Regional profiles

The following pages give a brief outline of the main characteristics of the economy in each of the standard regions, together with summary forecasts of the prospects for the region in the rest of this decade. For comparison, a similar profile of the UK economy as a whole is included. These profiles reveal that most of the changes that take place in a region are the result of national and international economic developments. However, each region also has special features which determine the extent to which it is vulnerable to these developments.

For each region, the statistics presented show past and future trends in unemployment, the pattern of employment and the labour force. Three projections are given for 1990, each based on different assumptions about national macroeconomic policies and their effect on the economy.*

In the first projection, current national and regional policies are assumed to be maintained until 1990. It yields the prediction that by 1990 unemployment in the UK will have risen to 4.5 million, or over 17% of the labour force, as a result of continued and severe job losses in industry. Disparities between regions are expected to widen markedly; regions with larger than average industrial sectors like the West Midlands can expect to be particularly hard hit.

The second projection assumes that conventional reflationary policies are implemented from 1984 onwards, but that there is no change in regional policy. Although this policy is better than current policies, it is expected to do no more than stem the rise in unemployment, which would exceed 12% in the UK as a whole by 1990. Most of the job creation would be in service sectors, with the result that regions specialising in manufactures would be likely to benefit less than other areas.

The final forecast is based on what has come to be known as the alternative economic strategy (AES), in which reflation is combined with protection for manufacturing industry. In the profiles, strong regional policy is also assumed to operate, though the assisted areas are extended to include the West Midlands and the North West as well as the traditional assisted areas. Under these policies, national unemployment is expected to fall to about 7% by 1990, and its distribution is more even.

The first part of each profile presents past trends and forecasts for unemployment. This is shown as the number of unemployed, as the proportion of the labour force, and as the difference between the region's rate and the national rate, expressed in percentage points. A positive difference denotes that unemployment in the region is higher than the national average. The highest rate of unemployment has always been and will remain that in Northern Ireland and, in general, regions furthest from London have the highest unemployment rates. In the recent past and under any future policy, the West Midlands emerges as a region with a serious unemployment problem.

Although it is national employment trends which dominate the level of employment in individual regions, the structure of employment within the region can also have a significant influence. In the past, decreases in coal mining and the decline of heavy industry have been principal causes of high unemployment. More recently, other sectors of manufacturing and construction have seen the sharpest job losses so that regions which are relatively specialised in these activities, such as the West Midlands or the North West, have had the largest job losses, especially in the current recession. In contrast, regions with relatively more employment in service activities, especially in public services, have been less hard hit.

Cuts in public spending could have particularly damaging effects on Northern Ireland which has relied heavily on the public sector for job creation. But, if either of the reflationary policies were pursued, the biggest job creation would be in services, so that regions such as the South East would benefit most.

Changes in a region's labour force occur either because of net migration from other regions or because of changes in the indigenous labour force. Migration flows are generally induced by employment prospects: if unemployment in a region is

*For a more detailed explanation of these projections see Chapter 1 and the Appendix of this *Review*, and *Cambridge Economic Policy Review* Vol 8 No 1 published in April 1982.

high, workers will seek jobs in regions where employment is growing more rapidly (or where unemployment is lower). Outward migration is, therefore, both a symptom of a regional problem and a mechanism to correct it. Regions such as the South West and East Anglia, which have had better than average employment growth records, have regularly attracted inward migrants and are expected to continue to do so. In contrast, the poor outlook for jobs in the West Midlands is expected to lead to outward migration of some 10% of the labour force by 1990.

The indigenous labour force varies for a number of reasons, including the effects of past birth rates and changes in the proportion of people of working age seeking work. Recession deters people, married women in particular, from seeking work and it is for this reason that the projections for 1990 show varying increases in the labour forces of regions.

All data on unemployment exclude school leavers. Employment figures include the self-employed. Unemployment rates are calculated with the self-employed included in the labour force. This has the effect of reducing unemployment rates by about 10% compared with those quoted in the Department of Employment *Gazette*.

United Kingdom

Unemployment Sept. 1982 – 11.8%	1965	1973	1979	1981	Projections for 1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Level (thousands)	338	611	1,307	2,549	4,491	3,289	1,920
Rate (%)	1.3	2.4	5.0	9.8	17.1	12.3	7.0
Deviation from UK rate (percentage points)	–	–	–	–	–	–	–

Employment	Actual 1981 (000s)	(%)	1965-73	1973-81	1979-81	Projections 1981-1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
			(percentage changes)					
Agriculture	649	3	–25	–9	–1	–7	–7	–7
Mining	333	1	–42	–8	–4	0	0	0
Manufacturing	6,180	26	–8	–22	–15	–24	–16	–8
Construction	1,439	6	–1	–21	–15	–22	–16	–6
Public utilities	341	1	–18	–1	–1	0	0	0
Transport	1,525	7	–6	–4	–3	–10	–8	–8
Private services	7,839	34	2	3	–3	6	7	19
Public services	5,078	22	28	11	0	1	19	25
Total	23,384	100	–1	–6	–7	–7	1	9

