

The London and South East Regional Planning Conference

**SERPLAN**



**Developing SE Regional Strategic Guidance**  
**Report of the Economic Issues Group**

## **Developing SE Regional Strategic Guidance**

### **Report of the Economic Issues Group**

*Note*—The report was prepared by the Group as part of the process of developing the review of strategic guidance. The views expressed emerged from the deliberations of the Group and should not be regarded as the views of Conference itself.

**DEVELOPING SE REGIONAL STRATEGIC GUIDANCE**  
**REPORT OF THE ECONOMIC ISSUES GROUP**

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*Note*

The composition of the Economic Issues Group is listed overleaf. The relevant papers considered by the Group at its seven meetings are brought together in a volume of background papers, copies of which are available separately, price £15.00.

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**REPORT OF THE ECONOMIC ISSUES GROUP**

- 1 The Economic Issues Group was established in June 1984, and met seven times in full group during the following six months.
- 2 Its terms of reference were:-
 

“to consider and advise upon the issues concerned with economic matters and employment to be covered in updated regional strategic guidance.”
- 3 The Group has interpreted these terms of reference as follows:-
  - (i) the extent to which the economic problems currently being experienced in the South East have a distinct locational dimension;
  - (ii) the ways in which regional planning can contribute to improving economic performance;
  - (iii) the ways in which economic policy can contribute to the aims of regional strategy.

**The changing context of regional planning**

4 For thirty years after the second world war, planning at the local and regional level consisted predominantly of land-use planning. In an economy of sustained growth and investment, and low unemployment, land-use planning steered new investment with a mixture of controls and incentives.

5 Over the last decade the situation has changed. Investment and growth rates have fallen. Old industries have declined and new ones have failed to offer compensating employment. In every county in the South East between 1976 and 1980 the loss of manufacturing employment through closures exceeded the gains from new openings by at least a factor of two. In the case of Inner London the losses were more than seventeen times the gains. In Outer London they were more than twenty times the gains. At the same time industry became less mobile. The movement of manufacturing industry within the South East fell by two-thirds, from an annual average of 194 moves between 1966 and 1971, to an average of 64 moves a year between 1975 and 1980. Similarly office moves declined from 9,000 jobs (an estimated 1 million square feet) in 1973/4 to only 3,000 jobs in 1980.<sup>1</sup> With less new investment and fewer moves the traditional instruments of land-use planning lost some of their purchase. Furthermore, unemployment was now rising in many parts of the region, as in the country as a whole, and it became clear that unemployment problems could not be solved by shifting industry within a region let alone between regions.

6 In the face of these trends, the traditional approach to regional economic planning has had to be recast. The question is no longer merely one of the geographical *distribution* of existing jobs, but how to encourage new jobs. Within and alongside local authority planning departments has emerged a new profession of economic development officers. Local authorities began to put into practice a range of economic development policies. It came to be recognised that land-use planning could be significantly affected by regional and local economic strategies, and that growth likewise might be influenced by the effectiveness of land-use planning. Any regional strategy for the South East in the second half of the 1980s needs to recognise the distinction between land-use planning and regional economic policy, and the close inter-relation between the two. In this report our prime concern will be with the distribution of industry and effective land-use planning within the context of growth.

<sup>1</sup> The figures in this paragraph are from an unpublished paper by R. Dennis of the Department of Environment, submitted to the Group.

### The major regional economic issues in the South East

7 In the 1930s, the geography of the depression was primarily marked by inter-regional inequality. London, the rest of the South East (ROSE) and the West Midlands experienced relatively low rates of unemployment, as new manufacturing located there. In the current period, inequality is as sharp within regions as between them. Recent research conducted for the Department of the Environment on manufacturing employment indicates how it is London and the conurbations which have been hit most severely by de-industrialisation, while small towns and rural areas have in many places gained manufacturing jobs. While the North West is still more severely hit than the South East, it is the conurbations and large towns of the North West which have suffered most severely, while in the North and in Scotland jobs in small town and rural manufacturing have grown. In terms of total jobs, Inner London lost 15% of its jobs between 1971 and 1981, while ROSE gained 10%. It is the inner cities which are the depressed areas of the 1980s.<sup>2</sup>

8 Unfortunately this central fact is still inadequately recognised in national and European policy making. Part of the reason is that regional statistics and policy are still dominated by standard regions and extended journey-to-work areas. On this basis the South-East exhibits the lowest level of regional unemployment in the country, while Greater London's rate is well below the national average. Once we disaggregate the data, the extent of inequality becomes clear. One in three of London's parliamentary constituencies have unemployment rates which exceed the national average. Unemployment rates in Inner London and in the GLC Urban Aid areas now exceed those of the assisted areas in Great Britain as a whole (see Fig. 1). In some parts of Inner London male unemployment rates are nearing 30%, even on the new definitions. Overall, London has 390,000 people registered as unemployed – the largest concentration of unemployed people in the industrial world.

9 It has been argued that disaggregated resident unemployment rates of this kind are not appropriate for regional planning purposes, because of the possibility of travelling to where work does exist. But research on the London labour market suggests that many of those in high unemployment areas face a confined journey-to-work area, restricted as they are by money and time from travelling farther afield, particularly in low paid jobs.<sup>3</sup> The point is important because it shows how closely linked are housing and transport to employment policies within the region.

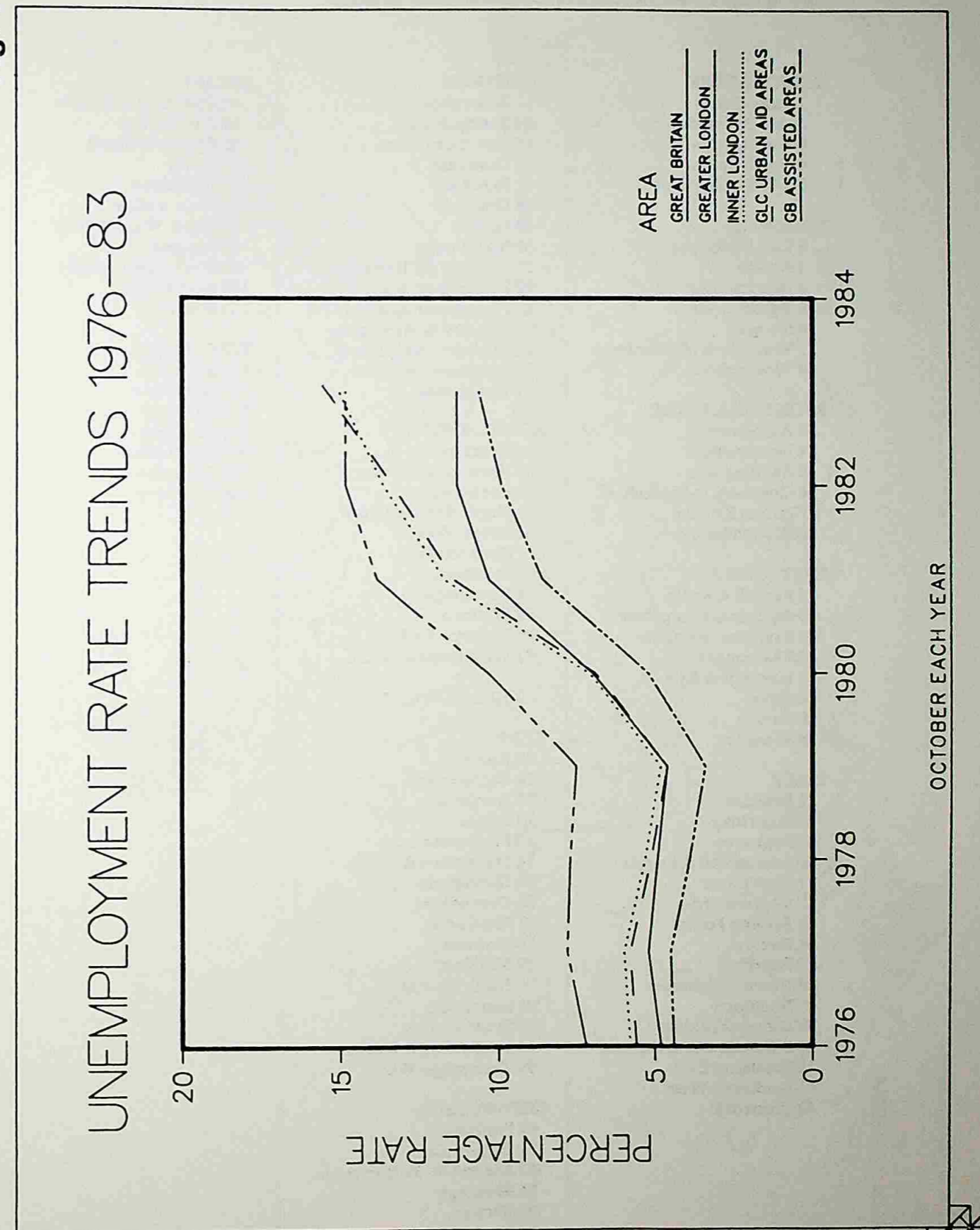
10 The accompanying maps (Fig. 2 and Fig. 3) show the points of most severe unemployment in London and in the region as a whole (on a parliamentary constituency basis). It is clear from these maps that the areas which are most seriously affected are:-

- an eastern wedge extending from the Dockside Boroughs of Inner London out to Barking and the Lower Thames (the Medway Towns and South Essex);
- an Inner London ring running from Hackney to Islington, to South Brent, extending westwards to parts of Ealing and Hounslow and then back south of the river to Lambeth;
- coastal areas including Southend, Thanet, Brighton, Portsmouth and Southampton;
- a band of towns to the north of London between the M1 and the M2 including Luton, Milton Keynes and Basildon.

