

RE-ADJUSTMENT IN
LANCASHIRE

by Members of the
Economics Research Section
University of Manchester

MANCHESTER UNIVERSITY PRESS

1936

RE-ADJUSTMENT IN
LANCASHIRE

PUBLICATIONS OF THE ECONOMICS RESEARCH
SECTION, UNIVERSITY OF MANCHESTER

(Published by The Manchester University Press
unless otherwise stated)

An Industrial Survey of the Lancashire Area (excluding Merseyside). 1932. 6s. net. (H.M. Stationery Office)

An Industrial Survey of Cumberland and Furness. By John Jewkes and Allan Winterbottom. 1933. 8s. 6d. net.

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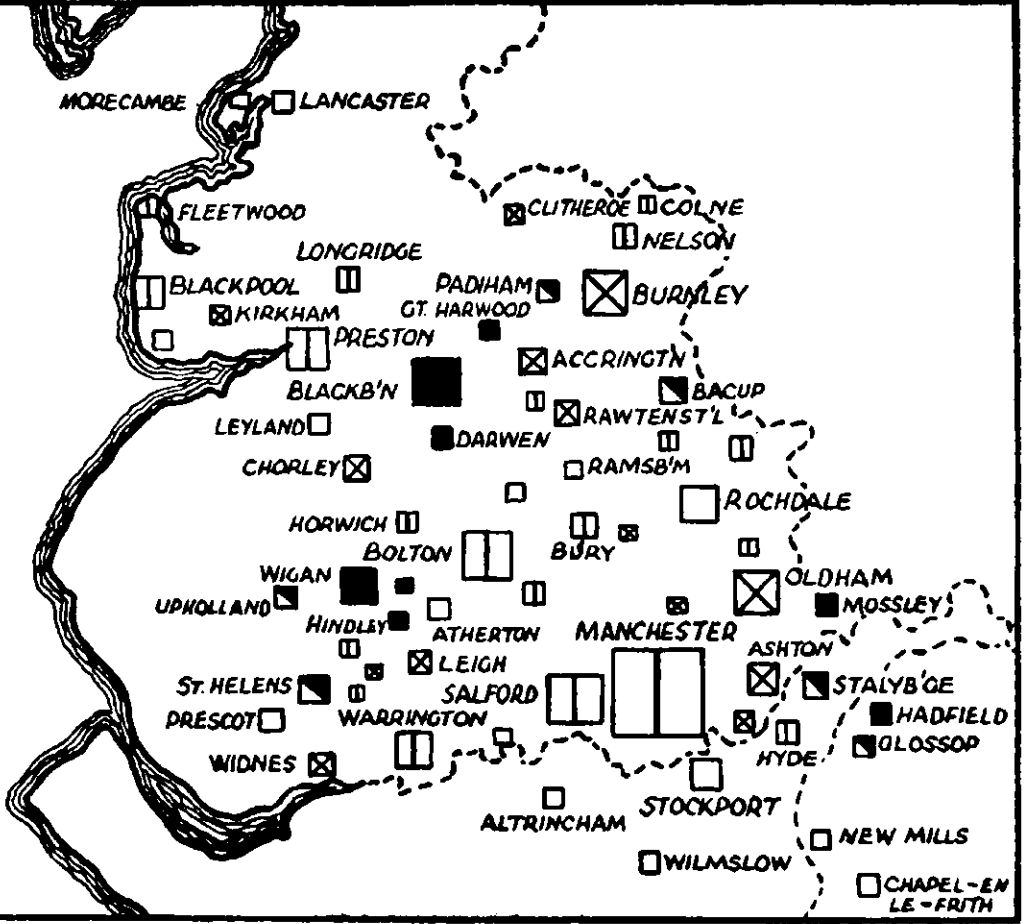
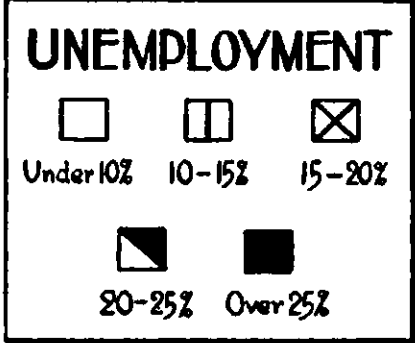
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LANCASHIRE INDUSTRIAL AREA

— September 1936 —



Published by the University of Manchester at
THE UNIVERSITY PRESS (H. M. McKECHNIE, M.A., Secretary)
8—10, WRIGHT STREET, MANCHESTER, 15

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P R E F A C E

SEVERAL members of the Economics Research Section have shared in the preparation of this Survey. Mr. S. R. Dennison and Mr. W. L. Magraw were largely responsible for the basic memoranda and the final drafting. Mr. D. N. Chester wrote Chapter VIII from material which he himself collected. Mr. C. T. Saunders, whilst a member of the Section, carried out investigations into the migration of population, the results of which have been embodied into Chapter IV.

The Survey was made possible by a generous grant, supplemented by University funds, from the Lancashire Industrial Development Council. But it must be clearly understood that the views expressed in the Survey are those of the Section alone. The Council is in no way responsible for them.

As in previous surveys, employers and trade unions have willingly given every possible help. The officials of the Ministry of Labour, both at Divisional Headquarters and in the towns throughout Lancashire, have provided information without which the Survey could not have been written. Local Authority officials went to much trouble in collecting details for Chapter VIII. To these, and to many others too numerous to mention individually, our thanks are due.

JOHN JEWKES

November 23rd, 1936

CHAPTER I

THE PROBLEM

The ills of a dislocated economic society take forms as manifold as the kinds of activities pursued within it. The farmer or the owner of the one-man business finds prices falling: he may continue to work but he must accept a smaller return for his effort. The business man finds profits being ground down between the mill stones of selling prices and costs; he too is not deprived of his work, or not immediately. He may, indeed, by increased personal effort, succeed in maintaining his standard of living. But something has occurred in the economic system which renders his work of lower value. The wage earner finds himself wholly or partly unemployed. The burden of depression may also in his case take the form of lower wages. But it will more frequently result in the absence of work than in the lowering of earned income.