Change in working age population				(thousands)		
Net inward migration	–348	–288	–46			
Natural increase	156	1,509	349			
Total	–192	1,221	303			
Change in labour force	52	350	–464	390	908	1,450

Northern Ireland

Unemployment Sept. 1982 – 18.2%	1965	1973	1979	1981	Projections for 1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Level (thousands)	30	29	60	96	157	122	91
Rate (%)	5.2	4.9	9.2	15.1	24.5	18.6	13.6
Deviation from UK rate (percentage points)	3.9	2.5	4.2	5.3	7.4	6.3	6.6

Employment	Actual 1981 (000s)	Actual 1981 (%)	1965-73 (percentage changes)	1973-81 (percentage changes)	1979-81 (percentage changes)	Projections 1981-1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Agriculture	41	8	–17	–15	–1	–15	–15	–15
Mining	1	0	–33	–50	–50	0	0	0
Manufacturing	113	21	–3	–32	–20	–43	–32	–22
Construction	32	6	–11	–35	–30	–13	–6	3
Public utilities	9	2	0	–1	–10	–1	–1	–1
Transport	22	4	–11	–12	–4	–18	–16	–16
Private services	156	29	–1	14	–4	5	7	19
Public services	169	31	45	31	2	–2	18	24
Total	542	100	4	–4	–8	–11	–1	7

Change in working age population (thousands)	1965-73	1973-81	1979-81	Current policies	Conventional reflation	AES with strong regional policy
Net inward migration	–51	–74	–20	–112	–108	–108
Natural increase	80	104	24	107	106	106
Total	29	30	4	–5	–2	–2
Change in labour force	23	44	–13	3	19	31

Northern Ireland is the most economically and socially deprived part of the UK. Its already high unemployment rate has doubled since 1979 with the result that almost 1 in 5 are now out of work. Very high unemployment has persisted in the Province despite above average employment growth, largely because the labour force expanded by over 10% between 1965 and 1981 as a consequence of rising female activity rates and fast population growth.

Regional policy, which is stronger in Northern Ireland than in other assisted areas, undoubtedly helped the economy in the 1960s but has failed to achieve conditions of self sustained economic growth. Since the early 1970s a combination of slower growth in the UK and the political troubles in the Province have greatly reduced the effectiveness of regional policy.

The Province has been harshly affected by the current recession, with 32% of manufacturing jobs lost between 1973 and 1981, two thirds of them since 1979. Jobs have also been lost on a substantial scale in construction and transport. The service sector has been the main source of new jobs, especially in public services, where employment has increased by 31% since 1973. With the government committed to a continuing programme of public expenditure cuts the Province can no longer rely on rapid growth in public sector employment and must be regarded as particularly vulnerable to the overall macroeconomic strategy currently being followed.

The prospects for the Northern Ireland economy are very poor indeed. If existing macroeconomic policies are pursued until 1990 a further 43,000 jobs in manufacturing industry are expected to be lost, leaving only about 10% of the labour force in that sector. The outcome would be an acceleration in net outward migration and a further rise in unemployment rates which would be approaching 25% by 1990.

Even if there is reflationary national policy, Northern Ireland is unlikely to benefit sufficiently for unemployment to come down to the already high rates of the 1970s. Conventional reflation is unlikely to do more than stabilise unemployment at its present rate. Similarly, although a successful protection strategy might reduce unemployment to 14% by 1990, the Province will still have double the national unemployment rate, because it cannot expect to attract as many jobs from Britain and abroad as it did in the 1950s and 1960s. Regional policy cannot be expected to work effectively so long as the political troubles and the UK recession continue.

Scotland

Unemployment Sept. 1982 – 13.9%	1965	1973	1979	1981	Projections for 1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Level (thousands)	62	96	168	292	478	346	231
Rate (%)	2.6	4.2	6.8	12.1	20.3	14.4	9.4
Deviation from UK rate (percentage points)	1.3	1.8	1.9	2.3	3.2	2.1	2.4

Employment	Actual 1981 (000s)	(%)	1965-73 (percentage changes)	1973-81	1979-81	Projections 1981-1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Agriculture	77	4	–28	–7	–3	–5	–5	–5
Mining	37	2	–43	5	–5	1	1	1
Manufacturing	498	24	–9	–25	–18	–33	–19	–11
Construction	148	7	1	–21	–17	–24	–19	–9
Public utilities	29	1	–14	–1	0	6	7	6
Transport	136	6	–14	–7	–4	–19	–18	–18
Private services	710	34	–2	10	–4	2	3	14
Public services	486	23	28	15	2	–4	15	21
Total	2,119	100	–3	–4	–7	–12	–3	5

Change in working age population				(thousands)		
Net inward migration	–178	–154	–34	–291	–274	–282
Natural increase	100	290	70	237	239	240
Total	–78	100	–40	–54	–35	–42
Change in labour force	–37	100	–40	–59	–2	44

Although it has been one of the most depressed regions of the UK, Scotland has had a lower than average rate of job loss over the last ten years. Manufacturing employment has slumped badly since 1973 as regional policy assistance became less effective and as the North Sea construction boom faded, but it now provides less than a quarter of all Scottish jobs. Jobs in public services have expanded faster than average and public construction projects have cushioned job losses in the building trades. More encouraging in the 1970s was the relatively fast growth in private services for reasons which were partly associated with the oil industry.

