

3 Business Development Issues in the UK could be larger

This third talk is looking at the changes in business and industry over the last 50 years in the UK, the problems of industrial decline, the changes in employment, the changes in the location of new employment and urban regeneration projects.

1, British Industry to the 1950s

Britain was the first country to industrialise and was the world leader in manufacture industries up to about 1900. All industries relied on coal for power. Therefore, the best location for heavy manufacturing was on the coal fields in Central and Northern England, South Wales and Central Scotland. Coal continued to be the main source of power right up to the 1960s. At the same time, London was a major world city, a world port and a world financial center. The pattern in industrialized towns and cities was for workers to live in dense terraced housing close to large factories.

2, Deindustrialisation

There has been a spectacular decline in UK industries in recent decades. There was some decline in the 1930s, but the real UK decline began in the 1950s and 1960s when textile mills closed in NW England and ship building closed in Scotland and NE England. This industrial decline gathered pace in the 1970s and was at its worst in the 1980s. Heavy engineering works closed, steelworks closed, car works closed, coal mines closed, indeed, the UK lost much of its manufacturing industry. Britain could not compete with the newly industrializing countries of the world for manufactured products. Also when containerisation started, the major UK ports suffered a rapid decline. London, Docks closed 1967-85, Liverpool docks closed, and all the other large ports. This industrial decline led to very high unemployment in certain parts of the UK and an estimated loss of 3 million jobs. Unemployment in the UK reached 12%, but in some badly affected areas it reached 30%.

3. New Employment

There has been a big change in the structure of employment over the last 50 years with a large increase in service jobs and a large decline in manufacturing jobs. In the 1970s and 1980s there were 3 million jobs lost in manufacturing, but a gain of 3.5 million service jobs. There was also a change in the type of manufacturing jobs, with a large gain in high-tech manufacturing jobs. Overall there is an increase in employment, thanks to a large number of service jobs being created. These new service jobs are very diverse and include all the financial, business and insurance services, transport and

communication services, health services, education services, retailing, hotel and restaurant services, recreation and cultural services, personal services. Some are highly paid like financial services, but others can be poorly paid like cleaning or shop work.

With this net gain in employment, how can the UK have a problem? These are two problems. Firstly, the skills of those industrial unemployed workers do not match the new service sector jobs created. Coal miners and steel workers cannot easily switch to service jobs like working in a shop.

This miss match of skills has meant that high unemployment has continued in certain areas despite new service jobs being created.

4. The location of new businesses

The second problem is that the new jobs have not been located at the same parts of the country as where the jobs have been lost. New service jobs have gone much more to SE England, whereas the jobs have been lost in Central and Northern England, South Wales and Scotland. Many of the best paid service jobs have been located in London and SE England, especially the City of London and London Docklands. New businesses are 'foot loose' in that they are clean, use electricity and can go to any location. Good communications are vital and so companies have chosen SE England especially the M4 and M11 corridors for Head Offices and Research and Development. They will go to cheaper sites in industrial areas away from the SE for production and assembly plants. Business parks are successfully in SE England but more difficulty to create further north. The one expanding service sector that has spread through the UK is retailing jobs. The new location pattern has created a North-South divide where industrial decline has been largely in the North and the new developments have been in the South.

5. Urban Regeneration

The UK has been working on the problem of how to attract businesses to old industrial areas for 25 years. There have been some government initiatives, like Enterprise Zones and Urban Development Corporations, as well as some European Union initiatives. Retail companies and developers have always been keen to build regional shopping centers or retail parks on old industrial sites all over the country. However, with other business, regeneration has been much easier in SE England than further north. For example, London Docklands redevelopment has been a great success because of its close proximity to London's financial center. This is in direct contrast to Liverpool Docklands which has failed to attract any business development. Also in London, Paddington Basin was an old canal warehouse site that is being redeveloped, but this

would not have been so easy at a similar site further north. Reading, which is 60 km west of London, just outside the greenbelt, has been able to attract many high-tech companies like Microsoft, because of its location. A similar town further north would not have been anywhere near so successful. Industrial cities in central and north England are recovering but progress has been slow. Salford docks Manchester have been regenerated into a shopping, housing and cultural center. NE England, South Wales and Central Scotland have attracted Japanese and South Korean companies to set up assembly plants. Also, northern cities have been able to increase their service employment.

6. Conclusion

The problem of deindustrialization and the creation of service sector jobs is happening in all industrial countries. The USA, Germany, France and Japan all experience a similar pattern as manufacture jobs are taken abroad. In Kawasaki prefecture, companies have left the port area and a joint project with Senshu University is looking at urban regeneration in the prefecture.