<sup>2</sup> See S. Fothergill, M. Kitson and S. Monk, Urban Industrial Change. Report for the Department of the Environment, June 1984 (unpublished). See also: S. Fothergill and G. Gudgin, Unequal Growth, Heinemann, 1982.

<sup>3</sup> The London Labour Plan, GLC 1984 para 54 - 57

Fig. 1



**Key to Fig. 2 - Parliamentary Constituencies in ROSE**

**BEDFORDSHIRE**

- 1 Luton South
- 2 Mid Bedfordshire
- 3 North Bedfordshire
- 4 North Luton
- 5 S W Bedfordshire

**BERKSHIRE**

- 6 East Berkshire
- 7 Newbury
- 8 Reading East
- 9 Reading West
- 10 Slough
- 11 Windsor & Maidenhead
- 12 Wokingham

**BUCKINGHAMSHIRE**

- 13 Aylesbury
- 14 Beaconsfield
- 15 Buckingham
- 16 Chesham & Amersham
- 17 Milton Keynes
- 18 Wycombe

**EAST SUSSEX**

- 19 Bexhill & Battle
- 20 Brighton, Kemp Town
- 21 Brighton, Pavilion
- 22 Eastbourne
- 23 Hastings & Rye
- 24 Hove
- 25 Lewes
- 26 Wealden

**ESSEX**

- 27 Basildon
- 28 Billericay
- 29 Braintree
- 30 Brentwood & Ongar
- 31 Castle Point
- 32 Chelmsford
- 33 Epping Forest
- 34 Harlow
- 35 Harwich
- 36 North Colchester
- 37 Rochford
- 38 Saffron Walden
- 39 S Colchester & Maldon
- 40 Southend East
- 41 Southend West
- 42 Thurrock

**HAMPSHIRE**

- 43 Aldershot
- 44 Basingstoke
- 45 East Hampshire
- 46 Eastleigh
- 47 Fareham
- 48 Gosport
- 49 Havant
- 50 New Forest
- 51 North West Hampshire
- 52 Portsmouth North
- 53 Portsmouth South
- 54 Romsey & Waterside
- 55 Southampton, Itchen
- 56 Southampton, Test
- 57 Winchester

**HERTFORDSHIRE**

- 58 Broxbourne
- 59 Hertford & Stortford
- 60 Hertsmere
- 61 North Hertfordshire
- 62 South West Hertfordshire
- 63 St Albans
- 64 Stevenage
- 65 Watford
- 66 Welwyn Hatfield
- 67 West Hertfordshire

**68 ISLE OF WIGHT**

**KENT**

- 69 Ashford
- 70 Canterbury
- 70 Dartford
- 72 Dover
- 73 Faversham
- 74 Folkestone & Hythe
- 75 Gillingham
- 76 Gravesham
- 77 Maidstone
- 78 Medway
- 79 Mid Kent
- 80 North Thanet
- 81 Sevenoaks
- 82 South Thanet
- 83 Tonbridge & Malling
- 84 Tunbridge Wells

**OXFORDSHIRE**

- 85 Banbury
- 86 Oxford East
- 87 Oxford W. & Abingdon
- 88 Wantage
- 89 Witney
- 90 Henley

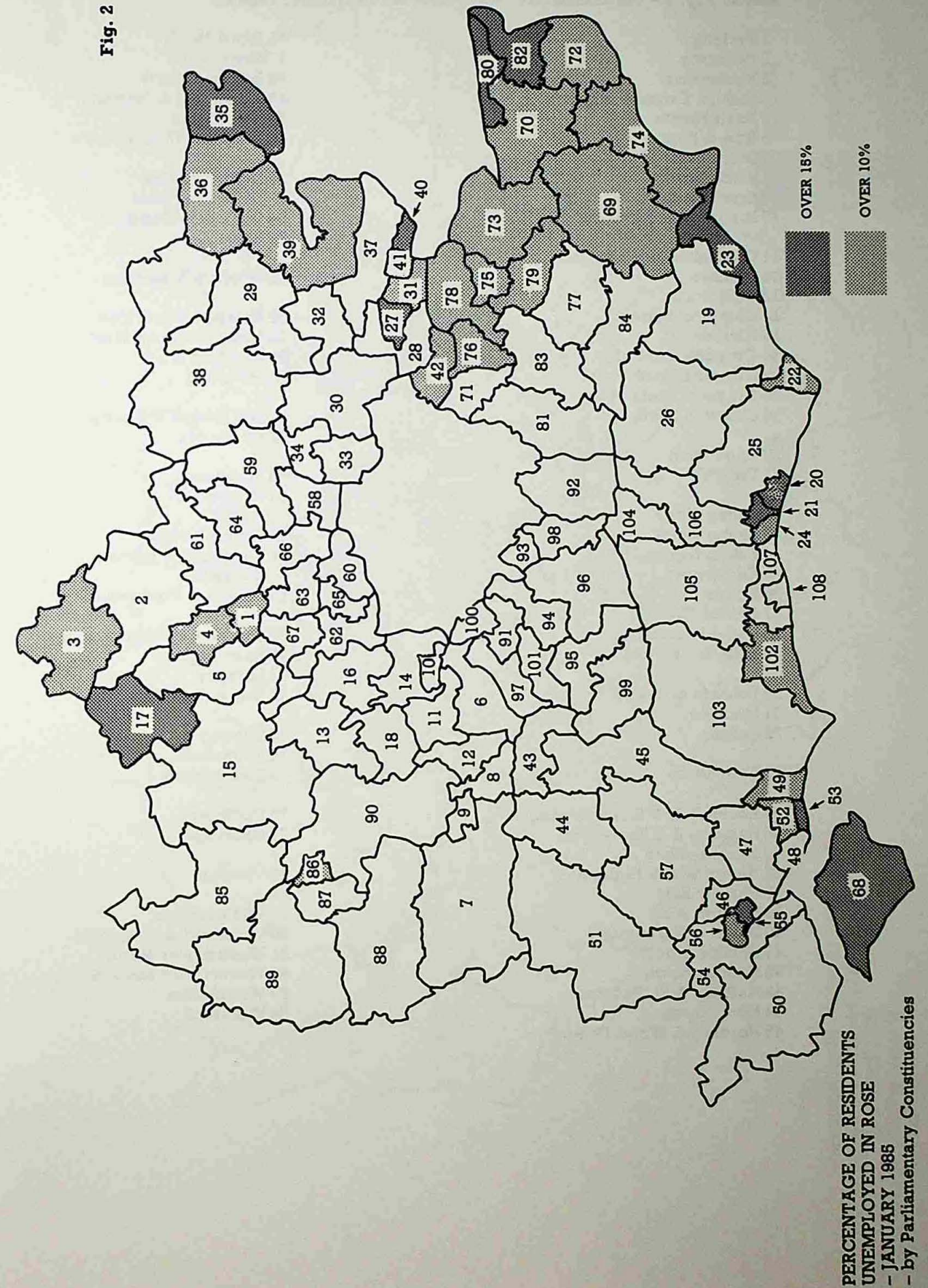
**SURREY**

- 91 Chertsey & Walton
- 92 East Surrey
- 93 Epsom & Ewell
- 94 Esher
- 95 Guildford
- 96 Mole Valley
- 97 North West Surrey
- 98 Reigate
- 99 South West Surrey
- 100 Spelthorne
- 101 Woking

**WEST SUSSEX**

- 102 Arundel
- 103 Chichester
- 104 Crawley
- 105 Horsham
- 106 Mid Sussex
- 107 Shoreham
- 108 Worthing