Two problems have however combined to affect the Scottish economy adversely. One is the fast natural increase in the labour force combined with rising participation rates as female employment has grown. The second is the Clydeside conurbation. All conurbations have lost jobs rapidly and Clydeside is no exception. Scotland is unfortunate however in having almost half its employment in this area. Taking these things together has meant a high unemployment level in Scotland and large population losses through migration, with Clydeside being particularly affected. Contrasts between East and West Scotland are now as pronounced as ever with unemployment at over 17% in Strathclyde but below the national average in the eastern counties.

In the 1980s much will depend on the success of macroeconomic policies. If current policies continue, unemployment will jump to over 20%. And it is unlikely that Scottish unemployment rates will fall significantly below 10% by 1990, even on the most optimistic scenario. There are several reasons why Scotland's economy seems likely to perform less well relative to the UK than it has in the 1970s. Relatively rapid growth in private services has ceased in the last three years and may well not continue over the 1980s. The region's share of manufacturing has also been falling very rapidly in recent years and seems unlikely to revive without strong policy assistance. Unfortunately for Scotland any benefits of regional policy are likely to be spread more thinly over more regions in the 1980s and Scotland is not expected to be able to avoid a continually falling share of national manufacturing employment, as it did in the 1960s.

A consequence of this worsening of relative performance is that migration outflows are expected to be so strong that population will fall by between one and two hundred thousand by 1990 depending on the policies adopted.

North

Unemployment Sept. 1982 – 15.8%	1965	1973	1979	1981	Projections for 1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Level (thousands)	32	59	110	187	317	242	161
Rate (%)	2.3	4.2	7.8	13.6	23.2	17.3	11.2
Deviation from UK rate (percentage points)	1.0	1.8	2.8	3.8	6.1	5.0	4.2

Employment	Actual 1981 (000s)	(%)	1965-73 (percentage changes)	1973-81	1979-81	Projections 1981-1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Agriculture	34	3	–22	–2	1	–2	–2	–2
Mining	45	4	–53	–20	–4	–13	–13	–13
Manufacturing	346	29	0	–26	–17	–31	–16	–2
Construction	83	7	9	–24	–17	–16	–10	1
Public utilities	20	2	–21	10	0	–2	–1	–1
Transport	70	6	–20	–2	–3	–9	–6	–6
Private services	339	28	4	0	–5	5	7	–9
Public services	255	21	25	9	–1	–11	7	13
Total	1,191	100	–2	–10	–9	–12	–3	7

Change in working age population				(thousands)		
Net inward migration	–72	–42	–14	–119	–105	–99
Natural increase	19	79	18	57	58	58
Total	–53	37	4	–62	–47	–41
Change in labour force	2	–11	–37	–16	22	55

The Northern region has long had higher unemployment than most of the rest of the country, but since 1973 it has suffered disproportionately from slower national economic growth. Now 15.8%, its unemployment rate is some 4 points higher than the national average, the highest rate on the British mainland.

The region's predicament has been brought about by a combination of factors. It has a preponderance of heavy industry, where few new firms emerge, and where the relatively high number of large plants have been particularly vulnerable to closure through foreign competition. This, together with the adverse employment effects of the Newcastle conurbation, has meant that the region's manufacturing employment has fallen even faster than the national average. Other sectors of the region's economy have also failed to keep pace with their national counterparts, and even the public services sector has lost jobs in the last three years.

Forecasts suggest that the region will continue to be one of the most depressed regions in the country. Assuming existing government policies continue to 1990, the unemployment rate for the Northern region is expected to reach about 23% as manufacturing employment falls by a third. At the same time net outward migration of working people is expected to accelerate to over 100,000 per decade. Reflationary policies would improve on this extreme situation, but even with the most favourable macroeconomic policies envisaged *plus* reinvigorated regional policy, it is not expected that unemployment would fall below 11%.

The region has undoubtedly suffered and will continue to suffer from the weakening of regional policy in the mid 1970s. Regional development grants continue to be paid in large amounts to capital-intensive firms undertaking replacement investment in the region but in many cases these are resulting in job destruction rather than net job creation. Even with a return to the strong regional policy measures of the 1960s it is difficult to foresee the North gaining as much as it did then, because there are now a larger number of regions in similarly distressed circumstances.

