed by Parliament at the end of the war, on 15 June 1945, which marks the real beginning of British regional policy (2).

It set up four "development areas" (North East coast, southern Wales, central Scotland, Cumberland) to which smaller areas were added in 1946, 1949 and 1952, including Liverpool (cf. map 2). These areas were associated with coal (100 million tons output), steel (13 million tons output), ship-building (vessels with a total tonnage of 1 million tons launched), textiles (cotton, jute, linen) and, in the case of Liverpool, maritime trade. They had a total of 10 million inhabitants i.e. 20 % of the overall population, and 18 % of the working population of Great Britain.

In an attempt to "to provide for the development of certain areas; for controlling the provision of industrial premises with a view to securing the proper distribution of industry", the 1945 Act accords to the Board of Trade the authority to acquire and develop sites and to build industrial premises on them, to improve public services and to develop derelict sites.

The 1945 Act was supplemented originally by certain provisions of the Town and Country Planning Act in 1947 (3), under which building permission is required for the construction of any building of more than 450 sq.m., again in 1950 by provisions to increase financial assistance, and once again in 1958 by extending privileges accorded to certain localities if the project contributed to a reduction in unemployment (5).

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- (1) See in particular the works done by Beveridge, and the White Paper on Employment Policy, H.M.S.O., Cmd. 6527, London 1944.
 - (2) Distribution of Industry Act, 1945
 - (3) Town and Country Planning Act, 1947
 - (4) Distribution of Industry Act, 1950
 - (5) Distribution of Industry (Industrial Finance) Act, 1958

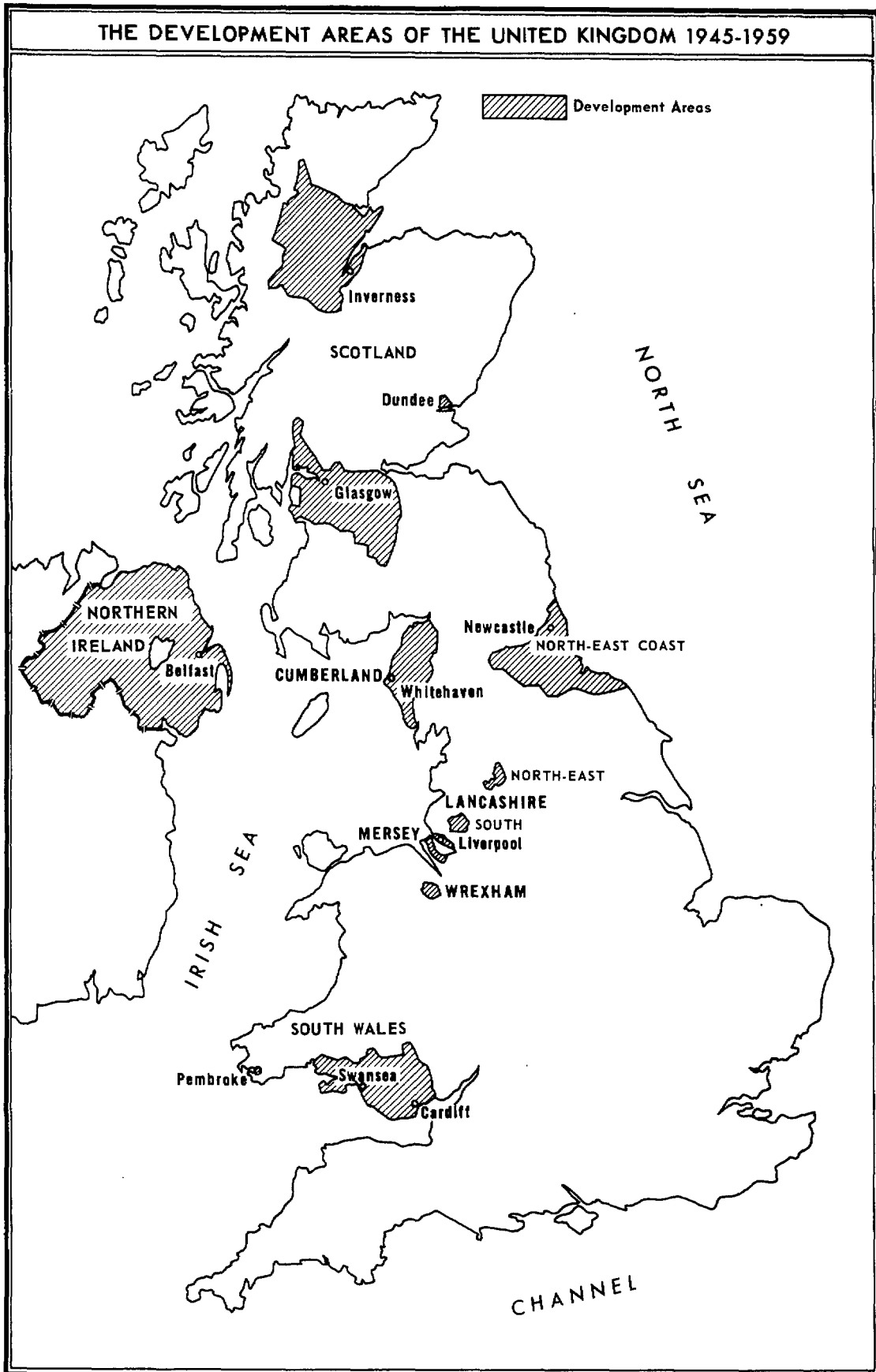


FIG. 2

It is outside the scope of this study to consider these provisions in detail. Two remarks on the period 1945-1959 should be made however :

- 200 000 new jobs were created outright in some 60 governmental trading estates, distributing among approximately 1 000 undertakings;
- while unemployment did not reach the level of the period between the wars, it was of the order of 2 to 6 %, or double the average for Great Britain.

Thus, despite considerable progress, British policy failed to solve the problem of the imbalance existing between the North West and the South East of the country.

The evolution of the "coal plans" is quite typical in this respect and is worthy of consideration here.

In 1950, the National Coal Board published a plan ⁽¹⁾ to increase British coal production from 203 million tons in 1949 to 240 million tons in 1965; production of the basins in the North West of Great Britain (as defined in this study) was to be increased from 100 to 112 million tons, the main share of this increase thus being accounted for by the basins of the South East. During this period, total manpower was to be reduced from 698 000 to 618 000 workers, while the number employed in the North West was to decrease from 398 000 to 340 000 workers.

Six years later, in 1956, the National Coal Board ⁽²⁾ was forced to revise its figures and while retaining the target of 240 million tons for 1965, it reduced the contribution of the North West coal fields to 105 million tons.

In 1959, the National Coal Board ⁽³⁾ reduced to 200 million tons his target for 1965, the North West coal field were indicating a production of only 86 million tons and their manpower was to be maintained at 396 000 workers.

(1) National Coal Board : Plan for Coal, London 1950

(2) National Coal Board : Investing in Coal, London 1956

(3) National Coal Board : Revised Plan for Coal, London 1959

In fact, coal production in Great Britain was 180 million tons in 1965 (with 460 000 workers), the North West basins's contribution being 75 million tons (with 241 000 workers). The actual performance of the North West therefore fell below the planned level by 37 million tons and 99 000 workers.

It should be remembered that in 1970 production was 141 million tons with 292 000 workers in Great Britain as a whole, the North West's contribution being 38 million tons, with 118 000 workers.

To anticipate the conclusions which may be drawn from other chapters in this study, it can be seen that the "development areas" structure represents a constant challenge to the progress achieved by the policy designed to promote them.

From 1945 to 1959, a sum ⁽¹⁾ of the order of 107 million pounds ⁽²⁾ in the State budget was devoted to regional policy in Great Britain. As a comparison, it can be noted ⁽³⁾ that unemployment in Great Britain during the ten-year period up to the last war cost the country 5 thousand million pounds ⁽⁴⁾.

3) From 1960 to 1965

The increase in unemployment and its extension into a series of small areas in 1958 led the British Government to extend the law on the distribution of industry and to revise its legislation in March 1960. A new Act was passed by Parliament "to make provision to promote employment in localities where high and persistent unemployment exists or is threatened" ⁽⁵⁾.

...