Figure 2

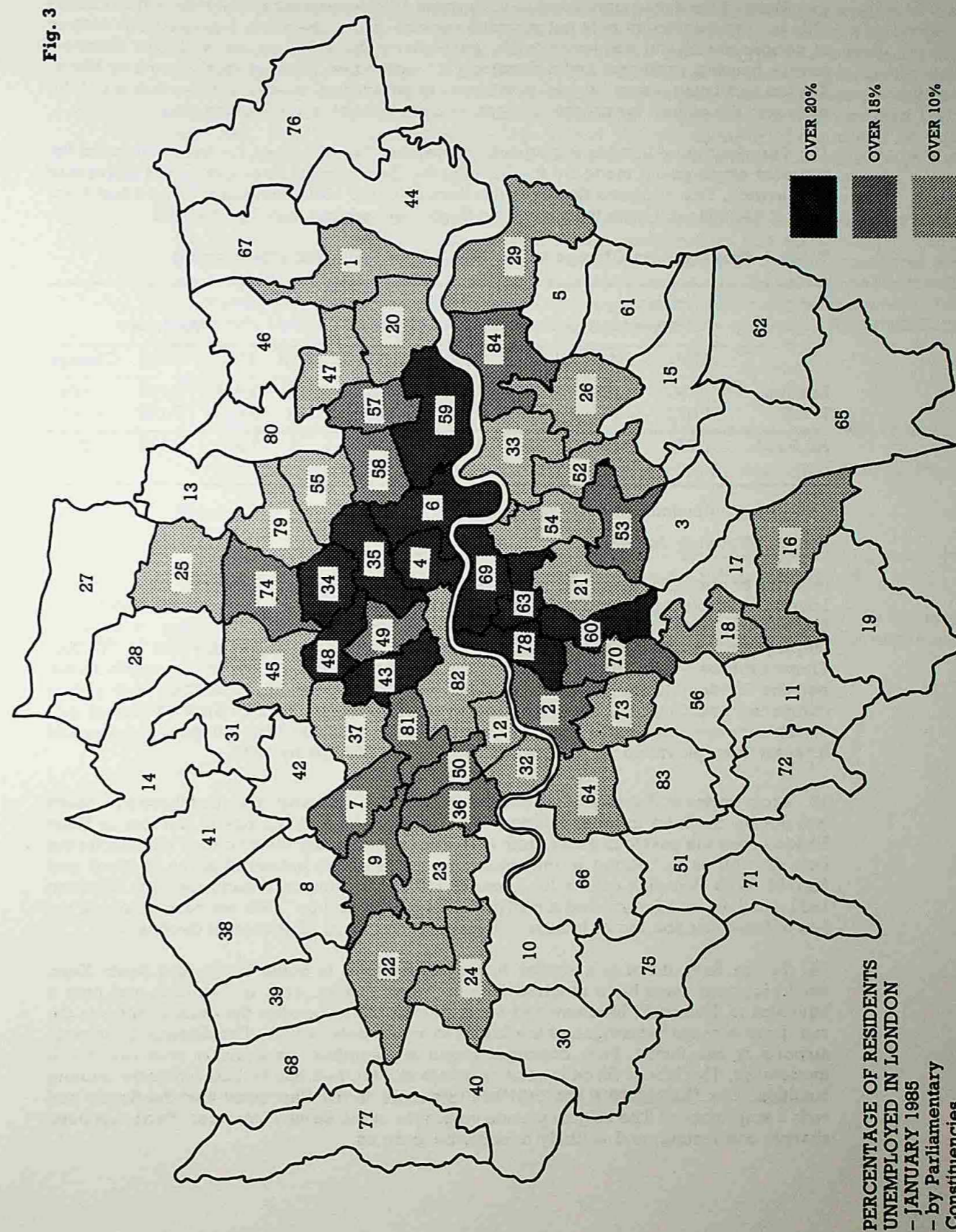


PERCENTAGE OF RESIDENTS UNEMPLOYED IN ROSE - JANUARY 1985 - by Parliamentary Constituencies

**Key to Fig. 3 - Parliamentary constituencies in Greater London**

- |                                |                             |
|--------------------------------|-----------------------------|
| 1 Barking                      | 46 Ilford North             |
| 2 Battersea                    | 47 Ilford South             |
| 3 Beckenham                    | 48 Islington North          |
| 4 Bethnal Green & Stepney      | 49 Islington S & Finsbury   |
| 5 Bexleyheath                  | 50 Kensington               |
| 6 Bow & Poplar                 | 51 Kingston upon Thames     |
| 7 Brent East                   |                             |
| 8 Brent North                  | 52 Lewisham East            |
| 9 Brent South                  | 53 Lewisham West            |
| 10 Brentford & Isleworth       | 54 Lewisham Deptford        |
|                                | 55 Leyton                   |
| 11 Carshalton & Wallington     |                             |
| 12 Chelsea                     | 56 Mitcham & Morden         |
| 13 Chingford                   |                             |
| 14 Chipping Barnet             | 57 Newham North East        |
| 15 Chislehurst                 | 58 Newham North West        |
| 16 Croydon Central             | 59 Newham South             |
| 17 Croydon North East          | 60 Norwood                  |
| 18 Croydon North West          |                             |
| 19 Croydon South               |                             |
|                                | 61 Old Bexley & Sidcup      |
| 20 Dagenham                    | 62 Orpington                |
| 21 Dulwich                     |                             |
|                                | 63 Peckham                  |
| 22 Ealing North                | 64 Putney                   |
| 23 Ealing Acton                |                             |
| 24 Ealing Southall             | 65 Ravensbourne             |
| 25 Edmonton                    | 66 Richmond & Barnes        |
| 26 Eltham                      | 67 Romford                  |
| 27 Enfield North               | 68 Ruislip & Northwood      |
| 28 Enfield Southgate           |                             |
| 29 Erith & Crayford            | 69 Southwark & Bermondsey   |
|                                | 70 Streatham                |
| 30 Feltham & Heston            | 71 Surbiton                 |
| 31 Finchley                    | 72 Sutton & Cheam           |
| 32 Fulham                      |                             |
|                                | 73 Tooting                  |
| 33 Greenwich                   | 74 Tottenham                |
|                                | 75 Twickenham               |
| 34 Hackney N & Stoke Newington |                             |
| 35 Hackney S & Shoreditch      | 76 Upminster                |
| 36 Hammersmith                 | 77 Uxbridge                 |
| 37 Hampstead & Highgate        |                             |
| 38 Harrow East                 | 78 Vauxhall                 |
| 39 Harrow West                 |                             |
| 40 Hayes & Harlington          | 79 Walthamstow              |
| 41 Hendon North                | 80 Wanstead & Woodford      |
| 42 Hendon South                | 81 Westminster North        |
| 43 Holborn & St. Pancras       | 82 Westminster South & City |
| 44 Hornchurch                  | 83 Wimbledon                |
| 45 Hornsey & Wood Green        | 84 Woolwich                 |

Figure 3



11 Many of the areas mentioned in paragraph 10 have lost industrial jobs without being able to attract sufficient new industries to replace them. The areas have become centres of serious social and economic crisis, particularly those in London, with low incomes, severe housing problems and a declining infrastructure. Some of them – such as Milton Keynes and Luton – may be well positioned to attract new investment. But this is not the case with the coastal towns, the 'eastern wedge' and the Inner London ring.

12 The position of London is particularly serious. Table 1 gives the latest estimates for regional employment made by the Institute for Employment Research at the University of Warwick. This suggests that over the decade of the 1980s London will have lost a net total of 424,000 jobs, with the rest of the South East gaining less than 100,000.

Table 1 Employment Change in the South East 1980–1990 (Thousands)

	Manufacturing			Services			All Jobs*		
	1980	1990	Change	1980	1990	Change	1980	1990	Change
London	700	485	-215	2,895	2,685	-210	3,601	3,176	-424
ROSE	1,072	963	-109	2,515	2,731	+216	3,669	3,760	+91
All South East	1,772	1,448	-324	5,410	5,416	+6	7,270	6,936	-334

\*All Jobs also include primary production

Source: Warwick University

In terms of unemployment, earlier work based on the Warwick forecasts estimated that London's registered unemployment would rise from the present 400,000 to in excess of 510,000 by 1990.<sup>4</sup> This assumed that London would maintain its share of regional employment. A continuation of earlier locational trends might see this rise to 570,000. These estimates were prepared before the extent of likely job loss in the public sector became evident (from central and local government, health, education and public companies and corporations in the process of privatisation, such as British Telecom and British Airways). These are likely to amount to at least 35,000 jobs, bringing the range of forecast unemployment up to between 545,000 and 609,000 by 1990.