The story of the depression of the Lancashire Industrial Area¹ since the war might be written from

¹ Throughout this volume the term "the Lancashire Industrial Area" will be used to mean the Lancashire Survey Region as adopted for the Report by the University of Manchester, published by the Board of Trade in 1932 as *An Industrial Survey of the Lancashire Area (excluding Merseyside)*. Broadly this includes the whole of Lancashire, south of Lancaster (excluding Merseyside) and the adjoining industrial fringes of Cheshire and Derbyshire. A detailed outline of this area, together with a map, will be found in the 1932 Report. See also Appendix I.

the angle of any one of these groups. The desperate but often unavailing efforts of the business man to maintain his position is one of the often ignored aspects of the tragedy of the depressed areas. And even in Lancashire, perhaps the most industrialised of all counties in Great Britain, the serious reactions of industrial decline upon the agriculturalist are to be clearly discerned. But it is in the unemployment of the wage earners and salary earners that the most convenient measurement of the intensity of depression can perhaps be found. Unemployment, by a simultaneous destruction of earned income and work, strikes at the financial independence and the sense of function of the individual, and creates a social problem the gravity of which is not substantially lessened by state maintenance.

The extent of unemployment in Lancashire constitutes, therefore, the most reliable index of the severity of economic depression and the degree of re-adjustment which is called for. That must not be taken to mean that employment, in itself, is always good and always to be preferred to unemployment. The raising of the school-leaving age, for instance, would lessen the number of persons employed but, even on strictly economic grounds, it is to be approved. Employment, particularly of juveniles and adolescents, at very low wages is not evidence of industrial prosperity, and there are signs that in some depressed areas, not excluding Lancashire, the plight of the unemployed has been seized upon as a method for their exploitation.

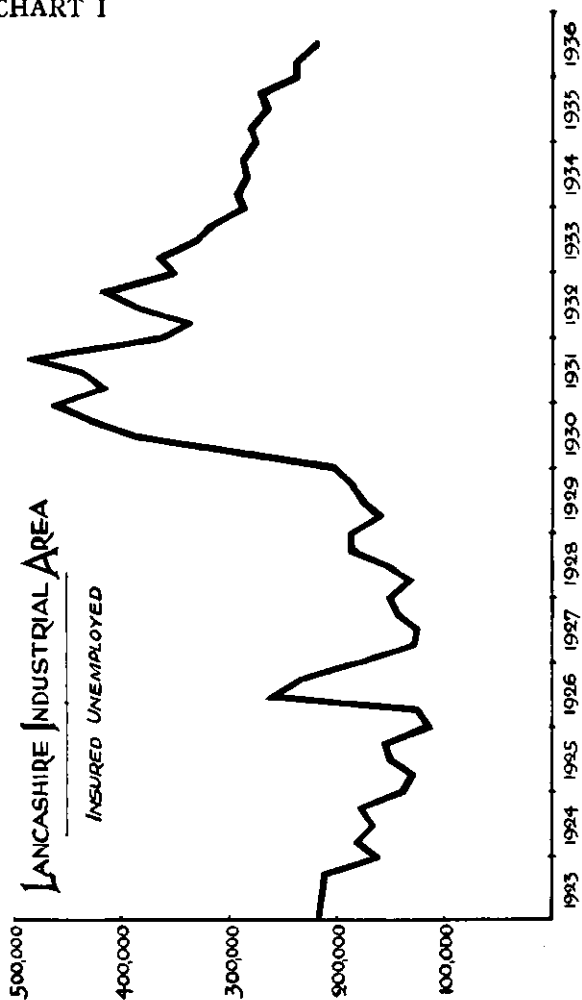
There are, therefore, worse social evils than unemployment and some of them may be brought into existence by ill-advised methods of increasing employment. Nevertheless, broadly, unemployment is the problem with which this volume is called upon to deal.

In 1936 there were about a quarter of a million persons unemployed in the Lancashire Industrial Area, about two-thirds of whom were males. The number of the unemployed cannot be stated accurately because there are still several forms of unemployment which are not yet measured exactly.¹ But, roughly, one in every five or six of those who were prepared to work could not find a job.

The number of the unemployed is, of course, changing from week to week, even from day to day. But, ignoring minor movements, the period since 1923 can be divided into three epochs clearly shown in Chart I on page 4. Between 1923 and 1929 there was no marked trend in either direction. It is true that there were relatively good years, such as 1927, when unemployment among the insured in the Lancashire Industrial Area fell to about 140,000, and relatively bad years, such as 1926, when the coal strike caused widespread industrial difficulties. But if, in those seven years, there were no indications that Lancashire was gaining ground, there was also no sign that she was slipping back. This period may be regarded as one of normal post-war industrial activity, and it appeared to involve between 140,000 and 180,000 insured persons out of work.

¹ See Appendix II, Note I.

CHART I



The second period begins in the autumn of 1929 when the world depression, heralded by the Stock Exchange crash in the United States, had, as one of its outstanding consequences, a rapid reduction in the volume of world trade. Lancashire's export markets were seriously affected. By 1931 unemployment in Lancashire had more than doubled ; in September of that year 490,000 insured workers were without jobs. The whole country, and, indeed, the whole world, showed a rapidly increasing roll of unemployed workers, but the increase in Lancashire went on much more rapidly than in most other parts of Great Britain.

Fortunately, this acute phase of depression passed. In Lancashire the beginning of the improvement dates from September 1931, when Great Britain abandoned the gold standard. The stimulus immediately provided to cotton exports produced, indeed, a minor boom. In the cotton industry alone unemployment fell by nearly 90,000 in three months. The improvement did not, however, continue long. The almost immediate departure of Japan from the gold standard, and the subsequent rapid depreciation of the yen, transferred the advantage of the exchange to Lancashire's principal competitor. Nevertheless, the worst was over, and in this third period dating from the end of 1931 a fairly steady recovery quickened in 1936 by the re-armament programme, is to be noticed. In 1935 unemployment fell to about one-fifth of the working force, and to less than one-fifth in 1936. But the improvement, welcome and continuous as it was, did not lead to a return even to

the position of 1929. The world depression, and the political and economic events which arose out of it, left their permanent mark on Lancashire.¹

One additional feature may be sketched into this summary outline. It is often convenient to deal with the whole of Lancashire as if it were one homogeneous industrial area. The importance of the cotton industry in most districts often leads to common conditions of prosperity or depression; the major industries of the county are linked together so closely that the fate of one vitally affects the others. But in some respects it is misleading and dangerous to regard Lancashire as homogeneous. Even before 1929, in the cotton industry, one section, that making the cheaper and coarser products, was suffering severely whilst the finer end was probably as prosperous as it had been before the war. There is an even more important reservation. Some, perhaps the majority, of the towns in Lancashire are fundamentally dependent upon the cotton industry and its associates—textile engineering and textile finishing—or upon the coal-mining industry. There are, however, areas whose dependence upon these staples is much less marked, whose industries are much more diversified, and whose fortunes are much more closely bound up with economic conditions in other parts of the country than they are with the older Lancashire industries.