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- (1) BIRD (P.A.) and THIRLWALL (A.P.) : The Incentive to Invest in the New Development Areas, in District Bank Review, n° 162, June 1967, p. 43
- (2) approximately 15 thousand million Belgian francs
- (3) BEVERIDGE (W.) : Full Employment in a Free Society, Allen and Unwin, London 1944, p. 248
- (4) the equivalent of 700 thousand million Belgian francs
- (5) Local Employment Act, 1960

The "development areas" were replaced by "development districts", the latter being defined as any locality in Great Britain where a high level of unemployment exists or is threatened. Some 165 districts were selected and they roughly corresponded to the areas covered by employment exchanges. On the whole, the geographical area of the former "development areas" was somewhat reduced, while the new "development districts" included all of the western Highlands and certain small areas in Cornwall and Devon. Given the nature of the criterion adopted, the geographical areas covered by the 1960 Act can vary; however, provision is also made for placing districts on a stop-list and they cannot be taken off this list. In 1965, the "development districts" accounted for 17 % of the total working population (cf. Map 3).

On the whole, the 1960 Act, supplemented by new provisions in 1963⁽¹⁾, makes use of the same incentives as previous Acts. Acts on local employment, however, have increased State intervention in the following fields : grants for the building of industrial premises and purchasing materials, grants and loans for the improvement of public services.

In 1963, a new measure⁽²⁾ was introduced whereby free depreciation was deducted from the tax due to be paid by undertakings in the "development districts". This system was abandoned in 1966.

In 1965, legislation on the granting of building permission was made more stringent⁽³⁾, permission now being obligatory in the case of any industrial premises with an area of more than 270 sq.m. in the South East of England and the Midlands, and for any office with an area of more than 270 sq.m. within 40 miles of London (Charing Cross) and in the conurbation of Birmingham.

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(1) Local Employment Act, 1963

(2) Finance Act, 1963

(3) Control of Office and Industrial Development Act, 1965

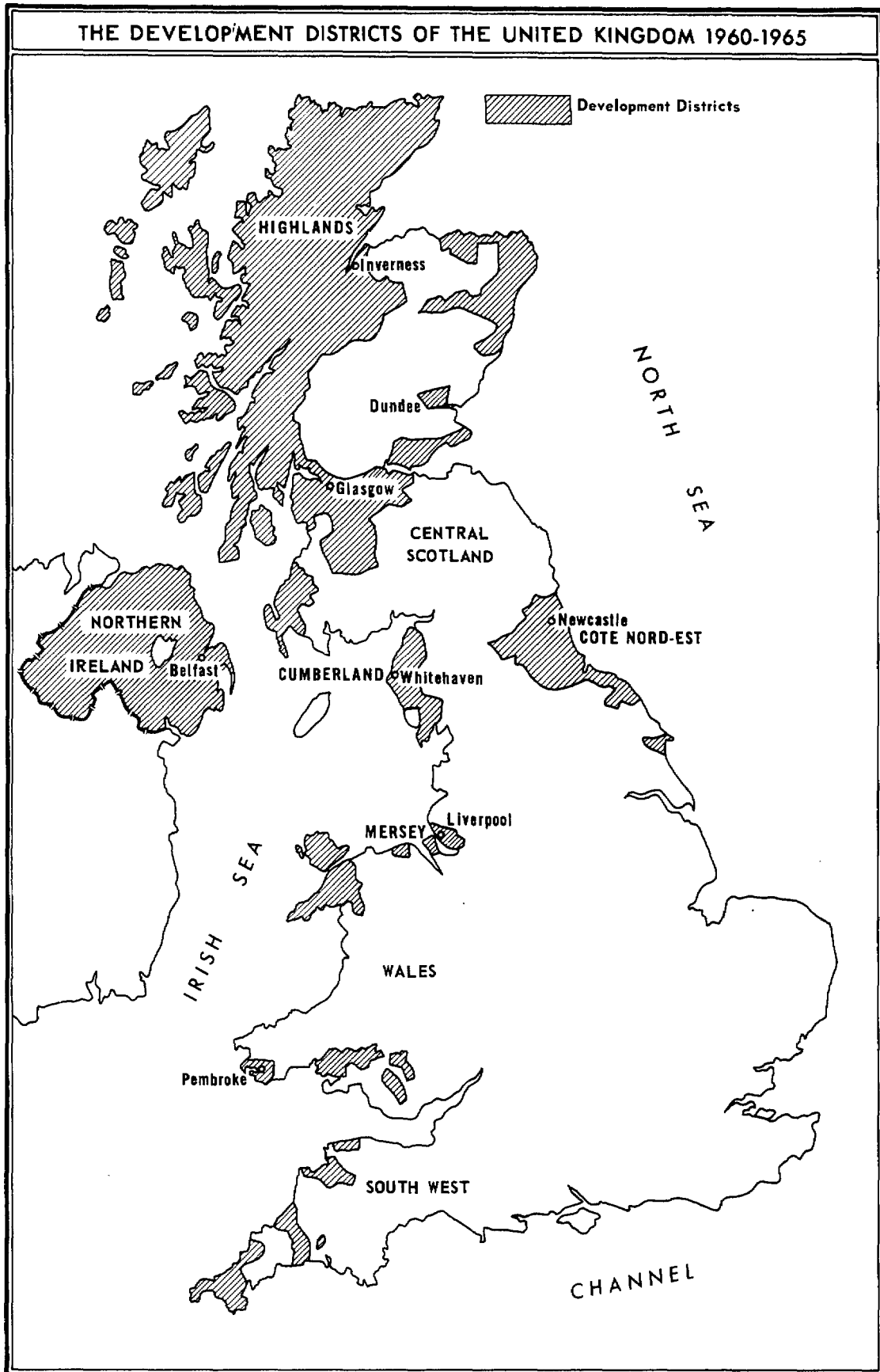


FIG. 3

Finally, a study of the period 1960-1965 would be incomplete without mentioning here the first signs of economic planning in Great Britain. The documents published, however, deal with the period up to 1970 and occasionally beyond that date, and it appears more appropriate to analyse them under a separate heading (cf. Chapter VI below).

From 1960 to the beginning of 1966, it is believed that British regional policy ⁽¹⁾ contributed to the creation of 282 000 new jobs in the "development districts" at a cost to the State budget of 179 million pounds ⁽²⁾. The regional assistance granted for this purpose corresponds to an expenditure of 636 pounds per job created ⁽³⁾. The districts receiving by far the most assistance were the North East coast (Newcastle) and central Scotland (Glasgow).

At the beginning of 1966, Great Britain had 306 000 totally unemployed (1.3 %), while the "development districts" had 116 000 (3 %).

...

(1) Local Employment Acts 1960 and 1963. Sixth Annual Report by the Board of Trade for the year ended 31st March 1966, H.M.S.O., London, 27 July 1966

(2) 25 thousand million Belgian francs

(3) the equivalent of 90 000 Belgian francs.

IV. Nature of regional problems

The nature of regional problems in the United Kingdom is closely linked with the structural and historical factors which have already been analysed in chapters II and III. On the basis of this analysis, the country's regional problems can be classified under three headings : decline of the old industrial areas; under-development of rural areas; extreme congestion of certain conurbations.

1) Decline of the old industrial areas

The decline of industrial areas dependent on coal fields, steel production, shipbuilding and textiles is the most serious regional problem that the United Kingdom has to face. This decline is the most serious in respect of both its extent and its duration. Whereas this phenomenon arose in the European Community only at the end of the decade 1950-1960, it has existed in Great Britain since the period between the wars.

The extent of the decline should furthermore be stressed in view of the importance of the declining sectors within the British economy. The situation in regard to coal should be emphasized : if the development of coal production in the European Community is compared with that of the United Kingdom, it can be seen (cf. table on the following page) that the fall in production at the coal fields in the North West of Great Britain (- 64 %) is equalled only by that of the Limburg coal field in the Netherlands and surpassed only by that of the Walloon coal field (- 82 %). The impact of this decline differs since the fall in production is 67 million tons in the North West of Great Britain or only 8 million tons at the Limburg field in the Netherlands.

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Coal production in 1952 and 1970 in the European
Community and the United Kingdom, in millions of tons

Countries and regions	1952	1970	Variation in %
European Community	239	161	- 39 %
including Germany	140	112	- 20 %
Ruhr	115	92	- 20 %
Aachen	6	7	+ 16 %
Saar	16	10	- 38 %
Belgium	30	10	- 68 %
Campine	10	6,5	- 35 %
Walloon	20	3,5	- 82 %
France	55	35	- 36 %
Pas-de-Calais	30	16	- 48 %
Lorraine	12	12	-
Centre-Midi	13	7	- 38 %
Netherlands	12,5	4	- 69 %
United Kingdom	226	141	- 38 %
North West	108	38	- 64 %
South-East	118	103	- 13 %

...

The extent and duration of the decline of the old British industrial areas are only really serious because of the inability of these areas to create alternative employment themselves, to take over from the declining industries. This situation explains the fact that British regional policy is the oldest of all the regional policies implemented in Western Europe.