13 From sector and area studies done at the GLC, it is already clear that these job losses will not be confined to Inner London.<sup>5</sup> There has been a sharp rise in job loss in West London over the past four years, both at Heathrow and in the West London manufacturing belt, as well as in Tooting in the south and the northern industrial areas of Ilford and Enfield. With Warwick estimating a loss of 140,000 London manufacturing jobs between 1980 and 1984 and forecasting a further fall of 80,000 jobs by 1990, we need to speak not just of Inner London but of Industrial London as the locus of economic decline.

14 To the East, there is a similar history of decline. In South Essex and North Kent, unemployment rates have reached 18% in North Thanet, 17% in Basildon, and only a little less in Thurrock, Medway and South Thanet. As in London the decline reflects the run-down of manufacturing, and the failure to attract new growth. The distance from main airports is one factor. Poor communications are another, particularly with respect to motorways. The labour force is relatively less skilled, and has lacked adequate training facilities. The Thames as a sea port has lost trade to the East coast and the South, and with it employment. The largest private employer in the Eastern corridor, Ford, has been sharply contracting, and is likely to continue to do so.

<sup>4</sup> GLC, Economic Policy Group. "Government Policy and the Inner Cities". A review paper for the GLC Inner City Conference, April 1984, pp. 24–8.

<sup>5</sup> Of published GLC documents see: The East London File (1983), The West London Report (1984) and the London Industrial Strategy (1985).

15 The West on the other hand presents a mirror image to the East. The growth of the Western corridor has been centred round an integrated transport network of motorway, airport and rail. It has built up a substantial skilled labour force and accompanying training facilities. As a result it has become the main site of the new manufacturing and service industries. The four counties of Berkshire, Buckinghamshire, Hampshire and West Sussex alone accounted for 60% of the South East net employment growth between 1971 and 1981 with a concentration in Area 8 and the M4 corridor. As a result of this growth, industrial land prices are now twice the level of those in the East, and there is a parallel disparity in house prices.

16 The economic decline of industrial London and the increasing divergence between the East and the West have serious implications both socially and economically. They require regional action, action which should be framed within the broader context of the economic development of the region and the country as a whole. Against the background of growth, and a commitment to the economic regeneration of the region as a whole, the Economic Issues Group identifies two major and two minor objectives for South East regional economic planning over the next decade:

Major:

- countering the decline of the industrial districts of London and the Lower Thames;
- matching growth in the corridor to the West of London by development in the East.

Minor:

- countering unemployment in coastal towns and in the band of industrial towns to the North of London – primarily through action at the sub-regional level;
- providing adequate support for local growth within the region subject to broadly existing labour supply and environmental constraints and to the broader economic goals within the region.



### Planned dispersal or urban regeneration

17 With the prospect of rising unemployment in London, there are two possible lines of strategy. The first is to encourage continued migration of people from London, the second to regenerate the areas of economic decline. The first was the policy pursued in the thirty years after the end of the second world war, through new and expanded towns, and the dispersal of both factories and offices. In 1951 the population of Greater London was 8.3 million. By 1981 it had fallen to 6.8 million. Even after the policy of planned dispersal was wound down from the mid 1970s, migration has continued. Between 1975/76 and 1982/83 1.67 million people left London, while 1.23 million moved into London, leaving a net outward movement of 440,000. At current rates of migration a further net 200,000 could be expected to leave London by the end of the decade.<sup>6</sup>

18 Not only would such a loss make a relatively small impact on levels of unemployment, the evidence on urban decline from other advanced industrial countries suggests that unplanned migration only increases the polarisation of those who remain behind. With little demand for further flows of labour in the rest of the South East it is unlikely that a programme of planned dispersal would find general acceptance in the region. Nor in the view of the Economic Issues Group would such a strategy of dispersion be economically advisable.

19 There are six main reasons for supporting a strategy of urban regeneration rather than dispersal in the present economic context:-

- (a) The incremental cost of the social and economic infrastructure for expansion in the rest of the South East is liable to be higher than that for maintaining population and employment in London, since the urban infrastructure has to be maintained in any case.
- (b) In many sectors, the economy of the region is dependent on a thriving economy in London. This is true not only for London's national and international service industries - banking and insurance, advertising, architecture, engineering consultancy, tourism - but for certain manufacturing industries as well: printing, food processing and catering, furniture and the cultural industries. In each of these cases innovation has tended to be strongest in London. Some of the new products and processes - once established - have then been in a position to disperse. If London industries which are threatened are left unsupported by industrial policy - whether the older manufacturing industries like clothing and furniture, or the newer ones like software and film, then it will be the whole regional economy which stands to lose and not merely that of London itself.
- (c) If urban decline continues on its present path, with selective migration, growing unemployment, and a spread in the number of zones of intense economic decay, then there are very real dangers of negative effects on the remaining areas, both social and economic.
- (d) If the loss of population from Inner London were to continue on any scale, coupled with a continuing trend for higher unemployment there, then the withdrawal of expenditure in Inner London (through the loss of income of existing residents) would be a further blow to the economy of the area.
- (e) Given the extent of commuting from ROSE into London (approximately 750,000 daily), the decline of employment in London will affect the jobs of these commuters.
- (f) The regeneration of the London economy and the Eastern corridor would help take pressure off the Green Belt and other high pressure areas in the rest of the region.

20 It is for these reasons that we think that measures to improve employment opportunities in London and along the Lower Thames should be a central pre-occupation of any economic strategy for the region.

<sup>6</sup> SERPLAN, SE Regional Monitor 1983/4, Technical Appendix no. 2, Migration.

### The causes of decline

21 An adequate strategy to redress the decline of London and the Lower Thames must take into account the causes of that decline. There are four main causes: the international tendency for manufacturing job loss as the result of increases in productivity; the international depression; Britain's lack of competitiveness in manufacturing; and the industrial drift from the large conurbations to the cities and towns. Of these, the first three are the most important.

22 For many London firms - particularly family firms that had grown substantially in the post-war period - the first three factors have resulted in closures. For multi-plant firms, they have led to rationalisation and restructuring away from London. What is striking, however, is that in the process of moving away from London, jobs have been lost. One study of the engineering industry between 1966 and 1974 found that 42% of all job loss from four major cities including London was associated with planned restructuring, but of this total, three-quarters were lost on the way. The relocation of large plants often masked major job losses due to rationalisation and restructuring.<sup>7</sup>

23 The fourth factor - referred to by some writers as the ruralisation of industry - has been of decreasing significance, particularly over the last decade. Between 1966 and 1974, for example, 27% of London's manufacturing job losses were found to be due to relocation. Between 1976 and 1980, the proportion fell to 21%, and since then circumstantial evidence suggests that it is even less. At least part of the shift is caused by new growth not connected with relocation. At most only perhaps a third of London's jobs have been lost by industrial drift. During the 1960s and 1970s, London lost more than two-thirds of a million manufacturing jobs. It is a picture common to Western Europe and the United States.

24 The following five factors have contributed to the shift from London:

- (a) the development of a national road and telecommunication system, which reduced industry's dependence on proximity to the London market. Subscriber trunk dialling was introduced in the mid sixties. The main motorway system was finished in the early seventies. Improved networks had the effect of enlarging London's economic boundaries. In spite of the Green Belt we can see the new towns and the expanded towns round the M4 as being part of the metropolitan economy. Just as in the earlier part of the century Inner London firms and people moved to the outer ring - Inner London's population has been declining since 1901 - so now both Inner and Outer London are moving beyond the Green Belt and forming an industrial archipelago in the rest of the South East;
- (b) public policy, which for more than thirty years encouraged the movement of factories and offices out of London;
- (c) the availability and price of land for expansion and reconstruction of premises;
- (d) the strength of London's labour relative to the smaller towns and rural areas (this was particularly true of the docks and printing, but also of engineering, particularly when new technology cut skill requirements);
- (e) changes in industrial organisation. Since 1958, many of London's independent manufacturers were amalgamated or taken over by multi-plant companies, who are less dependent on their surrounding suppliers. The 'economies of proximity' are weakened.

<sup>7</sup> D. Massey and R. A. Meegan, in the South East Region, July 1984, Table 4.

25 Of these factors, one – the pattern of infrastructure – can be redirected. Another – public policy – can be reversed, both in terms of revenue spending and regional planning policy. Land availability and property prices are also subject to alteration through public policy. These are the factors of most relevance for implementing regional policy.

26 But in considering a regional strategy aimed to reduce unemployment in London and the Eastern corridor, one overriding point must be born in mind. It is that industrial drift remains only one cause of the region's de-industrialisation. Public policy has traditionally concentrated on the geographical distribution of industry rather than on its long-run productivity. The Economic Issues Group is concerned to change the emphasis. A regional strategy for the South East should be centrally concerned with the issue of productivity. This is true both for a strategy for the region's industries (a subject which is to be developed in a later report) and for its infrastructure and land-use planning (which is the main subject of this report). The planning of industrial location is important for distributional and environmental reasons. But it is equally important because it contributes to the improvement of productivity for the region's economy as a whole. Our proposals for an effective regional policy have been drawn up with this economic end in mind.