North West

Unemployment Sept. 1982 – 14.7%	1965	1973	1979	1981	Projections for 1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Level (thousands)	37	98	189	363	578	445	293
Rate (%)	1.2	3.3	6.2	12.1	20.0	15.1	9.7
Deviation from UK rate (percentage points)	–0.1	0.9	1.2	2.3	2.9	2.8	2.7

Employment	Actual 1981 (000s)	(%)	1965-73 (percentage changes)	1973-81	1979-81	Projections 1981-1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Agriculture	34	1	–27	–2	4	–22	–22	–22
Mining	14	1	–51	–13	0	0	0	0
Manufacturing	843	32	–13	–23	–15	–26	–18	–9
Construction	148	6	–4	–23	–15	–27	–22	–11
Public utilities	38	1	–26	2	–2	–13	–13	–13
Transport	174	7	–13	–10	–5	–18	–17	–17
Private services	846	32	–3	–1	–4	–1	0	12
Public services	540	20	31	10	–1	–2	17	23
Total	2,637	100	–5	–10	–8	–12	–5	–3

Change in working age population				(thousands)		
Net inward migration	–59	–109	–36	–271	–277	–274
Natural increase	–44	177	43	160	159	159
Total	–103	68	7	–111	–118	–115
Change in labour force	–93	–13	–49	–102	–48	14

As recently as the late 1960s, the North West was a reasonably prosperous part of the country, with unemployment rates close to the national average. The deterioration of the region's economy since then has been dramatic. Between 1973 and 1982 unemployment rose fourfold, and at 14.5% it now exceeds the UK rate by 2.6 percentage points.

Loss of jobs in manufacturing industry has been the main reason for the decline. The region's relative specialisation in manufactured products has meant that it is more severely affected by the national contraction of that sector. The region's problems have been compounded by lower employment in private services which, unlike in most other regions, failed to grow between 1973 and 1981.

In addition, the region contains two large conurbations which, in common with others in the country, have experienced especially steep falls in employment. Merseyside in particular, which has been designated as a development area since 1967, is dominated by larger plants which everywhere grow more slowly than very small independent firms, and by branch plants which suffer a high closure rate during major recessions. The rest of the region enjoyed intermediate area status in the 1970s and also benefited disproportionately from the Temporary Employment Subsidy, but both these policies have been terminated as part of the programme of cuts in public expenditure. About 15% of manufacturing jobs have been lost in the current recession and textile mills have been closing at the rate of one per week.

The rapid deterioration in the region's economy has forced increasing numbers of North West residents to seek jobs elsewhere. About 170,000 working people left the region between 1965 and 1981 and a further 270,000 will be forced to leave in the 1980s.

The North West cannot now avoid remaining one of the most depressed regions in the country. Under existing national economic policies the unemployment rate is forecast to be 20% by 1990, similar to that in Scotland and only marginally below the rates expected in Wales and the Northern region. Under all three macroeconomic strategies examined in this *Review* further substantial losses of manufacturing jobs are almost certain. One quarter of 1981 manufacturing employment would be likely to be lost if present government policies were to continue until 1990. Reflationary policies would probably have to be accompanied by protection and stronger regional policy for unemployment in the region to stand a chance of being brought below the 10% level by 1990.

Wales

Unemployment Sept. 1982 – 14.8%	1965	1973	1979	1981	Projections for 1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Level (thousands)	25	35	81	146	256	180	131
Rate (%)	2.1	3.0	6.7	12.5	22.0	15.0	10.8
Deviation from UK rate (percentage points)	0.8	0.6	1.7	2.7	4.9	2.7	3.8

Employment	Actual 1981 (000s)	(%)	1965-73 (percentage changes)	1973-81	1979-81	Projections 1981-1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Agriculture	52	5	–26	–9	1	–14	–14	–14
Mining	34	3	–52	–25	–13	–20	–20	–20
Manufacturing	246	24	6	–26	–22	–28	–9	–2
Construction	71	7	15	–25	–15	–21	–15	–6
Public utilities	21	2	–13	9	5	4	5	4
Transport	57	6	–15	–10	–8	–14	–11	–11
Private services	285	28	–7	–2	–6	–1	1	–2
Public services	252	25	26	17	–7	–2	19	24
Total	1,018	100	–3	–10	–10	–11	0	6

Change in working age population	(thousands)					
Net inward migration	–64	24	1	–42	–28	–34
Natural increase	41	51	9	38	37	37
Total	–23	75	10	–4	9	3
Change in labour force	–19	8	–48	–1	31	51

Wales has traditionally been one of the depressed regions of the country, largely because its economy was dominated by old, declining industries like coal mining, slate quarrying and steel making. In the 1960s, however, its proximity to London and Birmingham was a considerable advantage in attracting firms leaving the conurbations to benefit from strong regional policy assistance. The region also gained from a countrywide tendency for jobs in manufacturing to shift from large cities to smaller towns.