2) Under-development of rural areas

Although the United Kingdom has a smaller proportion of its working population employed in agriculture than any other Western European country, and its agriculture is the most productive in Europe and is as productive as the other sectors of the economy, the country does nonetheless possess rural areas which are relatively under-developed.

These are essentially both the most mountainous and most infertile areas of the United Kingdom, the Highlands and Islands of Scotland, the central area of the Welsh mountains, the extreme south west of England i.e. certain parts of Devon and Cornwall, and certain areas in Northern Ireland.

By far the largest area is the Highlands of Scotland, with only 275 000 inhabitants, which have suffered on account of emigration for more than a century. During the last decade, unemployment in this area has on average been 7.5 % of the working population. On the basis of per capita income, the level of development is at index 65 (U.K. = 100).

3) Extreme congestion of certain conurbations

The problems of extreme urban congestion are confined mainly to the South East region, and particularly to the London area. While there are 8.3 million inhabitants in the conurbation of London, the metropolitan area has 12.5 million inhabitants living within 40 miles of the centre of London and represents the greatest urban concentration in the whole of Western Europe. It is estimated (1) that in the

...

(1) Ministry of Housing and Local Government : The South East Study, 1961-1981, London H.M.S.O., 1964

economic planning region of the South East there will be a natural increase of 2.5 million inhabitants over the twenty year period 1961-81, and a net migratory inflow of one million. All things considered, it is expected that this region, with 32 % of the population of Great Britain, will account for 40 % of its population increase.

Problems of extreme urban congestion are also found in certain other conurbations, especially those of Birmingham (2.5 million inhabitants) and Manchester (2.4 million inhabitants).

The concentration of high-income conurbations along a line drawn from London towards the North West (Birmingham and Liverpool) is responsible for a concentration of "potential" in this limited area (1).

...

(1) COLIN CLARK : Industrial Location and Economic Potential, in "Lloyds Bank Review", London, October 1966, pp. 1-17

V. Current regional policy (1971)

Current regional policy in the United Kingdom is based on the application of a number of legal measures most of which were passed between the years 1965-66 and 1970.

The main legislation is as follows :

- a) in respect of instruments :
- the Act of 12 August 1966 on industrial development ⁽¹⁾ which repeals some of the provisions of the Acts of 1960 ⁽²⁾ and 1963 ⁽³⁾, although others remain in force;
 - the Act on the regional employment premium ⁽⁴⁾;
 - the Act of 25 October 1968 on town and country planning ⁽⁵⁾;
 - the regulation of October 1970 on investment incentives ⁽⁶⁾;
- b) in respect of geographical area :
- the Act of 5 August 1965 on the Highlands and Islands of Scotland ⁽⁷⁾;
 - the regulation of 12 August 1966 on the development areas ⁽⁸⁾;
 - the Act of 26 February 1970 on the "intermediate areas" ⁽⁹⁾.

The study of this policy will deal in succession with its aims, its geographical area of application, control of installation prior to construction, regional assistance.

-
- (1) Industrial Development Act, 1966
 - (2) Local Employment Act, 1960
 - (3) Local Employment Act, 1963
 - (4) The Development Areas; Regional Employment Premium, H.M.S.O. Cmd. 3310, London, June, 1967
 - (5) Town and country Planning Act, 1968
 - (6) Investment Incentives H.M.S.O. Cmd 4516, London, October 1970
 - (7) Highlands and Islands Development (Scotland) Act, 1965
 - (8) Industrial Development. The Development Areas; Order 1966; Statutory Instruments n° 1032
 - (9) Local Employment Act, 1970

1) Aims of the policy

The aims of British regional policy are put forward in the Act of 12 August 1966 on industrial development which applies to "areas to be specified by the Board of Trade ⁽¹⁾ where, in the opinion of the Board, special measures are necessary to encourage the growth and proper distribution of industry; and in exercising their powers the Board shall have regard to all the circumstances actual and expected, including the state of employment and unemployment, population changes, migration and the objectives of regional policies".

2) Geographical area

Regional policy in Great Britain is concerned with four types of areas : development areas, special development areas, the Highlands of Scotland, and intermediate areas.

a) development areas

The "development areas" represent by far the largest and oldest unit of British regional policy.

The Industrial Development Act of 1966 states that it will apply to "development areas" as specified by the Board of Trade.

The following may be considered as "development areas" :

- the areas covered by employment exchanges;
- any locality, even if it is situated outside the "development areas" provided that it is a "new town" as this term is understood in the Acts of 1946 and 1952 ⁽²⁾ and provided that it is known or foreseen that its population will increase on account of immigration from the "development areas" and that this increase will be substantial in relation to the population of the locality (in fact two thirds of the final population of the town must be immigrants).

...

(1) now the Secretary of State for Trade and Industry

(2) New Towns Act 1946, and New Towns Act 1965.

This possibility of extending the "development areas" to include certain "new towns" is in line with the recommendations of certain regional programmes which will be referred to in chapter VI below.

However, the main point is that the Act no longer applies to areas threatened by unemployment alone but also to areas which have growth prospects.

The regulation of 12 August 1966 lists the "development areas" as follows (cf. Map 4) :

- 1) Scotland as a whole excluding the conurbation of Edinburgh;
- 2) the north of England, corresponding to the entire economic planning region of the North;
- 3) Merseyside, or the conurbation of Liverpool in a broad sense;
- 4) Wales as a whole excluding Cardiff, Newport and Rhyl;
- 5) the South West including almost the whole of Cornwall and north Devon;
- 6) the two "new towns" of Skelmersdale and Winsford, which are outside the Merseyside "development area".

Although Northern Ireland is not referred to in the Act, its Parliament has passed similar provisions.

The total geographical area covered by the 1966 Act is 55 % of the area of Great Britain and accounts for 20 % of total employment. It is therefore much larger than the area covered by previous Acts but scarcely more densely populated.

b) special development areas

The rapidity of the decline in the coal industry and the credit restrictions of 1967-68 have led the British Government to specify "special development areas" (cf. Map 4) which principally include :

...