### Instruments of Regional Economic Planning

27 The five main instruments which public authorities can use in an effort to stem the economic decline of London and the continued drift from East to West are:-

- (i) planned redirection of public investment particularly in infrastructure;
- (ii) co-ordination of central government policies from a regional perspective;
- (iii) revised and tighter land use planning controls;
- (iv) a new urban property policy;
- (v) local and regional industrial policies.

We discuss these in turn.

#### *Redirection of public investment*

28 It is often assumed that the location of public investment is determined by the location of private investment and both are governed by the market economics of location. The development of the Western corridor is thus seen primarily in terms of market-determined movements by private investors, with infrastructure being developed to meet the new needs. But the recent economic history of the South East region suggests that the direction of cause and effect is not so clear. There has been a consistent picture of public investment favouring the Western corridor at the expense of Inner London and the East, which in many cases encouraged the westward movement of new private investment rather than being determined by it.

29 The following are examples of this pattern:-

- (a) Airports. Most important has been the pull of Heathrow. Between 1963 and 1983 annual passenger traffic at Heathrow rose from 8 million to 27 million and tons of cargo handled from 150,000 tons to 553,000 tons. In value, Heathrow now accounts for more visible trade than any other British seaport (or airport), valued at £16.6 billion in 1983 or 13% of all UK trade. Surveys of firms in the Western corridor suggest that location within an hour's drive of Heathrow is a major factor in their location decisions.<sup>8</sup> The same is true to a lesser extent of Gatwick in the South, which accounted for 13 million passengers in 1983 and 128,000 tons of cargo. In a recent West Sussex employers' survey 30% of firms said they made regular use of Gatwick airport.
- (b) Seaports. At the same time as successive governments have favoured the expansion of Heathrow and Gatwick, public policy – or rather the lack of it – has contributed to the run-down of the Upper Docks in East London and the shift of cargo traffic to the East Anglian ports, and the ports to the South and South East. Between 1965 and 1983 the four main ports in Sussex and Hampshire increased their bulk traffic three fold, from 3.5 million tons to 10.1 million; Felixstowe, Ipswich and Harwich increased by ten fold, from 1.3 million to 14.3 million, while London trade fell from 26.8 million to 22.2 million tons over the same 18 years.<sup>9</sup>

Heathrow now handles approximately double the value of London's visible sea-borne trade.

<sup>8</sup> Study by Herring, Son and Daw, Property and Technology – The needs of Modern Industry – 1983. Similarly, the Drivers Jonas Study. A review of Science Parks and High Technology Developments – August 1982.

<sup>9</sup> See R. Dennis, *ibid.* Table 8.

- (c) Road expenditure. Over the last twenty years the motorway programme has clearly favoured the West (the M3, M4 and M40 all running through a narrow corridor) rather than the East (where only the limited piece of the M2, the still incomplete M20 and the M11 run). New construction and improvement of trunk roads and principal roads also favoured the West during a period which was crucial for establishment of new groupings of industry (the DSPSE Transport Studies found that such expenditure in Berkshire, Hampshire and Surrey accounted for almost 50% of ROSE expenditure between 1970 and 1974). The M4 in conjunction with Heathrow were the crucial determinants of the growth of the Western corridor over the last decade.
- (d) Ministry of Defence investment. Reductions in naval activities have fallen mainly in eastern areas (the Chatham dockyard and Sheerness closures) together with some in Portsmouth. Increased military expenditure has taken place in North East Hampshire and in Berkshire.
- (e) Government research establishments. Only two of the Government's research councils (East Malling research station and Hop Research at Wye College) are situated in the east of the region while there are eleven in Berkshire, Oxfordshire and Surrey. In addition a number of important military and environmental research establishments are in the west, for example, Aircraft Research at Farnborough, Atomic Weapons Research at Aldermaston and Harwell, Transportation Research at Bracknell, Buildings Research at Watford.
- (f) Public sector offices. Many of these are located in the West, for example the Civil Service Commission at Basingstoke and the South East Manpower Services Commission (covering all of ROSE and East Anglia) also at Basingstoke. In the East the only major new Government office is the VAT office in Southend.

30 In each of these cases, decisions which may well have been taken for perfectly good individual reasons together make up an overall momentum for growth to the West. Some of this public sector investment is relatively footloose. This is the case with the public sector offices, and to an extent the public research establishments. For example, the South-East Regional Health Authority recently moved its head office to Bexhill, when it had no locational imperative to do so. Many of these research institutions – inasmuch as they bring with them and attract highly-skilled labour – also have a significant impact on that segment of the labour market which is of most concern to high technology firms. We should also note that the key infrastructural investments – airports and motorways – have a profound impact on the market price contours of location. Heathrow, the M4 and indeed the M25 all 'make' the locational market rather than being determined by it.

31 However non-interventionist a Government's economic policy, it cannot help having a major impact on the location of regional growth and it is of the first importance that public investment is determined within the context of a regional plan.

32 The key strategic investments which would serve to encourage growth in the depressed areas in the east of the region and in industrial London are the following:-

- (i) The M25 and related zones of development. The completion of the M25 opens up the possibility of industrial and distributional development in the Eastern corridor, but only if there is co-ordinated land-use planning to ensure that it does not pull employment further West.
- (ii) A road building programme integrated into the regional plan and including the following:-
- an additional Dartford tunnel;
  - selected road links from existing industrial areas in east and north-east London to the M25;
  - at a later date an additional Thames crossing for local traffic and public transport between the Thamesmead/Woolwich areas and Docklands.

- (iii) Airport development. The Government are to consider plans to expand Stansted airport at the same time as further expanding Heathrow. The main comment the Group wishes to make on these proposals is that a strict set of planning controls are necessary (with appropriate transport links) to ensure that employment growth generated by any expansion at Stansted is directed to South Essex, North Kent and the east and north-east of London.
- (iv) The regeneration of the Thames ports to carry the short-haul European container trade. This would entail charging full social cost charges for lorry traffic, and writing off the historic debts which have artificially handicapped the Port of London Authority in market competition.
- (v) The building of a major combined heat and power plant in Southwark and Tower Hamlets, a project which promises 5,000 construction jobs over a fifteen-year period in one of the worst-hit areas of unemployment in the region.
- (vi) A major investment programme for London Transport and British Rail in the Eastern corridor (including an extension of the Docklands Light Railway) to ensure integrated high-speed rail lines on both sides of the Thames and an enhanced service to Stansted.
- (vii) An investment programme by British Telecom to extend its new fibre optic cable network along the main communication arteries in the Eastern corridor.
- (viii) A ten-year rolling programme to improve other parts of the ageing infrastructure of London and the Lower Thames.

33 All save two of these developments are concerned with communications and it is of the first importance from the viewpoint of economic efficiency that they are carried through as part of a single regional plan. The group envisages a series of transport nodes linking road, rail and sea traffic in Docklands, and at Tilbury and an integrated public transport and commercial road system around key industrial areas in east and north-east London and along the Lower Thames. Such an integrated plan with an associated housing programme, compatible with the regional strategy, would create the conditions for new private investment to be moved eastwards along the Thames and up the Lea Valley. Without these investments, any schemes of financial incentives are likely to have only limited impact on industrial location in the region.

34 It is also important that the supporting land-use plan is strictly enforced for environmental and economic reasons – both in terms of private investment and with respect to investment by public sector bodies. The Economic Issues Group proposes that all major investments by public sector bodies in the South East – whether nationalised industries, statutory undertakings, quangos, health authorities, educational institutions or government departments are subject to clearance by the Department of the Environment against the background of the regional strategy.

#### *Co-ordination of public policy and revenue spending*

35 In the same way as public capital spending is a key instrument of regional planning, so, too, is public revenue spending. Some of this is designed to influence private investment and location (like regional policy), some to stimulate particular areas of economic decline (like urban policy and Enterprise Zones). Other public spending, whether local authority rate support, aid to industry, Manpower Services Commission (MSC) spending, scientific and technological assistance, transport subsidies, or tourist industry support – does not have a primarily geographical aim, but it does have geographical consequences. What is striking is the lack of co-ordination and the contradictions which exist between different public policies and forms of spending as they affect the South East region.