There are, in fact, striking differences in the rates of unemployment in different parts of Lancashire.

¹ See Chapter 9 for an examination of the events of the past few months.

They are brought out in the frontispiece map. The areas of densest unemployment, it will be seen, are in the group of weaving towns in the North-East and in the coal-mining district round Wigan. The larger spinning towns occupy an intermediate position; their dependence upon cotton is much less complete than is that of the weaving towns. Finally there are two areas, the Fylde and a wide belt around Manchester, in which unemployment is very much lower.

CHAPTER II

THE EMERGENCE OF THE PROBLEM

1. LANCASHIRE BEFORE THE WAR

The prolonged post-war difficulties in Lancashire have led many to look enviously to conditions before the war and to regard them as a standard against which to measure the degree of the subsequent decline. That is a much too simplified view of an era which had its serious trials as well as its notable achievements. Even if one goes back only half-a-century there were periods, especially in the early 'eighties and 'nineties, when production in the cotton industry experienced setbacks, when the talk was of permanently satiated markets and the inroads of foreign competition, when the existence of surplus capacity was bemoaned and the need for the restriction of output urged. Such periods, of course, witnessed much unemployment. There is, unfortunately, no record of its actual extent, but much has come down to us of the sufferings which it occasioned at a time when social insurance was almost non-existent.

Even when industry was expanding and work was easily found, life must have been grim in many of the cotton areas. With the exception of one or two occupations, notably that of the mule spinner, wages for men were low. The 1906 Wage Census shows that, taking 110 industries, weekly earnings for adult males were higher in sixty-five of these industries

than they were in the cotton industry.¹ And if the standard of living of the family was increased by the custom, often a necessity, for wives and daughters to work in the mill, that gain in income was set against the social evils, such as a high infantile death rate, which accompanied it.

However serious the social and economic problems of Lancashire before the war, the cause of unemployment was different in kind from that which has produced the post-war conditions. Unemployment then appeared from time to time because, whilst population was increasing, industries were failing to maintain their rate of expansion. Depression was caused not by an actual reduction of output but by the maintenance of existing levels of output whilst the number of persons seeking work was increasing. Since the war, of course, the position has been reversed, and the staple Lancashire industries have declined so substantially that even an actual decline of population in many places has not been sufficient to offset it. That difference is of great significance. When an industry merely fails to expand, the mal-distribution of labour need not be serious. Entry into it is checked; young people are trained for other industries and occupations, and the necessary re-direction of the supply of labour can be made among the young who are adaptable. But, when unemployment arises from the actual decline of an industry, it is now no longer a question of

¹ For further evidence on earnings in the cotton industry see J. Jewkes and E. M. Gray, *Wages and Labour in the Cotton Spinning Industry* (Manchester University Press, 1935).

diverting a stream, but one of draining the already waterlogged ground ; no longer of directing the young into different industries, but of finding new employment for older people fixed in their habits and tied to one locality by innumerable personal or economic bonds.

The cotton industry was peculiarly dependent upon an expanding market and increasing production to keep at bay certain social evils which were tolerable whilst employment was increasing but which swiftly became intensified the moment this ceased. It has been shown,¹ for instance, that the "big piecer" system in cotton spinning amounts to the exploitation of one class of workers by another only defensible, if it is defensible at all, on the ground that the "big piecer" is a kind of apprentice preparing for his promotion to the rank of a mule spinner. But, so soon as industrial expansion ceases, the rate of promotion slows down and a blind alley job is created.

Pre-war unemployment in Lancashire, therefore, was kept in check because industrial expansion went along with the growth of population. The increase in population was, indeed, striking. Between 1801 and 1911 the population of the County Palatine increased from 670,000 to 4,760,000 ; in 1801 the county held only 7·6 per cent. of the total population of England and Wales ; in 1911 it contained 13·2 per cent. Between 1861 and 1911 the numbers occupied in the cotton industry in the county increased from

¹ See J. Jewkes and E. M. Gray, *op. cit.* Chapter XII.

356,000 to 504,000 and, from 1871, the coal-mining, dress, and metal industries were all expanding rapidly whilst other minor industries, such as chemicals, paper and printing, were also growing.

This industrial and commercial development did not continue up to the outbreak of the war at an unbroken pace. Two movements, of which much that has happened in Lancashire since the war are natural continuations, were slowly gathering momentum. In the first place, the rate of increase in the population was slowing up after 1881. In the second, the North-East section of the Lancashire Industrial Area, which throughout the century had been almost wholly associated with cotton weaving, was, from 1871, becoming overshadowed by the South and West—"Metropolitan Lancashire"—where a much greater variety of industries was to be found.

Such changes, however, were gradual; there was time for the necessary adjustments in population and occupations to be made without economic dislocation becoming serious. There appeared to be balancing elements which suggested to the pre-war observer a future of adequate employment and a rising standard of living for a growing community. Thus, some of the growing industries provided markets for others: the growth of the cotton industry called into being textile finishing and textile engineering; coal-mining found an expanding outlet for its product in local industry; the dress trades found their raw materials in the local cotton manufactures. The system which grew up was far from a closed economic area—the importance of the export trade was too great for that to be possible

—but there was a sufficiently close synthesis between many of the industries to render industrial progress cumulative. The danger that the steady increase in the occupied population would be checked by the periodic depressions to which the cotton industry was subject, was avoided by counterbalancing expansion in the minor industries of the county. In the 'sixties and 'seventies, the growth of the coalmining and dress industries, and in the 'nineties a marked spurt in the engineering trades, were sufficient to tide the county over a slackening in cotton manufacture. Coalmining, engineering, and spinning employed men and boys; cotton weaving and the dress trades mainly women and girls and, although there may have been many areas in which dovetailing of employment was impossible, in very many cases opportunity was offered for many members of one family to enter industrial life.