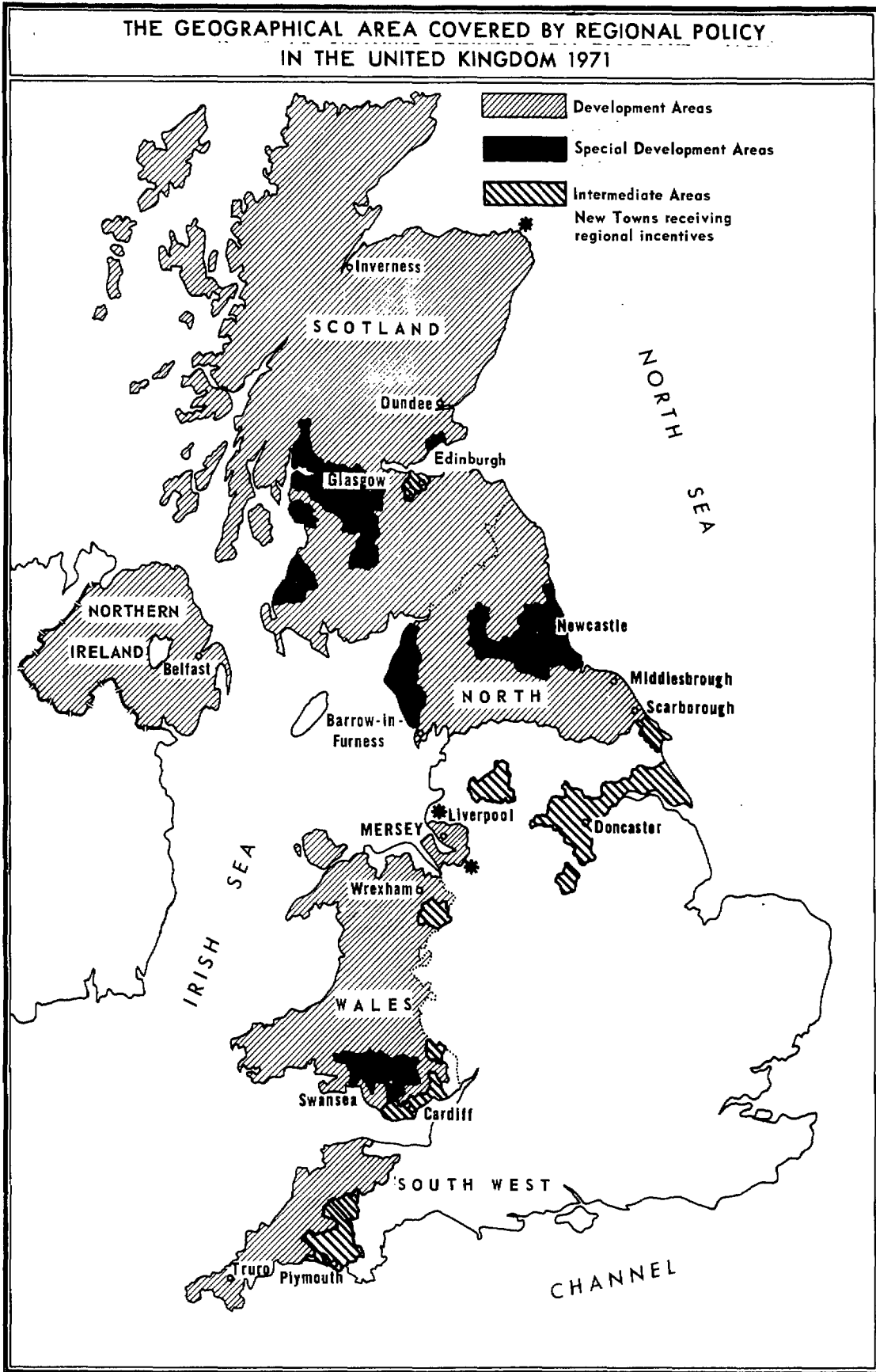


FIG. 4

- 1) central Scotland around Glasgow;
- 2) south west Scotland;
- 3) west Cumberland;
- 4) the North East coast;
- 5) south Wales.

In these "special" areas, identical assistance can be obtained, but on more favourable terms.

These areas coincide very largely with the coal basins in decline and the large conurbations of the North West. It is striking to compare them with the "development areas" of 1945 (cf. Map 2) and even the "special areas" of 1934-37 : more than thirty years after the introduction of its regional policy, the United Kingdom has to face the same regional priorities.

The "special development areas" thus form part of the "development areas". They account for 8.6 % of total employment.

c) Highlands and Islands

The persistent and at the same time very specific nature of the difficulties encountered in the extreme north west of Scotland i.e. the Highlands and Islands, led to the passing of a special Act for this area in 1965.

Although the area is very sparsely populated, it covers nearly one half of Scotland and includes the counties of Argyll, Caithness, Inverness, Ross and Cromarty, Sutherland, which take in the Shetland, Orkney and Lewis island groups.

The Highlands and Islands fall within the "development areas".

d) Intermediate areas

Declining and prosperous areas are not always clearly distinguishable, especially in a country which is a coal running from north to south.

...

For this reason a Parliamentary Committee was appointed in 1967 "to examine in relation to the economic welfare of the country as a whole and the needs of the development areas, the situation in other areas where the rate of economic growth gives cause for concern, and to suggest whether revised policies to influence economic growth in such areas are desirable and, if so, what measures should be adopted".

This Committee submitted its report ⁽¹⁾ to Parliament in 1969, indicating in particular that outside the development areas "it is in Lancashire and Yorkshire that we found many of the characteristics of slow growth on a substantial scale : a high proportion of industries with declining manpower, slow growth of employment, persistent net migration, below average earnings and a poor environment".

"It is these areas above all which we would regard as "intermediate", although we would prefer to avoid any name which may suggest a fundamental distinction between these and other areas of slow growth".

Following this report, an Act was passed on 26 February 1970 to give certain assistance to "intermediate areas" which principally include :

- certain small areas of Lancashire and Yorkshire (by far the main ones);
- some very small areas literally on the fringe of the "development areas" : Edinburgh, certain small areas on the border of Wales (Cardiff in particular) and in Devon.

They account for 6.4 % of total employment in Great Britain.

...

(1) The Intermediate Areas. Report of a Committee under the Chairmanship of Sir Joseph Hunt, H.M.S.O., Cmnd 3998, London, April 1969

e) Overall view

The total geographical area of the regions receiving assistance is shown below, in relation to their working population.

Type of region receiving assistance	Working population	
	in thousands of workers	in % of Great Britain total
- Development areas (excluding special development areas)	2 637	11.4
- Special Development areas	1 993	8.6
- Intermediate areas	1 466	6.4
Total	6 096	26.4

3) Control of location prior to construction

British regional policy employs a double control of location prior to construction : of industrial premises, and of offices.

a) Control of industrial premises

Since its introduction in 1945, regional policy has included a control of the installation of industrial premises, any construction or extension, or modification, or reconstruction of these premises requiring prior authorization from the Department of Trade and Industry.

Authorization is required for any project of more than 5 000 sq.ft. (450 sq.m.) throughout Great Britain, and of more than 3 000 sq.ft. (270 sq.m.) in the two regions of the South East and the Midlands.

...

The document issued, the "industrial development certificate", certifies that the authorised premises are being built in accordance with the requirements of an acceptable distribution of industry.

Authorization is generally given automatically when the project is located in one of the areas receiving assistance.

b) Control of offices

The control of offices is more recent and was introduced by the Control of office and Industrial Development Act of 1965.

Originally limited to the metropolitan area only (within 40 miles of the centre of London), control is now undertaken throughout the South East region of England. The Department of the Environment is responsible for this control.

The "office development permit" is required for any project of more than 270 sq.m.

In addition to this prior control, reference should also be made to the creation in 1963 of a body to promote the transfer of offices from London to other localities, the Location of Offices Bureau.

4) Regional assistance

The term regional assistance is used below to refer to the various incentives which the British Government offers to undertakings which agree transfer to areas receiving assistance (whether these are development areas or intermediate areas).

This assistance can be classified as follows :

A. Financial assistance to undertakings :

- a) creation of industrial estates;
- b) construction, sale and letting of premises for industrial purposes;
- c) grants for the construction of industrial premises;
- d) loans for the creation of industrial undertakings;
- e) grants for the transfer of industrial undertakings.

...

- B. Fiscal assistance to undertakings :
 - a) free depreciation on materials and equipment;
 - b) free depreciation on industrial construction;
 - c) refund of selective employment tax (SET).
- C. Manpower assistance :
 - a) regional employment premium;
 - b) professional training;
 - c) removal expenses of workers;
 - d) wage subsidies.
- D. Preferential awards
- E. Improvement of public services
- F. Clearance of derelict sites
- G. Assistance to farms
- H. Overall view.

The choice, nature and scope of this assistance have varied considerably during the twenty-six years that British regional policy has existed. The aim here is not to describe the assistance in detail but to provide a current and synthetic view ⁽¹⁾.

- A. Financial assistance to undertakings
 - a) Creation of industrial estates

The oldest component of British regional policy, which has been used since the original Act of 1934, is the creation of "industrial estates" at State expense. At present, there are three "corporations" which administer them, in England, Scotland and

...

(1) Department of Trade and Industry : Incentives for Industry, H.M.S.O., London, 28 February 1971.

Wales ⁽¹⁾; their chairmen and members are appointed by the Department of Trade and Industry. They are responsible for the development of the site in the broadest sense of the term, including liaison with the transport network and public services (water, electricity, gas, steam, sewerage).

b) Construction, sale and letting of premises for industrial purposes

The same "corporations" build, either on these industrial estates or on individual sites, at State expense, premises for industrial purposes which they sell or let.

The most widely adopted system is that whereby premises are let at low rent. The rent is evaluated on the basis of the market value of the industrial premises in the "development areas", a value which is considerably less than their true economic value. In certain cases, the Department of Trade and Industry can grant exemption from rent for what it considers to be an appropriate period. This exemption normally applies for two years but may be of five years' duration in special development areas.

In certain other, more rare, cases, premises are sold either for cash or on credit, and repayment can extend over a period of fifteen years.

Finally, reference should be made to the system of advance factories, which enables the supply of industrial premises to be kept ahead of demand.

c) Grants for the construction of industrial premises

The construction or extension of industrial premises in the "development areas" may be undertaken with a grant of 35 % of their cost, a figure which it is planned to increase to 45 %. This rate may be higher when projects are very distant from the already existing undertaking, in Northern Ireland for example, where grants of 60 % have already been provided.

...

(1) The English Industrial Estates Corporation, Scottish Industrial Estates Corporation and Welsh Industrial Estates Corporation respectively.

d) Loans for the creation of industrial undertakings

The Department of Trade and Industry can issue loans to undertakings located in the "development areas" for which the rate of interest and terms are fixed by Local Employment Acts Financial Advisory Committee (LEAFAC)

These loans may be for the purchase or construction of industrial premises, the purchase of materials or the creation of a working capital reserve.

e) Grants for the transfer of industrial undertakings

Industrial undertakings which transfer to development areas may receive a grant to cover all or part of the costs of removing materials, supplies or the finished products of the undertakings. The amount refunded depends on the number of jobs created in the area.