36 Take regional and urban policy for example. Regional policy aims to attract industry to broad geographical areas (the Assisted Areas) by a variety of incentives. A number of firms have moved from London over the last few years in response to these incentives: Merryweathers from Greenwich to South Wales (and then Plymouth when the South Wales incentives ended); Staffa engineering from Leyton to Plymouth; Callard and Bowser from Hayes to South Wales and so on. Because regional aid is determined according to groupings of large journey-to-work areas, London and the rest of the South East are treated as areas of low unemployment and actually lose from regional policy. At the same time there is a programme of urban aid aimed at those very areas of London with rates of unemployment as high as the assisted areas which are disadvantaged as a result of regional policy. Some of this aid is given for property development; much is non-commercial revenue funding of small social and economic projects. It is a form of economic elastoplast rather than the basis for economic regeneration. The areas themselves are defined on the basis of the detailed measurement of deprivation by statistical areas as small as wards. With the exception of a few local authorities in the West Midlands and the North West, the receipt of urban aid does not provide access to major EEC regional funding.

37 At the same time urban policy stands in direct contradiction to the Government's policy on local authority finance. For example, between 1979/80 and 1983/84 London gained £296 million in urban programme funding (in 1981/82 prices).<sup>4</sup> But over the same period, its loss in rate support grant, housing subsidies and Housing Investment Programme (HIP) allocations amounted to £4,581 million (1981/82 prices). These cuts have been a major factor in inner city decline and swamp the effects of the urban programme. It is significant that, of the 14 borough and district authorities who are currently subject to rate-capping, 11 are in the South East and all are in the list of the areas of highest unemployment in the region (Brent, Lewisham, Greenwich, Lambeth, Southwark, Haringey, Camden, Hackney, Islington, Portsmouth and Basildon).

38 There is a similar picture in health spending. Between 1982/83 and 1983/84 Inner London District Health Authorities lost 2,065 posts, which was 43% of all National Health Service (NHS) posts lost nationally. The area of South London covered by Wandsworth, Lambeth, Southwark, Lewisham and Greenwich (an area enjoying Inner Urban Area Act status throughout) bore 20% of all job cuts nationwide. Part of the aim of this NHS programme was to shift resources from those London areas endowed with teaching hospitals, to the regions. But the result has been that the cuts have fallen less on the teaching hospitals than on health provision in the Inner London areas of highest unemployment.<sup>4</sup>

39 A parallel lack of co-ordination between planning and revenue policy is found in the Metropolitan Green Belt (MGB). Within the MGB, change of use should only be permitted for agriculture, sport, cemeteries, institutions standing in extensive grounds, or other uses appropriate to a rural area (Circular 42/55). Development should not be allowed merely because the land is derelict (Circular 14/84). However within the MGB (particularly in Surrey), where hospital sites are becoming surplus to requirements, Health Authorities are expected to get the best return possible on the sale of this land. A recent alteration has made it possible for the Health Authorities themselves to apply for change of use, thus encouraging them to exert pressure on Green Belt policy.

<sup>4</sup> GLC, Economic Policy Group. "Government Policy and Inner Cities". A review paper for the GLC Inner City Conference, April 1984, pp.24-5.

40 The Issues Group recommends the following:-

- (i) Regional policy, urban policy, rural policy, local government finance, health spending and other areas of Government and public sector spending should be co-ordinated to achieve the ends of the regional strategy.
- (ii) UK sub-regions should be regarded as an inappropriate category for determining regional aid. The new Travel-to-Work areas adopted by the government for policy purposes are themselves too large. The new TTWAs for Kent, for example, include Medway and Maidstone, an amalgamation of the depressed industrial areas of North Kent where unemployment exceeds 16% with Maidstone and part of the rural Weald where unemployment rates are amongst the lowest in Kent. As recent London research has shown, many members of the labour force are confined to quite narrow labour markets, either because of the cost of travel or limitations on time because of domestic responsibilities. It is the smaller journey-to-work areas which should be taken as the basis for regional aid.
- (iii) cheap transport policies should be supported as a means of extending effective journey-to-work areas for those locked in to local areas of high unemployment.
- (iv) the case should be pressed in the EEC for areas in Inner London and the Eastern corridor with high rates of unemployment to be eligible for European funds.
- (v) the Government should urgently restore the levels of public spending in the poorest parts of London, the massive and disproportional reductions in which have had so depressive an effect on these local economies.
- (vi) local authorities and employment agencies should be discouraged from beggary-neighbour advertising policies. The Group recommends that SERPLAN arrange discussions among its member-authorities towards this end.

#### *Revisions and tightening of land-use planning controls*

41 There has been considerable controversy over the benefits (or cost) of land-use restraint on economic growth, and its potential impact on the location of private industry. One approach has suggested that:-

- regional land-use strategy has been a blunt instrument. For example, between 1974 and 1982 there was a net increase of 2.9 million square metres of industrial and commercial floorspace in the Metropolitan Green Belt districts in spite of the instructions of DOE Circular 42/55 which said that 'every effort should be made to prevent any further building for industrial and commercial purposes' within the MGB;
- the planning pipeline for sites in the West of the region contains enough development land for the next decade and that therefore a policy of restraint in that area would have little purchase;
- there is now little mobile industry, and that conditions in the East are not attractive to many of the industries which have grown rapidly in the West;
- planning restrictions might lose a particular investment from the region or even the country, rather than redistribute it to depressed areas within the region;
- planning restrictions hinder economic growth within the region either by preventing developments, or by forcing enterprises into sub-optimal locations.

According to this approach, restraint policies should be dropped for any purposes other than environmental ones, firstly because these policies have been increasingly ineffective and secondly because they restrict economic growth.

#### 42 A second approach argues an alternative case:-

- Regional policy has been largely successful in the post-war period in terms of preserving the Green Belt, encouraging decentralisation from London (until the mid-1970s) and developing the New Towns. Evidence from the 1960s and the operation of the Industrial Development Certificates (IDCs) and Office Development Permits (ODPs) shows that rigorous restraint can be effective. Few firms chose to go abroad.
- Inasmuch as constraint policies would be difficult to enforce because of existing land in the pipeline, such policies would be unlikely to limit growth in the next decade. At the same time, since the trend from East to West and away from London is likely to continue, a tightening of constraint policy is necessary if planning is to become effective when the existing pipeline is used up.
- While movements of industry within the South East have declined, there is still considerable new investment and that this is open to planning, particularly in areas of rapid growth such as Berkshire.
- Multi-national investment in the region of a kind which might be lost to other countries is now of minimal significance and cannot be taken as an argument against land-use planning policies.
- In economic terms, policies for the promotion of certain areas would be ineffective and wasteful without complementary policies for a measure of constraint elsewhere.
- What is required is tighter, more effectively administered planning controls, such as those which have succeeded so remarkably in the Paris region.

#### 43 Having considered the propositions from both approaches, the Issues Group takes the following view:-

- (i) it is essential to distinguish between the need for local flexibility and the need for stronger measures to secure the aims of a regional strategy. Too often the discussion of constraint confuses the regional and local dimensions.
- (ii) at the regional level, what is required is a major commitment by all planning authorities to adhere to the regional strategy. Thus, given the objective of countering decline in certain industrial districts (see paragraph 16) a commitment to the general constraint of certain kinds of development in more buoyant areas is necessary.
- (iii) Structure plans should be brought into line with the new regional objectives. One way of achieving this would be for plans in the eastern area to identify a 10-year supply of well-serviced land, whereas new plans in the west should identify only a 2 or 3 year supply bearing in mind environmental, infrastructure and local labour constraints.
- (iv) the strengthening of regional guidance cannot be adequately pursued on its own. It must be seen as part of the broader strategy to achieve the main regional objectives. In particular, a planned programme of infrastructure and serviced industrial sites will be needed to draw industry back to industrial London and the Lower Thames. Planning controls and a co-ordinated infrastructure programme are mutually dependent. Each would be much less effective if not connected to the other.
- (v) at the local level, established enterprises require scope for expansion and the rebuilding of existing plant. New serviced sites developed for this purpose would be one answer. Another would be the more purposeful use of existing district council powers to compulsory purchase, and to bring back into use wasted land, in order to provide room for expansion. Such a strategy would call for Government encouragement and back up. It would also require active priority being given to it by district and borough councils.