In the light of subsequent experience it is easy to identify those features of the Lancashire industrial system before the war which, sooner or later, were bound to lead to trouble. The area was leaning precariously upon one industry, cotton, and its associates—textile engineering and textile finishing. In 1911, 25 per cent. of the occupied population in the county was found in these three groups and in some areas, such as Blackburn (58 per cent.), or Burnley (60 per cent.), the proportion was much higher. The cotton industry in turn was mainly an export industry; its prosperity depended upon world markets and the inability of other countries to produce cotton goods for themselves. The output

of the Lancashire coalfield had been declining since 1907. A closer examination would have revealed other danger spots, customs and practices which flourished in an expanding economy but which contained seeds of future dilemmas. The method of raising capital in the cotton industry, particularly in spinning, with its high proportion of fixed interest capital, was a fair weather method, the weaknesses of which were to be much intensified by the recapitalisation period in 1920 before the post-war depression began. Some of the systems of wage payment in the cotton industry were well suited to an industry with monopoly power but hardly conducive to the greatest technical efficiency.¹ What was to happen in the competition between ring spinning, whose labour was almost wholly that of women at relatively low wages, and mule spinning, which was one of the important male occupations in the county and in which wages were much higher? Was the cotton industry neglecting the full possibilities of automatic machinery? And along what lines would the weaving industry find a solution to its social problems? Men and women were employed as weavers and paid the same piece rates. But such wages, whilst high for women, were not sufficient to maintain a normal household. Was the widespread employment of women, married and single, to continue indefinitely? If not, and if, on broad social grounds, it were desirable to make of weaving an occupation for men, how were wages to be raised to a satisfactory level?

¹ See J. Jewkes and E. M. Gray, *op. cit.*

But all these were issues only slowly emerging and it was upon a growing and apparently closely knit organisation that the full impact of the post-war economic changes fell, demanding re-adjustments in the staple industries, a re-orientation of the industrial activities of the county, and a geographical and occupational re-distribution of the population. What had previously appeared to be the strongest factor in the stability of Lancashire economic activity—the building up of a group of industries in close contact with the cotton industry—now revealed itself as the most dangerous element making for dislocation, since it was in the cotton industry that depression became most acute.

2. POST-WAR DISLOCATION

The depression in British industry which ran its course up to 1929 has been subject to much conflicting diagnosis, and there is, even now, disagreement as to the fundamental causes of it. But there would be unanimity on some of its main features. The depression was concentrated in the export industries, and, among these, the most marked collapse was to be observed in two groups—those in which foreign competition became intense because of the ease with which other countries found that they could establish similar industries, and those which were affected by the appearance of substitute products or new methods of production.

Dislocation arising from such causes was found in most of the principal Lancashire industries, but

notably in the cotton industry. It became increasingly evident from the events of the previous twenty years that, of all industries, the manufacture of cotton goods was one of the easiest to set up in new surroundings, and that, with the inevitable growth of industrialisation in other countries in the world, a cotton industry would probably be one of the first to which they would turn. The belief that a very high degree of industrial skill is necessary before a cotton industry can be successful is definitely disproved by its appearance in India, Japan, China, and certain of the South American States ; by the migration of the cotton industry of the United States from New England, where labour is highly skilled, to the Southern States, where most of it is drawn from agriculture ; and by a similar movement even in India from the established centre of Bombay to fresh areas of the country where labour is not of the same industrial quality. In the production of the finest qualities of yarn and cloth the skill of the operative may count for a great deal ; it may be that the output per head, even in coarser products, is higher in Lancashire than in other countries, although the increasing use of automatic machinery makes this problematical. But it can no longer be doubted that the mechanical principles of cotton manufacture are simple enough to enable industries to be built up on relatively unskilled labour so long as the wage rates are low enough. Apparently the course of industrialisation in formerly agricultural countries takes a standardised form in which some industries, notably cotton, come first.

It is, therefore, not surprising that, between 1920 and 1929, the Lancashire cotton industry lost trade in two directions. The growth of domestic cotton industries tended to reduce the volume of international trade in cotton goods after the war. Even in the most favourable years between 1924 and 1929 world trade in cotton goods never greatly exceeded the volume in the years which immediately preceded the war. India, China, the countries of South America, and Japan were supplying most of their own needs, and Japan especially was increasing her export trade. In 1913 Great Britain was responsible for about two-thirds of the value of cotton piece-goods which entered into world trade, in 1925 for only about one-half, and in 1929 for about two-fifths. The most serious blow which post-war Lancashire had to encounter was a decline in cotton production between 1913 and 1924—1929 of about one-third.

No useful purpose would be served by seeking to apportion the blame for this turn of events. Undoubtedly many injudicious things were done in the Lancashire cotton industry in the ten years after the war. The period of recapitalisation in 1919—20 burdened the industry with heavy fixed-interest charges which drained it heavily up to 1927—28. The banks can hardly look back with satisfaction upon the part which they played in the post-war boom, or upon the slowness with which they decided to cut their losses. The Employers' Federations devoted much time and effort to a succession of short-lived price or output associations, most of which were based upon a fundamentally incorrect diagnosis of

the nature of the post-war decline. The trade unions, in order to maintain the weekly income of their members when short time was prevalent, were forced to defend a level of wage rates much higher than the pre-war level, and this led to a vicious spiral in which high wage rates created short time working, whilst short time working meant that the high wage rates were essential if a reasonable standard of living was to be possible. And those in official quarters, directly or indirectly, contributed much to the prevalent perplexity. The premature return to the gold standard ; the absurdly optimistic claims made for large amalgamations ; the failure of official investigations to show clearly the need for radical re-adjustment—these are charges against which those responsible would not find it easy to defend themselves.