B. Fiscal assistance to undertakingsa) Free depreciation on materials and equipment

Since October 1970, free depreciation has replaced the grants which were once provided for the purchase of materials and equipment.

The arguments put forward against the system of grants were as follows :

- 1) grants could be given to firms whether they were profitable or not, and consequently promote uneconomic investments;
- 2) the system discriminated against services;
- 3) control of the system was costly.

...

The present system of free depreciation can be applied to materials and plant other than movable equipment. The amount of free depreciation may be as high as 100 % and extend over a period determined by the investor ⁽¹⁾.

In regard to other equipment assets, and movable assets in particular, free depreciation can be applied as follows :

- 1st year : 60 % of the value of the investment may be deducted from total taxable profits;
- subsequent years : 25 % of the balance is paid on each occasion, so that after the fourth year of the investment, 83% of the total has already been repaid.

b) Free depreciation on industrial construction

The cost of the construction of premises for industrial purposes may be repaid at the rate of 44 % for the first year and 4 % for each subsequent year.

If the profits of an undertaking are such that it cannot deduct the 44 % the first year, the balance may be carried forward indefinitely.

c) Refund of selective employment tax

A selective employment tax (SET) was introduced in the United Kingdom in 1966 in order to restore a certain amount of balance from the taxation standpoint between industry and services, and to encourage economy of manpower in the services.

A tax has been levied on the services since 1966, the amount being proportional to the number of persons they employ.

This tax is refunded in the case of the hotel industry located in the development areas.

...

(1) It should be noted that free depreciation of 80 % may, as a temporary measure, be granted in the rest of the country.

C. Mannpower assistancea) Regional employment premium

A regional employment premium (1) was introduced in 1967 for the benefit of undertakings of the manufacturing industry located in "development areas". They may be eligible for a premium of 150 pence per week per male worker and 75 pence per week per female worker (2). The system will continue for a minimum period of seven years and will end its term in September 1974.

b) Vocational training

The Department of Employment can give grants for the vocational training of workers in the development areas.

These grants are designed to cover the following expenditure :

- training in a new trade either at an undertaking or a Government Training Centre;
- creation of vocational training centres;
- purchase of materials and plant to equip a training centre;
- assistance for workers of more than 45 years of age to enable them to acquire new vocational qualifications.

c) Payment of the costs of removal and resettlement for certain workers

An undertaking which transfers to a development area may have to move certain key workers to its new centre of operations. The cost of removal and resettlement of these workers and their families is met by the Ministry of Labour.

...

(1) The reasons for this new measure are set out in "The Development Areas : A Proposal for a Regional Development Premium", H.M.S.O., London, 5 April 1967. It is commented upon by BROWN (A.J.), The "Green Paper" on the Development Areas, in National Institute Economic Review, n° 40, London, May 1967, pp. 26-33

(2) 180 and 90 Belgian francs per week respectively.

d) Wage subsidies

"Operational subsidies" may, in the special development areas only, be granted during the first three years of operation of an undertaking.

These subsidies may amount to 30 % of the total annual cost of salaries and wages paid by an undertaking.

D. Preferential awards

When public awards are granted by ministerial departments, government services and nationalized industries, preference may be shown to undertakings located in the development areas.

E. Grants and loans for the improvement of public services

If the various ministerial departments consider that the public services are ill-equipped to meet needs in the "development areas", the Department of Trade and Industry may provide grants or loans for their improvement. "Public services" here refer to communications and means of transport (road, rail, water, air) as well as the supply of electricity, water, steam and connections to sewers.

F. Grants for clearance of derelict sites

On account of their industrial structure and the fact that they have been industrialized for a considerable period, the "development areas" have, in comparison with any other area, more neglected sites, slagheaps, or derelict factories (derelicts). If the Department of Trade and Industry considers that they should be cleared for reasons of aesthetics or development from the industrial standpoint, it can acquire sites, if necessary by compulsory order, or provide grants amounting to 85 % of the cost of redeveloping them to county or to town councils.

It should be noted further that there are Derelict Land Clearance Areas outside the development areas for which grants of 75 % may be given.

...

G. Assistance to farms

There are various small funds in the United Kingdom to provide assistance to small farms.

Under the Highlands and Islands Development Act, assistance can be given to crofters or small farms in Scotland, for shipbuilding, tourist projects etc. The assistance is granted by the Highlands and Islands Development Board.

H. Overall View

It appears difficult - if not impossible - to gain an overall idea on a statistical basis of the amount of assistance that the British Government provides to undertakings within the framework of its regional policy. Some assistance may be accumulative while other assistance may not. But the increasing importance which seems to be attached to fiscal assistance (free depreciation) makes all calculations extremely hazardous.

For the sake of simplification, therefore, the following table is restricted to giving an overall view of British regional assistance.

Brief inventory of regional assistance

- 1) development of industrial estates : at State expense.
- 2) construction, sale and letting of premises for industrial purposes :
low rent and exemption from rent for 2 to 5 years;
sale on credit, repayable over 15 years.
- 3) grants for the construction of industrial premises : 35 % minimum of the cost of fixed assets.
- 4) loans for the creation of industrial undertakings : terms laid down by the State.
- 5) grants for the transfer of industrial undertakings : costs totally or partially covered if they move to a development area.

...

- 6) free depreciation on materials and equipment : at 100 % over a period determined by the investor.
- 7) free depreciation on industrial construction : 44 % for the first year, 4 % for subsequent years.
- 8) refund of selective employment tax : applies to the hotel industry in the development areas.
- 9) regional employment premium : 150 pence per week for men, 75 pence per week for women.
- 10) vocational training : covered by the State.
- 11) costs of removal and resettlement for certain workers : covered by the State in the case of key workers.
- 12) wage subsidies : in certain cases, 30 % of wages refunded by the State for three years.
- 13) preferential awards : to benefit undertakings in the development areas.
- 14) grants and loans for the improvement of public services.
- 15) grants for derelict site clearance : up to 85 % of the cost.
- 16) assistance to farms : especially in the Highlands and Islands of Scotland.

VI. Regional programming

Although regional programming was introduced relatively recently, it can be analyzed in various stages, the first studies (1961-1963), national programming (1965) and the first regional plans (since 1965).

1) The first studies (1961-63)

The first suggestion in favour of regional programming appears to date from 1961 and is included in an enquiry into the Scottish economy conducted by the Scottish Council, a private regional development body (1). The view is put forward for the first time that the creation of jobs cannot be the only criterion in areas or centres with growth possibilities. There is no panacea for solving regional problems; their solution depends on simultaneous action on a wide front. At all events, the environment seems to be an essential factor in development, and the new towns may lead to new growth.

At the beginning of 1963, the National Economic Development Council published a document on the conditions for rapid growth which devoted much attention to regional problems (2). The essential point appears to be that "improved results will be obtained in the areas of slow expansion by seeking out their natural centres of growth and by attracting industry to them". The same document also refers to policies employed in the countries of the European Community.

Two white papers appeared simultaneously at the end of 1963, one on central Scotland, the other on the North East.

...

(1) Scottish Council : Inquiry into the Scottish Economy 1960-1961, (Toothill Committee), Edinburgh 1961

(2) National Economic Development Council : Conditions Favourable to Faster Growth, H.M.S.O., London 1963

Considering that industry is attracted not only by financial incentives but by the regional "climate", the programme for central Scotland (1) suggests that future development should be concentrated on eight centres, of which four are new towns, and that they should be equipped for industrialization and, further, that assistance should not be restricted within too strict physical boundaries.

The document on the North East draws similar conclusions although in a much less distinct manner (2).

The study on the South East of England (3) which appeared in 1964 is very different in scope and deals with the twenty year period 1961-1981. The South East of England - taken in a broad sense in this study - will undergo a population increase of 3.5 million inhabitants during this period, of which 2.5 million will be accounted for by natural growth and 1 million on account of immigration. Viewing this prospect as a basic premise, the study limits itself to population distribution in this area, which is already the most densely populated in Great Britain.

Finally, the elements of a future economic development plan for Northern Ireland have been published. (4)

2) National programming (1965)

The first development "plan" for the British economy dates from 1965 and covers the period 1964-1970 (5). It foresees an increase of 25 % in the national product between these dates but despite a few references to regional programming, it contains no information on the regional impact of the national plan. It merely predicts the evolution of manpower from 1964 to 1970 :

...