In the early 1970s, therefore, the Welsh economy had become relatively more prosperous with the result that there was a reversal of the previous outward migration from the region, as its residential attractions began to outweigh pressures of unemployment. Since the mid 1970s, however, the economy has deteriorated steadily. The weakening of regional policy together with falling industrial investment, which would have gone disproportionately to more rural areas, led to a rapid decline in industrial employment. More recently, too, the steel closure programme has had a major effect on Wales.

As a result, unemployment, which in 1973 had moved close to the national average, has since accelerated dramatically and the rate in Wales is now one of the highest in the country. Moreover, the forecasts suggest that the prospects for the region will remain gloomy. If current policies are continued, unemployment is expected to rise to 22% by 1990. In some parts of South Wales particularly vulnerable to the rundown of steel, unemployment rates could return to levels experienced in the 1930s. Reflationary policies are therefore needed to hold down unemployment but, even with the addition of trade protection and a rejuvenated regional policy, unemployment is not expected to return to single figures by the end of the decade. The poor outlook for jobs in Wales will once again mean that it will experience persistent population loss, as workers migrate in search of work.

West Midlands

Unemployment Sept. 1982 – 14.8%	1965	1973	1979	1981	Projections for 1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Level (thousands)	15	49	119	291	502	383	223
Rate (%)	0.6	2.0	4.8	12.0	21.4	16.0	9.1
Deviation from UK rate (percentage points)	–0.7	–0.4	–0.2	2.2	4.3	3.7	2.1

Employment	Actual 1981 (000s)	(%)	1965-73 (percentage changes)	1973-81	1979-81	Projections 1981-1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Agriculture	52	2	–28	–5	–1	–11	–11	–11
Mining	25	1	–43	–1	–4	–4	–4	–4
Manufacturing	797	37	–9	–27	–18	–29	–21	–7
Construction	119	6	–5	–22	–14	–22	–16	–6
Public utilities	29	1	–9	–4	–3	3	3	4
Transport	102	5	–6	–4	–3	–15	–13	–13
Private services	589	28	1	–2	–4	1	3	15
Public services	424	20	31	17	1	–4	15	21
Total	2,139	100	–3	–12	–9	–14	–6	5

Change in working age population			(thousands)			
Net inward migration	–14	–54	–13	–235	–223	–203
Natural increase	16	146	33	133	133	133
Total	2	92	20	–102	–90	–70
Change in labour force	–38	–38	–47	–83	–30	130

Until the mid 1970s, the West Midlands was one of the most prosperous and dynamic regions in the country, largely as a result of its specialisation in growth sectors of manufacturing. Since 1973, however, the motor vehicle and associated industries have not been a source of dynamism and the region's high dependence on manufacturing has become a burden. The effects of a dramatically over-valued exchange rate, and to a lesser extent the particular problems of British Leyland, have meant the disappearance of 18% of the region's manufacturing jobs between 1979 and 1981 alone. The deindustrialisation of the West Midlands has been so severe that in the last three years the region has changed from having a lower than average unemployment rate to having one in excess of that in Scotland, which has long been classed as a problem region.

With the sharpest reduction in jobs in the UK, unemployment in the West Midlands has more than trebled in the past three years, and has reached nearly 15% of the work force excluding school leavers. Worse, there is little prospect of any recovery, with unemployment likely to reach 21.4% by 1990 if present policies are continued. The predicament of the region is reflected in the increasing outward migration since 1973, and in the projection that by 1990 a further 10% of the labour force will leave in search of jobs.

The counterpart of the region's dependence on manufacturing is an underdeveloped service sector and, unlike the South East or even Scotland, this region has not been able to benefit fully from the job generating potential of this sector. Nor is it likely to do so in the future. To some extent the region has paid the price for its postwar prosperity, as it has not had the benefit of faster than average growth of public sector employment.

Even assuming conventional reflation the forecast shows that the region's problems will not be easily solved. Neither high migration nor job creation in the service sector will be sufficient to offset continuing job losses in industry, with the result that the unemployment rate in 1990 is set to reach 16.0%, a rate only likely to be exceeded in Northern Ireland, and 4% above the UK average.

An expansionary policy of trade protection plus devaluation would greatly help the West Midlands although even then manufacturing jobs would still be likely to decline, and unemployment would remain high. It is clear that in future the region will have to be regarded as much a candidate for government regional policy assistance as the Northern region or Scotland. Our expectation is however that, even with the most favourable macroeconomic policies and full Assisted Area status, unemployment would still remain well above the national average.