It would, however, be idle to suppose that these mistakes constitute the root of the matter. Even had employers been more far-seeing and receptive, had the banks not made their mistakes, had the trade unions followed other courses, had Government guidance been wiser, the fundamental problem would still have remained. Lancashire was faced with irresistible economic forces which were modifying the international pattern of industry, and the mistakes of those faced with the consequences of these changes can have counted but little in the emergence of the inevitable results.

The partial collapse of the cotton industry naturally produced general disturbance in the pre-war interdependence of the industries of the area. The textile finishing industry found that a large part

of its market had disappeared, although its decline proved to be less marked than that in cotton manufacture. The domestic market for the textile engineering industry almost completely disappeared, since the cotton industry could not afford new machinery and the prices of good second-hand machinery were very low. Exports of textile machinery appear, however, to have been fairly well maintained up to 1929, for the average annual export between 1922 and 1929 was nearly 80 per cent. of the average for the years 1911 to 1913, but even then it represented a dwindling proportion of world trade. The Lancashire coal-mining industry also suffered from the decline of cotton and other industries and, in any case, the increasing use of electricity and other rival forms of power was tending to reduce its market. Even in the cotton industry the capacity of electric motors installed increased by over 35 per cent. between 1924 and 1930. The net effect was that output in the Lancashire coal-mining industry never rose, between 1925 and 1929, to more than 75 per cent. of the 1911-13 output.

The extent of Lancashire's economic difficulties in these years must not be exaggerated. Indeed, in one of these years—1927—the general unemployment rate was as low as 9.4 per cent. and, in the same year, unemployment in the cotton industry was only 8.5 per cent. The number of persons *employed* was probably rising slightly between 1923 and 1929. Other industries were growing and filling, at least in part, the gap created by the decline of the old. It

still remains true, however, that, after the war, the county was faced with a serious disruption of its industrial system, and the decline of industrial output in the staple trades produced widespread unemployment. The employment capacity of the area did not keep pace with the increase in the number of people who required work. Between 1911 and 1921 the enumerated population in Lancashire increased by 171,000 (3.6 per cent.), and between 1921 and 1931 by 106,000 (2.2 per cent.). The number of persons available for work depends, however, not only upon the total population but also upon the sex and age distribution of the population. Now, although the total population of the county increased only by 2.2 per cent. between 1921 and 1931, the numbers of people between the ages of fifteen and fifty-nine years, that is to say, those people who would normally work, actually increased by 4.8 per cent. for males and 4.6 per cent. for females. This then was the crux of the unemployment problem in Lancashire as it appeared to observers up to 1929: an increasing population, an even greater increase of those of working age, and a breakdown of the staple industries which before the war had steadily provided employment for a growing community.

3. WORLD DEPRESSION AND PARTIAL RECOVERY

In late 1929 conditions in Lancashire took a sudden turn for the worse with the beginning of the Great Depression. In a few months unemployment more than doubled. For every 100 cotton workers

who had been employed in 1929 only sixty-six were employed in 1930. The depression ran its course through 1930 and the first part of 1931 but, at least so far as Lancashire was concerned, the worst was over by the autumn of 1931 when the abandonment of the gold standard produced a spurt in the exports of cotton goods. Not all the gain was maintained, but between 1932 and 1935 a gradual increase in employment continued.

The world depression had, as one of its outstanding features, a substantial reduction in the volume of world trade, which fell by 26 per cent. between 1929 and 1932. Lancashire's export industries were naturally affected. Exports of cotton piece-goods fell from 3,672 million square yards in 1929 to 2,407 million square yards in 1930 and to 1,716 million square yards in 1932. Exports of textile machinery fell by more than one-half in the same period. Lancashire trade suffered more severely than world trade.

The recovery in Lancashire since 1932 has been only partial. In 1929 the number of insured persons unemployed in the Lancashire Industrial Area was 180,000 ; in 1935 it was 47 per cent. greater than this, and in March, 1936, it was still 32 per cent. greater, in spite of a decline of 30,000 in the numbers insured between 1929 and 1935. Between 1932 and 1935 the quantum of world trade increased by 10 per cent., and British exports by 18·7 per cent. British exports of cotton piece goods in 1935 were the same as they were in 1932 ; exports of textile machinery (again a Lancashire product) increased by 6·3 per cent. It

seems clear, therefore, that the improvement in Lancashire's foreign trade has lagged behind that of the rest of the country.

So the post-war history of Lancashire consists of two sharp collapses in 1921 and in 1930-31, and two periods of slow recovery. But in both cases the recovery was not complete ; the previous high level of activity was not attained. And in that fact lies most that is disturbing for the future.

CHAPTER III

AN ANALYSIS OF UNEMPLOYMENT

Some indication has already been given of the scale and the geographical distribution of unemployment in Lancashire. One in five or six of the working population is without work, but in at least two districts, the district mainly concerned with cotton weaving and that around Wigan, which is dependent largely upon coal-mining, the proportion of unemployment rises to one in four. Two-fifths of Lancashire's unemployment is in the staple industries, cotton, coal-mining, and engineering, where the rates of unemployment are abnormally high. But even in the expanding industries such as the manufacture of motor vehicles, building, road transport, and electrical engineering, the rates of unemployment have settled at higher levels than in the country as a whole. This is one feature of a depressed area which is often overlooked. The surplus labour from the declining industries seeks outlets in the expanding trades which tend to become overcrowded and so to show higher levels of unemployment. All industries in the county alike, therefore, prosperous and depressed, growing and declining, show rates of unemployment higher than in the country as a whole.

Unemployment in Lancashire is not as high as in other depressed industrial areas. The relations vary from time to time but, broadly speaking, the rate of

unemployment in Lancashire is two or three times as high as that in prosperous areas such as the Midlands and the South-East, but only about two-thirds of that in depressed areas such as the North-East Coast or South Wales. Lancashire, taken as a whole, lies in an intermediate position between the prosperous regions and the most heavily hit exporting districts.

There are other special conditions in Lancashire which will be discussed more fully later. Lancashire shows an abnormally high proportion of workers who have been out of employment for long periods, a larger proportion of unemployed women than in the country as a whole and an unusually high percentage of unemployed workers who are classed as temporarily stopped.