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- (1) Central Scotland ; A programme for Development and Growth, H.M.S.O.,; Cmd. 2188, Edinburgh 1963
 - (2) The North East : A Programme for Regional Development and Growth, H.M.S.O. Cmd 2205, London 1963
 - (3) Ministry of Housing and Local Government : The South East Study 1961-81, H.M.S.O., London 1964
 - (4) Economic Development in Northern Ireland, H.M.S.O., Cmd. 479, Delfast 1964
 - (5) The National Plan, H.M.S.O., Cmd 2764, London 1965

an increase of 426.000 units in Great Britain, including 336.000 in the South East and 147.000 in the Midlands; stagnation or a reduction in the "development areas".

The first commentary on the objectives was made in 1969 in a document (1) in which it is stated that the contents must not be looked upon as a plan, but which is rather in the form of various considerations on programming. Programming is defined as an exercise in forecasting and decision-making concerning a vast range of activities for the short, medium and long term. It is pointed out that "the Government believes that, although it would be wrong to put forward a rigid plan for the economy, or to attempt to impose fixed targets on private industry, it would be equally wrong to rely on unco-ordinated policies to achieve the common objective of greater economic efficiency and stability". It appears that this should be interpreted as a refutation of the aims expressed in the National Plan of 1965. The same document contains a chapter on regional strategy and prospects. Regional policy is defined as having a double objective : better utilization of resources in regard to public and private investments and an improved distribution of economic activity.

Finally, a last document (2) reviews government economic strategy in 1970. For our purpose it is important to note that "the Government's regional policies are attempting to improve the social and economic environment in all areas and have a key role in a programme for increased growth. The extent to which the pressure of the demand for work can be spread more evenly over the country will determine whether it will be possible to reduce the level of unemployment while avoiding shortages and other problems existing in more prosperous areas".

...

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- (1) Department of Economic Affairs : The Task Ahead. Economic Assessment to 1972, H.M.S.O., London 1969
 - (2) H.M. Treasury : Economic Prospects to 1972 - A revised Assessment, H.M.S.O., London 1970.

3) Regional programming or "strategy"

a) The first regional plans

Since 1955, the United Kingdom has been divided into eleven economic planning regions for which development plans or strategies are in course of publication or formulation.

The programmes which have appeared so far, in chronological order and according to economic planning region (all published by H.M.S.O. London), are :

1) West Midlands

- Department of Economic Affairs : The West Midlands, A regional study, 1955
- West Midlands Economic Planning Council : The West Midlands, Patterns of Growth, 1967

2) North West of England

- Department of Economic Affairs : The North West, A regional study, 1955

3) East Midlands

- East Midlands Economic Planning Council : The East Midlands Study, 1966

4) Scotland

- Scottish Office : The Scottish Economy 1955 to 1970 A Plan for expansion. Cmnd 2884, 1966

5) North of England

- Northern Economic Planning Council : Challenge of the Changing North. A preliminary study, 1956

6) Yorkshire and Humberside

- Yorkshire and Humberside Economic Planning Council : A Review of Yorkshire and Humberside, 1965

7) Wales

- Welsh Office : Wales : The Way Ahead, Cmnd. 3334, 1967

...

8) South-West of England

- South West Economic Planning Council :
A Region with a Future : A draft strategy for the South West, 1967

9) South East of England

- South East Economic Planning Council :
A strategy for the South East, 1967
- South East Joint Planning Team :
Strategic Plan for the South East, 1970

10) East Anglia

- East Anglia Economic Planning Council :
East Anglia - A study, 1968

11) Northern Ireland

- Government of Northern Ireland : - Northern Ireland Development Programme 1970-75, 1970
- Government Statement,
Cmd. 547, 1970.

The eleven economic planning regions of the United Kingdom are thus all covered by "regional programmes". These documents are defined (1) as inventories of the characteristics, potential and problems of each region to provide the basis for recommendations for action to be taken and, subsequently, proposals for planned strategy.

Although these documents vary in scope, some general considerations can be put forward in regard to them.

b) A regional "strategy"

It will be noticed first of all that the term "strategy" is gradually replacing that of programming. This expression appears to be more appropriate for two reasons.

Firstly, because strategy covers a period of twenty years and the plan must consequently be sufficiently flexible to take account of changing circumstances. Strategy must be defined in terms which enable possible modifications to be made.

...

(1) Department of Economic Affairs : Economic Planning in the Regions, 1968

Secondly, this regional strategy is in no way mandatory. It is not designed to replace the plans drawn up by local authorities. It should not be concerned with details but lay down overall objectives.

c) Objectives of regional strategy

They can be briefly defined as follows :

- 1) to provide a framework in which the authorities responsible for local programming can formulate their development plans;
- 2) to evaluate the best regional utilization of resources in the various branches of the economy, the environment, and physical and social conditions;
- 3) to provide a framework for the main investment and development decisions of the central Government, local authorities, government services and individuals.

d) Contents of regional strategy

In view of the above-mentioned objectives, the contents of regional strategy can be presented as follows :

- 1) general outline of land utilization in the region based on an evaluation of its long-term economic and physical potential and its demographic features;
- 2) this outline should include :
 - a list of areas to be used for urban or industrial development, based on population forecasts;
 - a list of areas reserved for agriculture and for recreation;
 - a regional transport and communications plan;
- 3) the relation of these proposals to national policies or projects, for example in regard to airports, sea ports, "green belts", decongestion, regional policy, etc..

...

e) Formulation of regional strategy

Three bodies are responsible for regional strategy :

- 1) the Economic Planning Boards comprising representatives of the central authorities at the regional level, which ensure co-ordination with ministerial departments and the bodies referred to below;
- 2) the Economic Planning Councils comprising eminent persons within the regions appointed by the Secretary of State for the Environment on account of their knowledge and experience of the region;
- 3) local authorities responsible for planning questions.

VII. Town and Country Planning

Town and country planning, which is inseparable from regional policy, plays an important role in Great Britain. It has been the object of extremely important legislation which gives the State extensive powers in regard to control of location (1). In addition to the statutory aspect, development plans or surveys of many areas have been made, of which those on London (2) and the Clyde (3) are perhaps models of their type.

Without going into the details of this extremely broad subject, two basic points should be noted in direct relation to regional economic policy : the decongestion of London, and the new towns.

1. Decongestion of London

Since the introduction of its regional policy, the British Government has considered the limiting or checking of congestion in London, and if possible its decongestion, to be an essential aspect of that policy.

In regard to industrial location, an "industrial development certificate" has been obligatory since 1947 for the construction or extension of industrial premises of more than 450 sq.m. The British Government hoped by means of this control firstly to direct investments towards the "development areas" and secondly to check the growth of the London conurbation. This system was undoubtedly successful immediately after the war but from 1950 onwards control was relaxed considerably. Since 1960, it has again been applied fairly strictly and the limit beyond which the certificate is obligatory is now 270 sq.m.

...

(1) Town and Country Planning Acts, 1947, 1962 and 1968

(2) ABERCROMBIE (P.) : Greater London Plan 1944, H.M.S.O., London 1945

(3) ABERCROMBIE (P.) and MATTHEW (R.) : The Clyde Valley Regional Plan 1945, H.M.S.O., Edinburgh, 1949.

London is not only a large industrial centre, however, but also the largest administrative, commercial and political centre in Great Britain. In order to promote decongestion, certain State administrative services have been transferred to other towns in Britain. Control of private administrative services has been effected since 1964 by making the "office development permit" obligatory for offices of more than 270 sq.m. to be installed in the "London metropolitan area", which corresponds to a broad notion of the London area. Since 1970, this means of control has been in force throughout the South East of England planning region.

It will be impossible to guarantee the development of the "development areas" and the relatively balanced growth of the regions of Great Britain not to mention the fulfilment of town planning requirements, until a solution has been found to the London problem. Some consider that there is only one solution : to move the capital (1).

2) The new towns

As has already been pointed out, particularly in regard to the first studies on regional programming, the new towns seem destined to become increasingly important in British regional policy. However, in view of the original sites of the new towns, they should be analyzed within the framework of town and country planning.

New towns were in fact created in Great Britain by an Act of 1946 (2), mainly for reasons of land development and town planning. On the one hand, it was necessary to relieve congestion in the large conurbations and London in particular; on the other, living conditions in the old industrial areas had to be improved, while enabling the population to remain near its place of work.

...

(1) This suggestion was first made by The Economist (North to Elizabetha, 8 December 1962) where the view was put forward that a new administrative capital - Elizabetha - should be built somewhere half-way between the Thames and Scotland. The Economist brought forward this idea again on various occasions, pointing out that "no government has yet given serious consideration to its perfectly serious proposal to move the seat of the Parliament away from London" (The Economist, 19 November 1966)

(2) New Towns, 1946

Fifteen new towns were originally to be created : eight around London and seven in various regions, including six in "development areas". Starting generally from villages and even hamlets, the new towns were to increase to the size of towns with 50 to 60 thousand inhabitants. They are administered by Development Corporations which report annually to the Ministry of Housing (1). At present, there are 28 new towns in Great Britain : 8 on the periphery of London, 4 on the North East coast, 9 in the rest of England, 2 in Wales and 5 in Scotland (cf. Map 5).