- (vi) local flexibility coupled with clear and rigorously implemented regional guidance would enhance growth rather than hinder it. It is a mistake to see the removal of broad planning constraints as an encouragement to growth. The key point about the economics of land-use planning is that it encourages the realisation of external economies. These economies arise from a reduction in transport costs following the interlinking of industry, housing, pools of skilled labour, and transport networks. The post-war New Towns were a notable example of such a planning strategy in practice, for they achieved economies which would not have been realised as the result of unco-ordinated individual market decisions.
- (vii) land-use controls should distinguish different categories of industrial and commercial use. In some cases – such as new technology industries – the regional plan should consolidate existing areas of specialisation. In other cases, commercial and manufacturing sectors should be steered to areas of new growth in the regeneration areas of London, and the Lower Thames. In general there should be more detailed distinctions in land-use planning, so that a geographical division of labour – with its attendant economies – can be planned for, taking account of inter-relations between traditional categories of use.
- (viii) at the level of the individual enterprise, many studies have pointed to the significance of property costs and availability as a factor in shifting industrial location. None have suggested that marginal differences in property prices resulting from a removal of broad land-use restraint have had any material effect on economic growth.
- (ix) there should be a commitment to maintain the Green Belt. This will involve no restriction on growth as long as co-ordinated planning policies to accommodate industry are pursued elsewhere. The regional land use strategy should not be based on extensive development but intensive re-development.

#### Property policies

44 Inasmuch as a regional strategy for the South East aims to restore employment to declining industrial regions, the reclamation of derelict property and the rebuilding or conversion of existing buildings is a key issue for the success of the policy. Some of this could be expected to be carried out through private development. But there are factors in the market for property, particularly in London, which in the view of the Issues Group, limit redevelopment and serve to maintain an artificially high price of land.

45 First, the assumption that London property prices of all kinds could be expected to rise faster than the rate of inflation has meant that land and buildings have been held unproductively as an appreciating asset. There are currently 17 million square feet of empty office space in London (10% of all office space) and 32 million square feet of industrial and commercial space (15% of all industrial and commercial space). The present Government has adopted various measures to encourage the sale of such unused property that is in the hands of the public sector. But it has put forward no equivalent measures in the private sector. Not until the costs of holding these assets speculatively exceed their likely appreciation in value will they be put on to the market and the level of property prices therefore lowered. The recent lifting of rate charges on empty property had the opposite effect – encouraging hoarding.

46 Secondly, the sharp disparities in the value of land for different uses in London means that industrial land has considerable hope value because of the possibility of a change of use. One of the most common reasons for the exodus of manufacturing firms from London in recent years has been the possibility of realising the commercial value of the factory premises. Glacier Metal, for example, in Alpertown have been converting their former factory into offices in a series of slices, in part to raise cash to fund a corporate liquidity problem. What is needed is much stricter enforcement of existing use designations as adjusted in accordance with the broader regional plan, particularly with respect to industrial use.

*Local and regional industrial policies*

47 The efficient co-ordination of infrastructure and land use is one way in which regional planning could contribute to economic growth, and the creation of new jobs rather than the redistribution of existing ones. But if the aims of regional strategy are to be met – in terms of restoring employment in the older industrial areas of London and the lower Thames – then a regional industrial strategy is also required. The Issues Group has not developed such a strategy in this paper, but agreed that the work needs to be done. The approach proposed for such a strategy would be to analyse the region's principal sectors and consider first what member-authorities, either individually or in conjunction could do to meet the particular problems faced in those sectors, and secondly, a regional view should be presented to Government where central Government action was required.

48 Of particular importance to the regional economy at the moment is the future of the electronics and software industries, as well as the cultural industries, instrument engineering and tourism. In each case local authority policy could serve to strengthen those industries, and thus encourage new real jobs rather than unproductive employment in makeshift job-creation schemes.

49 Take instrument engineering for example. About 40,000 people are employed in this sector in the South East, about half the UK total. It is a growth industry, whose output is closely linked to process innovation in manufacturing and services. Yet British industry has been slipping in the world market. Import penetration has risen from 39% in 1976 to 50% in 1982. Many of the major firms in the South East are foreign subsidiaries: Brown Boveri and Kent, Western Scientific, and Fisher Controls for example. The main weaknesses in the UK industry have been identified as a lack of integration between the instrument and the electronic sectors, and insufficient international marketing. Local studies of sub-sectors also revealed problems of keeping abreast of improved control and testing equipment as production moved from precision engineering to electronics (meteorological and environmental monitoring equipment), skill changes, a shortage of commercial expertise and finance in smaller firms in the electric/electronics sub-sector, and low levels of new product development in companies making clinical and industrial thermometers.

50 Some of these problems are matters for national Government policy. But others can be addressed locally by some or all of the following measures: a regional automatic test equipment service; a regionally-based instrument marketing/businesses organisation, with particular attention to joint international marketing for the smaller firms; the promotion of training programmes in the new skills required in the industry (with the help of EEC social funds); the provision of finance and expertise to growth companies, and to those companies which are having to change from electro-mechanical to electronic processes (as in environmental monitoring).

51 A similar approach is relevant to the region's older declining manufacturing industries, such as furniture. London alone accounted for 40% of national production in 1951 (with 62,000 jobs), but London employment has now fallen to 12,000 and many firms in the rest of the region have also been hit. As in instrument engineering there has been a heavy import penetration, up from 7% of domestic sales in 1973, to 27% in 1983. Unlike instrument engineering there has been little counteracting export. With the high quality reproduction sector the problem has been inadequate export marketing particularly in the United States. With the mass production furniture sector, the problem has been a failure to develop flexible manufacturing systems, integrated with design, and with retailing. The power in this sector has shifted to the major retailers like MFI and Harris Queensway, who, with open access to continental production, have no incentive to restructure British manufacturing. Nor have South East producers been able to restructure themselves, particularly in the face of the slump in overall demand.

52 Again there is a clear role that local authorities can play in encouraging employment in this sector. In the reproduction sector it is by supporting initiatives for joint marketing in the United States, together with tighter quality control among producers. In the mass market sectors, they can contribute to industrial restructuring around the new principles of design-led flexible production.

53 In a number of other countries, notably Northern Italy, Austria, and certain regions of Germany, local authorities have had a significant part to play in the restructuring of what have been called 'de-maturing' industries: furniture, clothing, footwear, building materials, food processing. In Northern Italy, where the process has gone furthest, these local council initiatives have taken the form of infrastructural provision, premises, training and other joint services. What has emerged is a specialisation of particular sectors in industrial districts, with a high degree of interdependence between local firms in the same sector. American management consultants and business school researchers are now referring to a new era of flexible specialisation, which extends the principles and scope of mass production.<sup>10</sup> It is this new industrial era which has emerged with the support of local authorities in the so-called Third Italy, and which has resulted in this region becoming the fastest growing region in the EEC.<sup>11</sup>

54 These examples – and they are examples which could be added to from service as well as manufacturing sectors – suggest that the key to growth and expanded employment in the South East is to be found in the process of industrial restructuring. In many sectors, this is a process which can be supported by local authorities. It would be one of the purposes of an economic strategy for the South East to outline the ways in which the members of SERPLAN could contribute to such a process of restructuring, sector by sector, using land-use and other existing powers.

<sup>10</sup> See for example M. J. Poire and C. Sable, *The Industrial Divide*, Harvard 1984, R. Schoenberger, *Nine Lessons from Japanese Manufacturing*, Collier MacMillan, 1982.

<sup>11</sup> On the Third Italy, see: Sebastiano Brusco 'The Emilian model: productive decentralisation and social integration' in the *Cambridge Economics Journal* 1982, 6 (page 167 – 184).

### The Regional Economy and Land-use planning

55 In the early post-war period, the major planning issue in the South East was the dispersal of people and industry from London in a manner which would preserve the countryside. Today the major issue is how to stop London falling apart. Whereas the post-war problems were principally ones of land-use planning, today they are primarily economic ones: unemployment, de-industrialisation, industrial restructuring and growing disparities of income and wealth. The economic problems have a geographical dimension. Unemployment is 22% in Hackney, but only 6% in Sutton. Industrial restructuring has hit those very areas where manufacturing flourished from the 1930s to the 1960s. Growing income inequalities lead to ever-sharper contrasts between the areas of the rich and the ghettos of the poor, often separated by no more than a few streets.

56 The solutions to these problems are not primarily through land-use planning. They will be found in the field of economic policy. Yet there are close connections between the economy and land-use planning, and it is these which should be one of the main concerns of regional planning in the South East today. On the one hand, the integrated development of infrastructure and industry does affect growth inasmuch as it creates the most efficient *layout* of the regional economy. In our view, such efficiency will not be achieved by concentrating economic activity in the Western corridor at the expense of Inner London, Outer Industrial London and the Lower Thames. Nor will it be achieved unless public capital and revenue expenditure is undertaken within the framework of a co-ordinated regional plan. As long as external economies exist – and their existence has been one of the main reasons for the development of public investment and co-ordination – then the un-coordinated decisions of different public agencies and Government departments will not generate the most efficient layout of the region. From what we know of current governmental mechanisms, the system of Government spending is one that is little short of chaotic from a South East regional point of view.

57 In a period when private investment and growth has been so reduced and when traditional instruments of regional economic distribution have been weakened, the co-ordination of public capital and revenue spending has become a key instrument for regional planning. But more than that, the economic problems of the region require that this co-ordination *must* take place if the economic efficiency of the region is to be improved.