In some ways, the county is well equipped to withstand economic strain provided that it is not too prolonged. The number of wage earners in each family is higher in Lancashire than elsewhere. Temporary unemployment of one member reduces the family income, but the chances are that some of the other members are at work to help to tide over the bad period. It must further be remembered that the birth rate is low in the county, so that during periods of depression an acceleration of migration would rapidly produce a fall in the population and thus bring relief. Moreover, the proportion of dependents below working age is smaller than in most other parts of the country.

There are other factors, all of which can perhaps be summed up in the one word immobility, which render re-adjustment difficult. It is now generally

accepted that the low rate of migration of Lancashire people to other districts before 1929 is one reason for the present serious situation in some parts of the county. Recent investigation has revealed that this factor is of even more importance than was formerly believed.¹ The family income, whilst it has some advantages, lessens the inducement for the family to move from one district to another. The widespread employment of women, often married, means that a large proportion of the working force is definitely fixed to one place. The practice, very common in the cotton industry since the end of the war, of short-time working, provides an added anchor to the operative for whom there is no regular full-time work in the industry of his own town. The very thrift of the workers before the war, which led many of them to purchase their own homes or to invest money in local concerns, must also have played its part. And there have been more subtle psychological factors at work. Those who live in an area dominated by one industry tend to have a limited horizon; to seek a job in some other industry or in some other district is a plunge into the unknown. It is not surprising that the cotton operative, for many years after 1920, failed to realise the changes which had come into his world, lived on oft-repeated hopes that recovery was imminent, and waited for the improvements that never came.

¹ Much of this chapter is based on a paper delivered in January, 1936, by Mr. S. Warrington, Divisional Controller, Ministry of Labour, before the Manchester Statistical Society, entitled "Unemployment Statistics: Some Observations upon North-Western Figures."

It is, at first sight, remarkable that a people who are not naturally without independence and enterprise should have gained this reputation for caution and timidity in breaking into new fields, but a closer examination of unemployment in Lancashire strongly suggests that the immobility has arisen, and will continue, not so much because of personal deficiencies as because of peculiar features of the labour force and of the consequences of a prolonged period of depression. An analysis of the Live Register (i.e., the total register of those seeking work at the employment exchanges) in the North-Western Division (i.e., Cheshire, Lancashire, Cumberland, and Westmorland) in May, 1935, may be used to bring out the salient facts.

In the first place, of each 100 persons unemployed 24 were women, and women industrial workers are notoriously less mobile than men. Of each 100 women who were unemployed 46 were married women who, presumably, could not contemplate the taking of a job outside their own town. Of each 100 women unemployed 19 had been out of work more than a year and were thus in serious danger of losing their industrial skill. Of each 100 unemployed women 28 were temporarily stopped only and would be looking forward to going back shortly to their old employment. When these restrictions upon the number of women who might be expected to transfer to other districts and other trades are taken into account there is left a large mass of unemployed women who are not transferable in the normal sense at all. Thus, of each 100 women unemployed, only

about 12 were single women under twenty-five years of age who were wholly unemployed, whilst a further seven were in the age group 25—34 years. It is therefore not surprising that the Ministry of Labour finds the greatest difficulty in arranging for transfer as the following, quoted from Mr. Warrington's paper shows: "Experience reveals that even amongst the younger single women possibilities of transfer are severely restricted. There are all sorts of obstacles in the way—parents object to their daughters leaving home, many young women are about to get married, others are expecting to return to work shortly (and unemployment bears far more heavily upon older age groups than upon the younger), others have serious domestic ties, others again are unsuitable for the work which may be available or the jobs which offer do not appeal. There are certainly no large supplies of domestic servants as the following brief note upon a special enquiry into a typical textile town will illustrate. The town concerned had at the time of the enquiry a total women's live register of about 2,500. Of this total, 66 per cent. were married. Only 380 of the wholly unemployed women were single and under forty, that is, only 15 per cent. of the total women on the register.

"It was desired to ascertain how many of these 380 single women under forty were really suitable and available for transfer to domestic work, with particular reference to training possibilities. A large proportion could be eliminated merely by an examination of their papers on age and other grounds, but

about 120 were individually interviewed. Well over half of these were found to be clearly not in the field for transfer for valid domestic or personal reasons. Of the remainder, most were either unwilling to consider domestic work or would need training before they could be regarded as suitable. The number suitable for domestic work without training and willing to undertake it was four. A further 20 expressed themselves willing to consider training in domestic work but most of these fell away for various reasons. This kind of experience is typical and not exceptional in Lancashire textile towns."

Such difficulties do not apply in the same degree to unemployed men, but even here the possibilities of transfer are limited, particularly in the areas showing the highest rates of unemployment, because a high proportion of the unemployed fall within the upper age groups, in which the period of unemployment has often been prolonged. Mr. Warrington gives some outstanding illustrations of the effect upon transferability. "Figures for a town largely affected by coal-mining unemployment, for example, show that in April, 1934, only 2 per cent. of the men who had been unemployed for over twelve months were in the age group 18—20, and a further 22 per cent. in the age group 21—30. More than 54 per cent. were over forty-one years of age. In the same town at the end of March, 1935, there were nearly 3,200 men who had been unemployed for more than two years. Of these, only twenty-seven were in the age group 18—20, and a further 218 in the age group 21—24. More than 60 per cent. were over forty years of age.

Figures for a badly depressed textile town show that when the wholly unemployed men were considered by age groups 32 per cent. of the men under thirty had been unemployed for twelve months or more as against percentages of 45 in the age group 30—39, 47 in the age group 40—49, and 54 in the age group 50—64.”

There is, of course, no way of knowing, beyond doubt, which of the unemployed could be transferred and which not. *Some* unemployed married women may be prepared to move, but in most cases they will find it almost impossible. *Some* men over fifty years of age may be suitable for transfer, but usually it will be difficult for them to re-establish themselves, particularly if they have been out of work for long periods. *Some* who are only temporarily stopped may be anxious to move to other industries and other localities where the opportunity of permanent work is greater. For other reasons also the drawing of a line between the transferable unemployed and the remainder must be arbitrary. Nevertheless, if it is assumed, optimistically, that the following groups among the unemployed are transferable :—

- (1) All Wholly Unemployed¹ Men 18—54 years of age ;
- (2) One-half of the Wholly Unemployed Single and Widowed Women 18—54 years of age ;
- (3) One-quarter of the Wholly Unemployed Married Women 18—54 years of age ;

then results are obtained as shown in the following table.