Yorkshire and Humberside

Unemployment Sept. 1982 – 12.6%	1965	1973	1979	1981	Projections for 1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Level (thousands)	27	55	113	231	411	301	175
Rate (%)	1.2	2.5	5.0	10.5	18.8	13.5	7.7
Deviation from UK rate (percentage points)	–0.1	0.1	0	0.7	1.7	1.2	0.7

Employment	Actual 1981 (000s)	Actual 1981 (%)	1965-73 (percentage changes)	1973-81	1979-81	Projections 1981-1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Agriculture	49	2	–24	–14	–3	–8	–8	–8
Mining	80	4	–31	–5	–2	7	7	7
Manufacturing	591	30	–11	–24	–17	–28	–18	–7
Construction	117	6	–1	–19	–16	–22	–17	–7
Public utilities	34	2	–15	2	0	–2	–2	–2
Transport	115	6	–8	–2	–4	–12	–11	–10
Private services	579	29	–1	–1	–3	3	4	16
Public services	406	21	32	17	0	–1	19	25
Total	1,970	100	–4	–8	–8	–10	–2	7

Change in working age population				(thousands)		
Net inward migration	–69	–27	–10	–91	–81	–86
Natural increase	4	134	36	123	122	122
Total	–65	107	26	32	41	36
Change in labour force	–60	–1	–53	–16	32	74

This region has a high proportion of employment in manufacturing industry and mining and a relatively low proportion in private services. Moreover, its manufacturing base is concentrated on older, declining industries such as textiles and clothing. Manufacturing employment has therefore fallen more rapidly than in the UK as a whole and in the last three years alone it has fallen by as much as 17%.

Unemployment has risen more rapidly than the national average and by 1982 was 0.6% above the national rate. This occurred in spite of net outward migration of almost 100,000 people of working age between 1965 and 1981.

In the 1960s the region suffered from the adverse effects of regional policy. It was not designated as an Assisted Area but was adjacent to regions which were scheduled as development areas. This resulted in a diversion of manufacturing jobs away from Yorkshire and Humberside. This disadvantage was partially offset in the 1970s when Yorkshire and Humberside was scheduled as an Intermediate Area. But most of the region has now lost its Intermediate Area status and can no longer look to regional policy as a significant source of new jobs.

Employment prospects are therefore gloomy. A further 10% fall in employment by 1990 is predicted if present government policies were to continue. This would be brought about mainly by a reduction of 28% in manufacturing jobs. There is expected to be an acceleration in the rate of net outward migration, but this would not be sufficient to prevent the unemployment rate rising faster than in the UK as a whole to reach almost 19% by 1990. Reflation after 1984 would still leave 13.5% of the region's labour force on the unemployment register in 1990, increasing the disparity between Yorkshire and Humberside and the national average. Neither this policy nor one which was boosted by protection would reduce outward migration, although if rapid growth could be achieved it would lead to a sharp fall in unemployment, bringing the rate close to the national average.

East Anglia

Unemployment Sept. 1982 – 9.6%	1965	1973	1979	1981	Projections for 1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Level (thousands)	8	12	31	61	129	86	35
Rate (%)	1.2	1.6	3.8	7.5	14.8	9.6	3.8
Deviation from UK rate (percentage points)	–0.1	–0.8	–1.2	–2.3	–2.3	–2.7	–3.2

Employment	Actual 1981 (000s)	(%)	1965-73 (percentage changes)	1973-81	1979-81	Projections 1981-1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Agriculture	59	8	–23	–10	–1	–7	–7	–7
Mining	2	0	50	–33	0	0	0	0
Manufacturing	177	24	19	–13	–14	–20	–7	7
Construction	55	7	8	–15	–14	–11	–4	5
Public utilities	11	1	–10	21	0	5	5	5
Transport	45	6	17	7	–2	–5	–3	–3
Private services	244	33	8	14	–4	17	18	32
Public services	152	20	24	11	0	4	26	33
Total	745	100	10	1	–6	0	9	19

Change in working age population			(thousands)			
Net inward migration	100	81	16	52	54	56
Natural increase	–14	46	10	56	57	57
Total	86	127	26	108	111	113
Change in labour force	70	54	–19	68	90	113

Throughout the postwar period East Anglia has been one of Europe's fastest growing regions in respect of both population and employment. This rapid expansion has been based on a rapidly increasing share of Britain's manufacturing industry, and this has been more than sufficient to offset large job losses in agriculture. Some of the manufacturing jobs have come in the form of industrial moves from the neighbouring South East, but most have derived from the expansion of indigenous firms. As in most of the more rural parts of Britain, East Anglia's companies have grown rapidly, helped by the availability of space and the greater efficiency which goes with modern layouts. Other costs, including wages, have also been relatively low, especially when compared with London.

Some slackening in the dynamism of manufacturing has been evident over the last five years as investment has fallen away nationally and East Anglia's advantage in space availability has been less relevant. As a result even this region has not been able to resist the national trend of falling employment. Neither has it been able to escape the general rise in unemployment. Although migration flows into the region have slackened since the early 1970s, they are still sufficient to push up unemployment through competition for jobs.