As is shown in the table below, they have accounted for the construction of 175.000 new dwellings, a population increase of 700.000 and represent an investment of 800 million pounds.

...

(1) cf. New Towns Act, Reports of the Development Corporations, H.M.S.O.

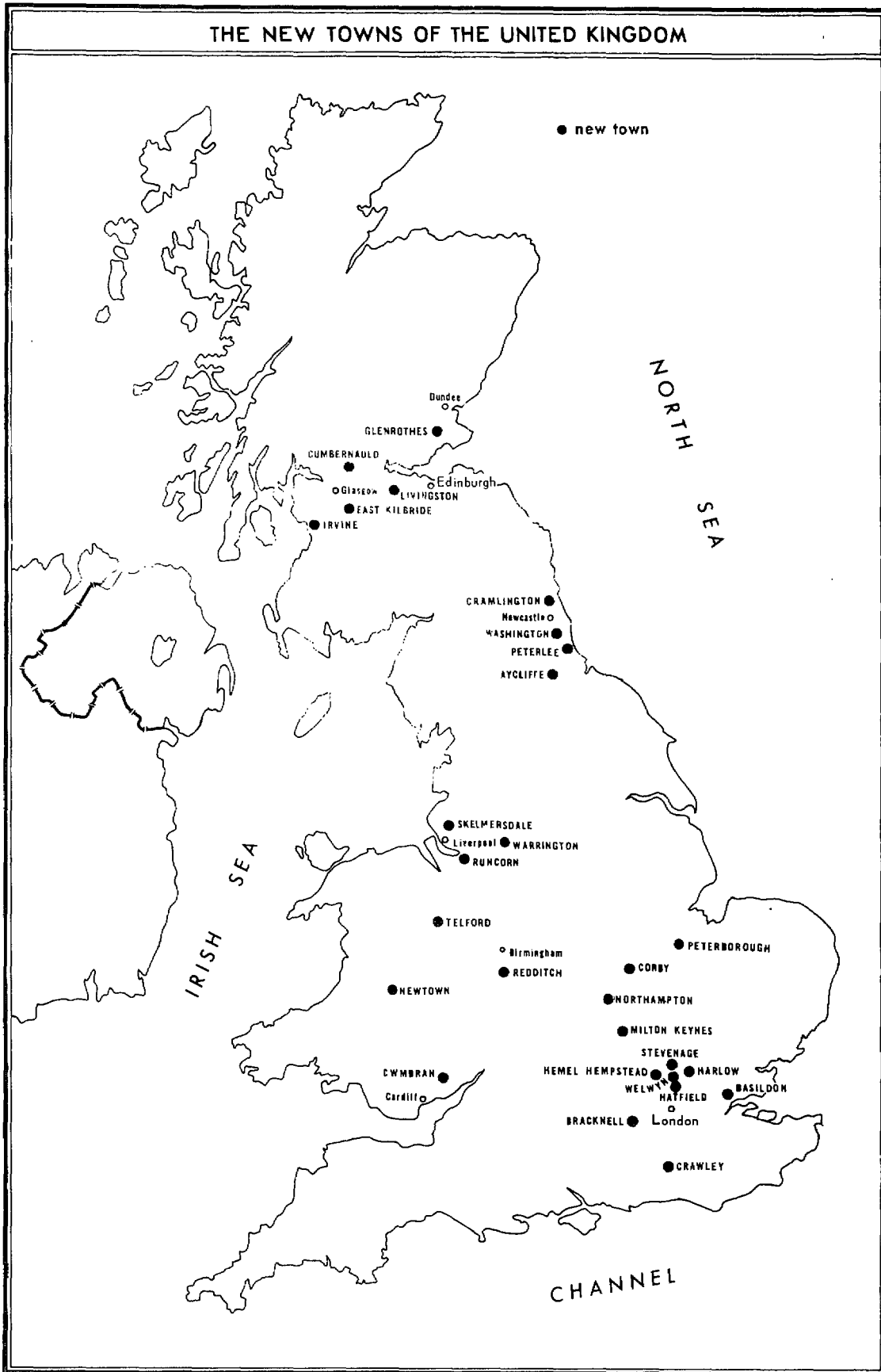


FIG. 5

The growth of the new towns in Great Britain

	Originally (*)	End of 1970	Growth
Population	717.000	1.415.000	+ 698.000
Dwellings	227.000	443.000	+ 216.000
Industrial undertakings :			
- total	1.000	2.400	+ 1.400
- persons employed	176.000	340.000	+ 164.000
Offices :			
- total	760	1.450	+ 690
- persons employed	41.000	257.000	+ 216.000
Shops :			
- total	8.400	11.000	+ 2.600
- persons employed	20.000	39.000	+ 19.000

(*) the starting dates range from 1947 to 1968

Despite the numerous advantages of this policy, this study will be concerned with its industrialization aspect. Originally conceived as towns and not as industrial centres, the new towns have in fact inevitably attracted an increasing number of new undertakings which are generally assured of finding young, skilled workers in them; in addition, whenever workers at these new undertakings have had to be transferred, they have preferred to move to the new towns rather than to old urban areas.

Thus, the new towns policy has been overtaken, as it were, by events and the areas concerned have drawn the necessary conclusions. The "new towns" will henceforth be considered as growth centres within the "development areas" and it is they which will benefit most from regional assistance.

...

On account of this policy's success, it was extended by the Town Development Act of 1952 to include existing towns in order to promote their development. Fifty small localities have already benefited under the provisions of the Act in regard to the construction of 78.000 dwellings and the settlement of 250.000 inhabitants.

The evolution of the new towns - in the strict sense of the term - has been as follows :

- whereas at the outset the new towns were centred on very small localities (e.g. Peterlee : 200 inhabitants), the most recent new towns have been created in much larger localities (e.g. Peterborough : 80.000 inhabitants);
- they were originally to have 50 to 60 thousand inhabitants but are now designed to become towns of more than 200.000 inhabitants;
- the role of the new towns has become much broader and more varied : they provide a means of both decongesting large conurbations and restoring a certain regional balance.

...

VIII. Regional policy - responsible institutions

Since regional policy was introduced in the United Kingdom a quarter of a century ago, areas of responsibilities in the field have frequently varied. Each government has refashioned ministerial and administrative functions practically as a matter of course. This chapter is consequently restricted to describing the present allocation of duties. This analysis can be made in accordance with three levels of responsibility : central, regional and local.

1) At the central level (1)

a) Department of the Environment

This new department comprises the various ministries of housing and local government, public works and buildings, and transport. It is placed under the responsibility of a Secretary of State.

Apart from its very extensive responsibilities in the field of the "environment", several aspects of which obviously affect regional policy, this department is responsible for the conduct of regional policy, in the following fields in particular : co-ordination of regional policy between the various departments, development of the regional infrastructure, structure and running of local authorities, regional and local programming, building programme, pollution control.

b) Department of Trade and Industry

This new department comprises the Board of Trade (formerly Ministry of economy and trade) and the Ministry of Technology. It is placed under the responsibility of a Secretary of State.

In addition to its numerous responsibilities in regard to industry - civil aviation in particular - and in the economic field - especially in relation to the problems posed by the United Kingdom's adherence to the

...

(1) The Reorganization of Central Government, H.M.S.O., Cmnd 4506, London, October 1970.

European Community - this department is responsible for all the industrial development aspects of regional policy, and in particular : regional investment incentives, industrial development certificates, industrial estates, State-built factories.

c) Department of Employment

This department is responsible for all employment problems in relation to regional policy, including questions of training, redeployment, resettlement and mobility of labour.

d) Treasury

This department is responsible for general economic policy and particularly aspects of the policy which relate to the allocation of public funds.

2. At the regional level

Because of the specific political structure of the United Kingdom, a clear distinction should be made between Scotland, Wales and Northern Ireland on the one hand, and the other areas of Great Britain on the other.

a) Scotland

In Scotland, the Secretary of State for Scotland and the Scottish Office share the responsibilities which the above-mentioned Department of the Environment has at the central level.

b) Wales

In Wales, the Secretary of State for Wales and the Welsh Office share the responsibilities which the above-mentioned Department of the Environment has at the central level.

c) Northern-Ireland

In Northern Ireland, the Government is responsible for matters which fall within the province of the Department of the Environment, referred to above. Liaison with the central Government is carried out by the Home Office.