¹ Including non-claimants.

TABLE I
LANCASHIRE INDUSTRIAL AREA
ESTIMATED PERCENTAGES OF UNEMPLOYED
WORKERS TRANSFERABLE

	Men	Married Women	Single Women	Total
	Percentages			
Weaving District	57	18	30	42
Spinning District	55	18	17	42
Coal-Chemical District ...	69	14	25	62
Fylde District	68	21	40	58
Metropolitan Lancashire...	68	15	25	56
LANCASHIRE INDUSTRIAL				
AREA	67	16	24	50

Transferability is lowest in the Spinning and Weaving Districts where, on the basis of this calculation, only two out of every five unemployed persons will normally be in a position to contemplate long distance transfer. In the Spinning District the matter is not of great consequence, since it is near enough to the Manchester district to find work for some of its unemployed without transfer. But the Weaving District is too far away from the Metropolitan area to make daily travel practicable for the majority of wage earners.

It is clear, then, that there is much unemployment in the Lancashire towns which cannot be dealt with by the method of transfer. However energetic may be the efforts of the Ministry of Labour, the majority of the women unemployed, if they are to

take up work again, must find it in their own neighbourhood. Of the men that is less true, but it appears inescapable that as the unemployed come to consist more and more of older men and of those who have suffered from long periods of unemployment, the difficulty of finding places for them, either in their own or a new industry or locality, becomes progressively greater.

The more prolonged and widespread the depression the more intractable becomes the problem of unemployment. Depression, in fact, breeds depression. Something will be said later of the effect, largely psychological, of the unsightliness of many Lancashire towns with their derelict factories and unattractive appearance. In a depressed area the loss of income on the part of workers means a smaller demand for consumable goods which renders the area less suitable as a site for industries producing those goods. Badly hit areas tend to be drained of their best workers, as those who migrate will normally be the younger and more intelligent and active, and those who are left will be older or, for some other reason, less efficient. When, as in many weaving towns, firms are closing down frequently, the best among the displaced workers will probably find work elsewhere, the others will go on to the roll of the unemployed and remain there. And all the time those who are out of work are becoming less and less suitable for transfer because of the loss of skill and strength which results from the absence of work and from a meagre physical existence on Unemployment Benefit or Unemployment Assistance.

One special instance merits notice. We were informed that in some of the weaving towns many of the weavers who were registered as unemployed were unlikely ever to find employment in the cotton industry again because they had become unfitted to carry out the work which would be demanded of them. The kinds of cloth woven are now more intricate and difficult to weave than those which formed the basis of the trade a few years ago. Older people, particularly those who have been out of work for some time, find it difficult or impossible to cope with these changes and they may remain unemployed while looms stand idle for lack of suitable operatives.

At the same time the younger workers coming into industry are being subject to conditions which are endangering their industrial quality. There is a disposition at the present time to dismiss the problem of juvenile unemployment as unimportant. It is, of course, true that, along with the general revival in trade since 1931, has gone a decreased volume of unemployment among children and adolescents. The fear, which was general two years ago that, with the increase in the number of children leaving school, there would be a sharp rise in unemployment has not been realised.

The statistics of unemployment among juveniles below sixteen years of age are difficult to interpret and they can be misleading but it seems that the rate in the past year in the North-Western Division has been about 7—8 per cent., a not inconsiderable figure. But in some towns, such as Darwen, St. Helens,

Blackburn and Great Harwood, for special local reasons, unemployment is very much higher than this and constitutes a serious problem.¹

It is also disturbing to find that blind alley work and casual employment is on the increase. Parents in Lancashire have at last realised how slender are the chances of permanent employment in the cotton industry, and their reluctance to allow their children to enter it is having its effect. This increases the entry, particularly of boys, into jobs, many of them blind-alley, in industries such as Distribution. In 1921, in Lancashire, of each 100 occupied boys fourteen and fifteen years of age, 18 were occupied as messengers; this number had risen to 26 by 1931. It is well known that Distribution employs young people on a scale much too large ever to make it possible that they will all be employed as adults. The number of boys aged fifteen years in Distribution is about 50 per cent. greater than the number of men aged thirty years and nearly three times the number aged fifty years. The industry continually discards its workers as they become older.

In a depressed area the growth of blind-alley work merely piles up future difficulties. It makes it harder to escape the dangerous downward spiral in which casual and unskilled work brings unemployment and low incomes, and these reduce future

¹ It must not be overlooked, however, that a great deal is now being done, through official agencies, to care for the unemployed juvenile. The strengthening of the Junior Instruction Centres has already proved its value. The effectual raising of the School leaving age would also help greatly.

employment by driving away the new industries which might otherwise have established themselves.

One encouraging fact, however, is at present to be observed in Lancashire. Two or three years ago there appeared to be a tendency for unemployment to fall with abnormal incidence upon younger men and women. It appears, however, that this has been checked. In the past two years unemployment has declined more among those 18—20 years of age than among workers generally, and the rates of unemployment in this age group appear to be lower than the normal.

To sum up: the standard treatment for unemployment, the transfer of workers to other districts and industries, can touch only the smaller part of unemployment in Lancashire. In the first place, there is a large group of older people who are no longer strictly in the field of employment. They constitute the social wreckage of the past decade with its declining employment and its changes in technical methods. They have been left high and dry by tides over which they had no control. It should be seriously considered whether it is worth while to continue the pretence that they are fit to re-enter industry, and that they should still be subject to all the elaborate safeguards set up to discourage malingering in the unemployed. In the second place, a large part of the female working population, anxious and able to work cannot, for elementary social reasons, migrate. Work for them, if it is to exist at all, must be work in their own towns. In

the third place, there are special difficulties in the transfer of the unemployed among the youngest group of industrial workers. They, in fact, should not be in the field of profitable employment either. They should be at school.