In the future, East Anglia is likely to remain a *relatively* prosperous region but, as elsewhere, much will depend on the national policies pursued by governments through the decade. It is expected that unemployment will rise further above its present level if current macroeconomic policies are continued. With unemployment remaining below the albeit high national average, migrants will still come into the region in search of better jobs. Only if reflationary policies improve employment throughout the UK is East Anglia's jobless total likely to fall significantly. By 1990 population pressure in the South East could lead to the renewal of dispersal programmes, discontinued in the mid 1970s, to encourage people to move into East Anglia.

South West

Unemployment Sept. 1982 – 9.8%	1965	1973	1979	1981	Projections for 1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Level (thousands)	20	34	91	155	265	173	71
Rate (%)	1.2	1.9	4.7	8.2	13.2	8.4	3.4
Deviation from UK rate (percentage points)	–0.1	–0.5	–0.3	–1.6	–3.9	–3.9	–3.6

Employment	Actual 1981 (000s)	(%)	1965-73 (percentage changes)	1973-81	1979-81	Projections 1981-1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Agriculture	89	5	–25	–6	–1	–8	–8	–8
Mining	11	1	–19	–9	–0	0	0	0
Manufacturing	389	22	4	–14	–11	–14	–5	2
Construction	117	7	4	–22	–14	–21	–16	–6
Public utilities	30	2	–18	10	–4	7	7	7
Transport	92	5	–9	–1	–1	–5	–4	–4
Private services	600	35	10	0	–6	14	16	28
Public services	410	24	20	17	0	4	25	31
Total	1,737	100	5	–2	–6	1	8	17

Change in working age population	(thousands)					
Net inward migration	115	134	32	109	105	103
Natural increase	–27	66	13	74	75	75
Total	88	200	45	183	180	178
Change in labour force	101	83	–44	120	166	205

In 1965, the unemployed in the South West numbered only 20,000. By 1979, this figure had risen to 71,000 and in the three years since then it has jumped by a further 105,000. Yet despite these increases, the region has fared better than most and at 9.8% in 1982, its unemployment rate is 2 points below the national average.

Three characteristics of the South West have enabled it to retain jobs more successfully than other regions, although the effects of national recession are nonetheless evident in the loss of 6% of jobs between 1979 and 1981. The first is its relative proximity to London, which has attracted a significant amount of industrial movement to lower-cost locations in the South West, some of it encouraged by regional policy assistance to Devon and Cornwall. A second advantage is the region's relative specialisation in services where employment has been more buoyant nationally. The main reason is, however, that the South West is predominantly rural and has, in consequence, suffered less from the national phenomenon of declining employment in conurbations.

Lower unemployment in the region together with its residential attractions has led to a substantial inward flow of migrants. In fact, migration into the region between 1965 and 1981 exceeded 260,000, a figure well in excess of the total number on the unemployment register in 1982.

The conditional forecasts suggest that unemployment in the region will remain below the national average whatever national policy is followed. Yet even a relatively favoured region like the South West can expect unemployment to rise to over 13% by 1990 if current policies continue, adding a further 70,000 to the dole queue. The main reason for this is that employment in industry will continue to fall nationally, resulting in job losses in the region. Severe unemployment elsewhere will, in addition, mean continued inward migration to the South West.

Reflationary policies might reduce unemployment in future but, even with sustained high rates of economic growth, unemployment at the end of the decade would only be back to the levels of the mid 1970s. Inward migration is likely to remain high whatever happens, since less favoured regions will continue to have significantly higher unemployment.

East Midlands

Unemployment Sept. 1982 – 10.7%	1965	1973	1979	1981	Projections for 1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Level (thousands)	15	31	72	153	315	229	137
Rate (%)	0.9	1.9	4.0	8.7	16.7	11.9	7.0
Deviation from UK rate (percentage points)	–0.4	–0.5	–1.0	–1.1	–0.4	–0.4	0

Employment	Actual 1981 (000s)	(%)	1965-73	1973-81	1979-81	Projections 1981-1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
			(percentage changes)					
Agriculture	52	3	–24	–11	–1	–5	–5	–5
Mining	73	5	–33	–1	0	15	15	15
Manufacturing	519	32	–1	–17	–14	–20	–11	–3
Construction	94	6	3	–11	–14	–23	–18	–7
Public utilities	25	2	0	–1	0	15	15	15
Transport	80	5	–7	5	–2	–5	–3	–3
Private services	461	29	11	11	–3	13	15	28
Public services	310	19	34	27	–2	4	25	31
Total	1,614	100	3	0	–7	–3	5	13

Change in working age population	1965-73	1973-81	1979-81	Current policies (thousands)	Conventional reflation	AES with strong regional policy
Net inward migration	64	32	8	7	3	–1
Natural increase	–12	105	24	105	106	106
Total	52	137	32	112	109	105
Change in labour force	59	117	–32	118	158	193

The East Midlands can be counted firmly amongst the relatively prosperous regions. Unemployment has always been below the national average, and in 1982 it is further below average than in the past.