...

d) Department of Trade and Industry

The Department of Trade and Industry has local offices in every large town in the United Kingdom; those offices are responsible at the regional level for negotiating investment projects.

e) Industrial Estates Corporations

There are three of these in Great Britain (the English, Scottish and Welsh Corporations) and they are responsible for the development of industrial estates, their equipment and all dealings with undertakings installed on the estates, including rent collection.

f) Economic Planning Boards

Each "economic planning region" has an Economic Planning Board comprising officials of the regional offices of the central authorities dealing with the various aspects of programming. Their main function is to ensure regional co-ordination of these departments' initiatives and to assist in the formulation of regional plans.

g) Economic Planning Councils

Each "economic planning region" has an Economic Planning Council comprising some thirty members known for their knowledge of the region : industrialists, trade unionists, local councillors, members of universities etc. They are jointly responsible for the formulation of economic development programmes and maintain direct contacts with the various ministerial departments responsible in this field.

h) Development Corporations

In accordance with the Acts on the new towns, development companies undertake the various tasks relating to the development and management of the new towns.

...

i) Development of the Highlands

A "Highlands and Islands Development Board" with its office at Inverness (Scotland) has existed since 1965 to promote the economic development of the mountainous area and of the islands in the north-west part of Scotland.

j) Regional economic councils and industrial associations

It should be noted that there exist certain largely private bodies which represent the "life forces" of the regions and which have often in the past been instrumental in the adoption of a regional standpoint. The "Scottish Council for Industry", the "North East Development Council" and the "North West Industrial Development Association" should be mentioned; there are many others.

3. At the local level

Local organization in the United Kingdom is based on a division of the country into :

- county boroughs, each having a population of more than 75.000 inhabitants;
- administrative counties, themselves divided into non-county boroughs, urban districts and rural districts, the latter being further divided into parishes.

Without referring to the British administrative divisions in detail, it is important to note the programming responsibilities which exist at the county borough and administrative county level. Co-ordination of these bodies is carried out by a permanent conference of local authorities.

It should also be noted here that there are projects to reform the local authorities in the United Kingdom; these projects are already well

...

under way. According to various documents that cannot be considered in detail (1), the Government intends to reduce considerably the present number of administrative units :

- in England, 44 new counties and 335 districts are to replace more than 1.200 administrative units;
- in Wales, 7 counties and 35 districts are to replace the 181 present units;
- in Scotland, 8 regions and 49 districts are to replace the 480 existing units.

This reform arises out of the fact that the present administrative division no longer meets the needs of our age, that it arbitrarily cuts the towns off from the rural areas, leads to an excessive spread of responsibilities in the public services and prevents small administrative units from coping adequately with their tasks from the financial standpoint.

Apart from the seven large "metropolitan areas" of London, Birmingham, Liverpool, Manchester, Newcastle, Sheffield and Leeds, it is proposed that the population of the new administrative units should fall within the lower and upper limits of 250.000 and 1.000.000 inhabitants.

The new administrative units thus defined are to collaborate with the central Government for the economic and social development of each region or province.

....

(1) Local Government in England : Government Proposals for Reorganisation. Cmnd 4584; Reform of Local Government in Scotland, Cmnd 4583; The Reform of Local Government in Wales : consultative document, H.M.S.O. 1971

IX. Results of regional policy

The results of British regional policy can be considered according to many criteria, of which the following appear to be the most significant : cost of the policy, new jobs, control of location, transfer of industrial undertakings, transfer of offices, unemployment (1).

1) Cost of the policy

It seems very difficult to give even an approximate evaluation of the cost of British regional policy.

According to various sources, the total number of incentives for regional development have cost the Treasury a sum of the order of :

115 million pounds for the period 1945-1950
1000 million pounds for the period 1951-1970.

Assistance to the development areas has increased spectacularly over the last decade as can be seen from the few figures given below.

Assistance to the development areas

Year	Cost in millions of £
1961-62	32,8
62-63	23,9
63-64	30,2
64-65	30,3
65-66	74,3
66-67	69,2
67-68	158,2
68-69	272,7
69-70	303,1

According to the latest information, British regional policy costs 300 million pounds per year, the equivalent of 36 thousand million Belgian francs.

(1) Local Employment Acts. - Eleventh Annual Report by the Secretary of State for Trade and Industry for the Year ended 31 March 1971.
H.M.S.O. London, 2 August 1971.

The importance of the various incentives in relation to the total assistance given has varied considerably as a result of modifications made to the policy. At present, the regional employment premium accounts for more than one third of the assistance provided.

2) New jobs

According to official sources, the number of new jobs created in undertakings to which regional assistance has been given is as follows :

200.000 for the period 1945-1960

660.000 for the period 1961-1970

The regional distribution of new jobs created during the period 1961-70 is shown below :

North	180.000
North West	95.000
South West	15.000
Scotland	240.000
Wales	85.000
"Intermediate areas"	10.000

3) Control of industrial location

During the period 1960-69, the industrial development certificates issued by the Department of Trade and Industry have accounted for the creation of 742.000 jobs in Great Britain.

350.000 jobs, or 47 % of this total, were located in the development areas.

4) Transfer of industrial undertakings

From 1945 to 1966, just over 3.000 undertakings employing 870.000 workers transferred from one area to another in the United Kingdom.

...

An analysis of these transfers (1) gives an extremely interesting view of industrial location in the country.

Half of the transferred jobs originated in the South East planning region (426.000) and the London area in particular (329.000). Quite a large number originated in the Midlands (122.000).

More than half of the transferred jobs (438.000) were moved to the "outlying areas" i.e. the development areas. Of these, 115.000 came from the London area, 51.000 from the South East, 68.000 from the Midlands and 77.000 from abroad.

As far as this last figure is concerned, it will be noted that 70 % of foreign investments have been directed towards the development areas.

Without considering the question in more detail, it appears possible to draw the conclusion that the transfer of undertakings from the prosperous and highly congested areas to the development areas is at least under way.

5) Transfer of offices

An Act of 1965 for the control of office installation created a body to promote the transfer of offices from the London area, and especially from London itself, to other localities.

From 1963 to 1971, a total of 1,025 firms employing 88.000 persons agreed to transfer and move away from this area. (2)

...

(1) HOWARD (R.) : The movement of manufacturing industry in the United Kingdom 1945-65. H.M.S.O., London 1968

(2) Location of Offices Bureau : Annual Report 1970-71

6) Unemployment

At the end of this study, it should be recalled that the major objective of British regional policy is to put an end to unemployment, or at least to avoid the return of the regional unemployment from which the country suffered between the wars.

It is beyond all possible doubt that the situation is far removed from the average of 20 % unemployment of the "distress areas" during the period 1920-1940.

It is striking to note, however, that the same situation exists as before the last war, although on a smaller scale : the "development areas" have an unemployment rate which is more than double that of the rest of the country.

During the last seven-year period, 1965-1971, the unemployment rate in the "development areas" as a whole has fluctuated between 3 and 4.7 %; in the rest of the country it has ranged from 1 to 2.3 % (cf. table on the following page).

It can be concluded from this standpoint alone that British regional policy has not yet solved the problem it set out to tackle twenty-six years ago.

...

Evolution of unemployment in Great Britain
and in the development areas
from 1965 to 1971

(annual averages)

Region	1965		1966		1967		1968		1969		1970		1971	
	thous- ands	%	thous- ands	%	thous- ands	%	thous- ands	%	thous- ands	%	thous- ands	%	thous- ands	%
<u>Development areas :</u>														
North	41.4	3.0	33.2	2.4	38.8	2.8	55.3	4.0	63.3	4.6	63.6	4.7	64.7	4.8
Mersey	26.4	3.3	19.7	2.4	20.5	2.5	26.3	3.2	26.5	3.3	29.2	3.6	35.3	4.4
South West	4.4	3.3	4.9	3.7	5.5	4.1	6.3	4.6	6.4	4.7	6.6	4.9	6.8	5.0
Wales	18.9	2.9	20.0	3.1	23.5	3.6	29.0	4.4	28.5	4.4	28.7	4.5	28.3	4.5
Scotland	69.6	3.6	57.2	2.9	61.9	3.2	77.9	4.0	74.7	3.9	75.4	3.9	94.8	4.9
Total	160.7	3.3	134.9	2.7	150.2	3.0	194.9	3.9	199.2	4.1	203.5	4.2	230.0	4.7
Other areas	188.0	1.0	174.3	0.9	232.0	1.3	341.0	1.8	346.7	1.9	322.8	1.9	397.0	2.3
Great Britain	348.7	1.5	309.2	1.3	382.2	1.6	535.9	2.3	545.9	2.4	551.5	2.4	627.0	2.7

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