58 Similarly – given the strength of the unregulated economic tides – any long-term land-use plan must necessarily assume some forms of growth and change in the economy. It must assess these changes and consider their desirability from a locational point of view. One cannot have an adequate land-use or infrastructural plan for the long term, without a long-term perspective on the economy.

59 Land-use and economic planning are thus distinct, but interwoven. SERPLAN is concerned with both – as necessary elements in a comprehensive regional plan. Such a plan is perhaps more necessary now than at any point over the last fifty years. Only such a plan can assist in the creation of new jobs in the places where they are needed, and get away from the endless struggle over a decreasing number of jobs which has characterised so much of regional and area policy until now.

### Conclusions

60 The broad conclusions of the group are as follows:-

- (i) the economic situation in a number of parts of the region is very severe, and the prospects are that for many of the older industrial areas they will get even worse by the end of the decade. The latest Warwick forecasts suggest that the region will have lost 324,000 manufacturing jobs between 1980 and 1990, on top of the half million manufacturing jobs lost in the previous decade. Whereas during the 1970s the growth of services largely counteracted manufacturing decline (regional employment fell by only 60,000 between 1971 and 1981, less than 1% of total employment) during the 1980s this is likely to be no longer the case. Employment is forecast to fall by a third of a million, with reductions in not only manufacturing but in the utilities, distribution, the public sector and even professional and scientific services. Unemployment is liable to rise, particularly in London, where latest forecasts suggest that the present total of 400,000 registered unemployed will increase to between 545,000 and 609,000 by the end of the decade.

- (ii) the main ways of creating new jobs in the region involve national, regional and local economic policy rather than land-use planning. Sectoral strategies in particular provide ways in which local authorities can contribute to the process of industrial restructuring taking place within the region. An overall strategy for the South East therefore requires an economic strategy as well as a land-use plan if the present level of unemployment is to be significantly reduced.
- (iii) land-use planning can contribute to economic growth by organising the interconnection of industries, transport and labour supply in an efficient manner, much as production engineers organise the layout of a factory. The result is the creation of external economies which far outweigh in significance any negative impact that a strengthened planning regime might have on individual firms. External economies through planning on the one hand and constraint on the other are but two sides of the same coin.
- (iv) the over-riding regional issue at the present time is the decline of Inner London and London's other industrial districts, as well as the industrial districts of the lower Thames. In previous periods, London's growth has been a dominant feature of the region's economy. In the present period, its decline threatens to be likewise. Only a concerted effort of economic and land-use strategy can prevent London's unemployment reaching levels that threaten the economic and social breakdown of whole areas of the conurbation.
- (v) for economic, quite apart from environmental and social reasons, the Economic Issues Group favours a policy of economic regeneration of the declining areas rather than one that supports the continued dispersal of jobs and population.
- (vi) a detailed land-use plan is required on the regional level to support this strategy of regeneration, and the revival of growth in the East of the region.
- (vii) in a period of depression, though there is still scope for planning private sector investment, the most effective instrument of land-use planning is public capital and revenue spending. This has an effect both on direct employment and indirectly by creating conditions which encourage investment in the target areas.
- (viii) currently there is a lack of co-ordination between different parts of public policy; some are contradictory, others are given no consideration from a regional standpoint. It is one of the most urgent tasks for the Government to remedy this lack of internal management of the public economy.
- (ix) as an immediate step, the Government should restore the levels of public spending in the poorest parts of London, and in the areas of high unemployment in the rest of the region.
- (x) an infrastructural plan for the region should be drawn up in support of the broad regional strategy. Such a plan should cover the road network, railways, air transport, ports, telecommunications and energy, and should be integrated with plans for industrial and commercial location.
- (xi) a central issue for the regional economy, particularly that of London, is the introduction of measures to reduce the amount of empty industrial and commercial space, and property prices. A restoration of rates on empty premises would be an immediate measure to bring this about.
- (xii) rigorous regional guidance on industrial location should be linked to local flexibility to ensure that existing enterprises can grow. Serviced sites, and a more purposeful use of council powers to compulsory purchase, would be two means to this end. Public policy must ensure that economic growth is not hindered by the imperfections of the property market and the loss of external economies. Local flexibility and a more detailed and rigorous regional plan are twin conditions for meeting the needs of the region's growth.

## APPENDIX 1

## Change in employees in employment 1971 to 1981 and forecast change in employment 1980 to 1990 (Thousands)

1968 SIC	1971-1981		1980-1990	
	London	ROSE	London	ROSE
Agriculture, forestry & fishing	+1.5	-18.2	0.0	-16.6
Mining & quarrying	+2.8	-0.1	+0.4	+0.3
Food, drinks & tobacco	-39.3	-6.7	-29.9	-6.0
Coal & petroleum products	+0.4	-1.5	-2.1	-2.0
Chemicals & allied industries	-17.4	-1.7	-27.7	+9.9
Metal manufacture	-12.4	-5.4	-5.1	-3.1
Mechanical engineering	-30.3	-31.4	-23.4	-28.4
Instrument engineering	-16.5	-3.2	-8.5	-8.1
Electrical engineering	-59.7	+19.3	-12.4	-3.3
Shipbuilding & marine engineering	-3.8	-11.5	-1.0	+1.6
Vehicles	-16.2	-34.7	-3.7	-17.2
Metal goods n.e.s.	-31.3	-7.2	-29.1	-4.6
Textiles	-3.5	-4.1	-3.6	-4.1
Leather, leather goods, fur, clothing & footwear	-48.3	-10.4	-17.0	-5.3
Bricks, pottery, glass etc	-9.2	+11.5	-3.6	-11.2
Timber, furniture, etc.	-19.6	-7.1	-17.8	+0.3
Paper, printing & publishing	-43.8	-12.4	-19.4	-2.5
Other manufacturing	-27.9	-12.0	-10.8	-24.0
Construction	-33.1	+14.3	-31.9	+15.1
Gas, electricity & water	-19.7	+0.4	-23.0	+1.9
Transport & communication	-65.9	+25.4	-73.2	+15.6
Distributive trades	-54.1	+91.2	-89.8	+48.2
Insurance, banking, finance, etc.	+49.6	+84.9	+18.2	+69.1
Professional & scientific services	+93.0	+176.4	+1.2	-48.6
Miscellaneous services	+43.3	+129.7	-47.2	+152.2
Public administration & defence	-52.6	-39.8	+36.0	-37.9
<b>TOTAL</b>	<b>-414.0</b>	<b>+345.7</b>	<b>-424.4</b>	<b>+91.3</b>

Source: 1971-1981 from Annual Census of Employment  
1980-1990 from Warwick University

## APPENDIX 2

AREA	Thousands			
	TOTAL JOBS 1971	TOTAL JOBS 1981	ACTUAL CHANGE 1971-81	% CHANGE 1971-81
Greater London	3,937	3,511	-426	-10.8
Inner London	2,284	1,948	-336	-14.7
Docklands	237	161	-76	-32.0
Outer London	1,654	1,562	-92	-5.5
Lower Thames	397	402	+4	+1.1
North Kent	174	171	-3	-1.5
North East Kent	55	54	-1	-2.4
South Essex	169	177	+8	+5.0
Manufacturing Centres : North	401	392	-9	-2.1
London Fringe (1)	513	518	+5	+1.0
Metropolitan Green Belt (excluding Lower Thames)	920	956	+36	+3.9
Coastal Resorts	365	396	+31	+8.7
South Hampshire	316	344	+28	+8.7
Milton Keynes	30	56	+26	+87.6
Reading/Wokingham/Aldershot/Basingstoke (Area 8)	209	274	+65	+30.7
Crawley/Burgess Hill (Area 6)	86	105	+19	+22.9
Berkshire - Area 8 (2)	137	142	+5	+4.1
*Hampshire - Area 8 and S. Hampshire	104	129	+25	+24.3
West Sussex - Area 6	115	132	+17	+14.9
Buckinghamshire Remainder (3)	92	109	+17	+19.0
Essex Remainder	171	188	+17	+10.0
Kent Remainder	205	234	+29	+13.8
<b>Total Rest of the South East</b>	<b>3,305</b>	<b>3,628</b>	<b>+323</b>	<b>+9.8</b>
<b>TOTAL SOUTH EAST REGION</b>	<b>7,243</b>	<b>7,138</b>	<b>-105</b>	<b>-1.4</b>

Note (1) EOAs adjacent to GLC boundary  
(2) Whole County minus Growth Area  
(3) County minus MGB, Lower Thames & Growth Areas  
\* Includes Romsey instead of Hythe  
Source Annual Census of Employment