Until 1979 employment growth exceeded the national average. In manufacturing this relatively good performance can be largely explained by the fact that the region is dominated by smaller cities, towns and rural areas which as elsewhere in the UK have gained new employment opportunities at the expense of the conurbations. A dynamic business sector is also based on a high proportion of smaller, younger companies than is the case for most depressed areas. A second force for expansion in employment has been in public services where jobs have appeared even faster than necessitated by the region's growing population.

In spite of this the East Midlands cannot escape from the national economic predicament. The rapid growth of public service employment from which the region particularly benefited came to an end in 1979 and the concentration of manufactures in textiles, clothing and footwear put a large amount of employment at risk in the current recession. Like other prosperous regions the region has experienced an inward migration, amounting to 100,000 working age people since 1965, in response to the relatively good employment position. This migration displaced local people and consequently unemployment rates have moved upwards following the national trend.

Through the 1980s the region is expected to maintain its *relatively* favourable economic position whatever policy is followed at the national level, but it will nevertheless suffer worsening recession unless reflationary policies are adopted nationally. Unemployment will continue to rise or fall broadly in line with that of the UK. If current policies were pursued until 1990, unemployment could be above 16.0% in the East Midlands whilst a change to reflationary policies might still leave 12.0% out of work in 1990.

As in all other regions the most optimistic scenario envisaged is under a successful reflationary policy with trade protection. This would lead to falling unemployment nationally and would probably be accompanied by a strengthening of regional controls which would syphon off some of the growth not only to the traditional depressed areas but perhaps also to the neighbouring West Midlands. If this happened, unemployment would be nearer the national average. Even on the most optimistic assumptions, unemployment is unlikely to fall much below 7.0% by 1990.

South East

Unemployment Sept. 1982 – 9.0%	1965	1973	1979	1981	Projections for 1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Level (thousands)	67	113	273	574	1,083	781	374
Rate (%)	0.8	1.4	3.3	7.0	12.6	9.0	4.2
Deviation from UK rate (percentage points)	–0.5	–1.0	–1.7	–2.0	–4.5	–3.3	–2.8

Employment	Actual 1981 (000s)	(%)	1965-73 (percentage changes)	1973-81	1979-81	Projections 1981-1990 assuming: Current policies	Conventional reflation	AES with strong regional policy
Agriculture	108	1	–26	–11	–1	4	4	4
Mining	13	0	–19	7	0	–23	–23	–23
Manufacturing	1,662	22	–14	–20	–12	–18	–16	–12
Construction	454	6	–6	–20	–14	–22	–16	–16
Public utilities	98	1	–24	–9	–2	–4	–4	–5
Transport	633	8	2	–4	–2	–5	–4	–4
Private services	3,031	40	4	3	–1	8	9	21
Public services	1,674	22	26	2	–2	1	21	27
Total	7,672	100	0	–6	–5	–2	3	11

Change in working age population				(thousands)		
Net inward migration	–118	–99	24	347	260	236
Natural increase	–9	311	69	282	282	282
Total	–127	212	93	629	542	518
Change in labour force	46	6	–84	357	471	641

The South East is both the largest and the most prosperous region in the country, although within its boundaries, notably in some inner London boroughs, there are areas with above average unemployment rates. Despite its low unemployment, the South East has in fact been a declining region for much of the last ten years. Its population has fallen as people have moved out, and its share of national employment has also declined. Much of this has been due to the decline of London in a period when all large cities have lost both people and jobs.

So far as we can tell, this decline seems to have slowed down and may have gone into reverse in the last two or three years. Net migration flows now appear to be raising the population of the South East for the first time since the 1960s. Part of this turnround, but not all, has been due to the reversal of the urban dispersal policies which were the hallmark of planning in the region throughout the postwar period until the mid 1970s.

Whatever national economic policies are pursued, population is expected to increase during the 1980s in sharp contrast to the 1970s. By 1990 the number of people in the region is expected to have risen by almost a million, as movement into the South East exceeds those leaving.

The economic prospects for those living in the region will however depend critically on the range of policies adopted by governments in the 1980s. If current macroeconomic and regional policies are maintained, the South East is expected to suffer proportionately fewer job losses than most other regions partly because of its low dependence on manufacturing (which will continue to decline in the UK as a whole). But the benefits of slower decline are likely to be undermined by increased inward migration of people seeking relatively better employment opportunities. Unemployment will increase as people moving in compete for jobs, and could reach a million before 1990, some 12.6% of the labour force.

Both conventional reflation, and reflation with protection, are also likely to favour the South East more than other regions, largely because the main effects on job creation are seen in the service sectors which dominate employment in this region. Inward migrants are likely to compete for the available jobs, but under these policies there would be more jobs to go around and unemployment is expected to fall back after 1984. But even taking an optimistic view unemployment is unlikely to fall much below half a million (6%) this decade.