CHAPTER IV

POPULATION CHANGES AND THE REDISTRIBUTION OF LABOUR

A fundamental pre-requisite in the drawing up of a wise and effective policy for the Depressed Areas is as complete a knowledge as possible of the conditions there, of changes in population, of the rates of migration, and of the kind of people who are unemployed. The numerous surveys, both public and private, of the past six years have thrown up a great deal of information, and official statistics, notably those of the Ministry of Labour, quickly reveal changes of major importance. It is, however, unfortunate that the 1936 Census of Population has, presumably on grounds of economy, been vetoed, for this would have provided facts concerning the migration of population which cannot be obtained in any other way and for which it will now be necessary to wait until 1941.

The resident population of the Lancashire Industrial Area increased between 1921 and 1931 from 4,172,000 to 4,218,000. This gain of 46,000 represented an increase of 1.1 per cent. (as compared with one of 5.6 per cent. for England and Wales). The Area's natural increase (excess of births over deaths) during the decade represented only 3.4 per cent. of the 1921 population whereas the corresponding figure for the whole country was 6.0 per cent. This was due to the fact that the birth rate

is abnormally low in Lancashire, particularly in the textile districts. The rate of migration from the Area was also low. Between 1921 and 1931, 2.3 per cent. of the population migrated to other parts of the country, whereas South Wales lost 12.1 per cent., the North-East Coast 9.2 per cent., South-West Scotland 9 per cent., and Cumberland 8.7 per cent. This strongly suggests that the Lancashire population has been less ready to move than that in the major depressed areas. It must not, however, be overlooked first, that really serious conditions came later to Lancashire than to these other Areas, and, secondly, that important parts of Lancashire have never experienced prolonged and serious depression.

The statistics for the whole of the Lancashire Industrial Area cover very divergent movements and conditions in different parts, as the following table shows.

TABLE II
POPULATION AND MIGRATION 1921-31
LANCASHIRE INDUSTRIAL AREA

AREA	Percentages of 1921		
	Total Change	Increase by excess of Births over Deaths	Decrease by Migration
Blackburn	- 4.6	0.8	-- 5.4
Burnley	- 6.3	0.8	-- 7.1
Rossendale	-- 3.9	0.3	4.2
WEAVING DISTRICT	- 5.2	0.7	-- 5.9
Preston	3.3	3.8	-- 0.5
Bolton... ..	- 1.4	2.9	-- 4.3
Rochdale	-- 1.6	0.4	-- 2.1
Oldham	- 4.9	1.0	-- 5.9
SPINNING DISTRICT	- 1.3	2.0	-- 3.3
Wigan... ..	- 5.8	6.2	-- 12.0
St. Helens—Warrington	4.7	9.0	-- 4.3
COAL-CHEMICAL DISTRICT	- 0.1	7.7	-- 7.8
FYLDE DISTRICT	25.2	1.0	-- 24.2 ¹
Manchester... ..	2.8	4.7	-- 1.9
Salford	2.4	4.6	2.1
Stockport	2.0	2.1	-- 0.1
METROPOLITAN LANCASHIRE	2.5	4.0	-- 1.5
LANCASHIRE INDUSTRIAL AREA	1.1	3.4	-- 2.3
ENGLAND AND WALES	5.6	6.0	-- 0.4

¹ Increase.

Many interesting and significant deductions as to the differences of conditions and social habits in the various parts of the county can be drawn from such population figures.

1. Whilst the increase in population in Lancashire between 1921 and 1931 was small, there was a simultaneous re-distribution of the population, by which the Fylde District, Metropolitan Lancashire, and the Chemical area around Warrington gained at the expense of the regions further north, and particularly at the expense of the Weaving District and the Wigan area, both of which showed a decline of more than 5 per cent. This tendency for population to concentrate in the Metropolitan area is a continuation of a movement which goes back into the nineteenth century.
2. Apart from the Wigan area, and to a less extent the Weaving District, the migration rate from Lancashire during the decade was relatively small.
3. The districts which have shown the highest unemployment rates have, for the most part, shown the most striking decreases in the number of births per 1,000 females 15—44 years of age. This, although slow, is one kind of re-adjustment to depression.
4. What evidence there is suggests that the migration of males took place mainly among men 20—24 years of age and 35—39 years of age.

How far have these trends been modified since 1931? The decision not to take a Census of Population in 1936 makes it impossible to answer this question with any certainty, and what follows must be in the nature of surmise in which the general impressions of experienced observers are perhaps as valuable as the fragmentary statistical evidence available.

Between 1931 and 1934 (the latest year for which figures are available¹) the population of the Lancashire Industrial Area appears to have been stationary whilst that of England and Wales increased by 1·2 per cent. Apparently the turning point in numbers in Lancashire has arrived, hastened by the post-war depression. For the Industrial Area as a whole the annual excess of births over deaths, which had been 15,000 on average in the years 1921-26 and 8,000 for the years 1926-31, fell in the period 1931-34 to about 3,000.

At the same time the concentration of population within the southern part of Lancashire and in the Fylde District seems to have continued. In the Weaving District and in parts of the Spinning District deaths actually exceeded births between 1931 and 1934. Even if there had been no migration there would have been a decline in population in these regions.

What changes have taken place in the rate of migration? Have the Lancashire people at last accepted the inevitable, and have they, as far as possible, sought more prosperous regions? Here

¹ See Appendix II, Note 2.

reliable information is scanty and inconclusive. It seems fairly certain that migration was, even between 1921 and 1931, increasing in volume. Estimates based on the Registrar-General's figures suggest that whereas Lancashire suffered a loss by migration of 56,000 persons between the middle of 1921 and 1926, the migration increased to 80,000 for the following five years mid-1926 to mid-1931. From the statistics of the transfer of National Health Insurance cards it seems that, since 1931, population movement has been hastened.

But there is other, conflicting, evidence. The Ministry of Labour has recently been responsible for more official transfers, but the numbers dealt with by the exchanges are in any case small, while the increase may be due to the improved arrangements for official transfer. Some employment exchanges in Lancashire speak of substantial movements, particularly of engineers, to the Midlands and the South; others seem to see little sign of a changing attitude to migration on the part of the unemployed.

It seems probable that, even if migration has increased somewhat since 1931, there has been no exodus from Lancashire comparable with the scale of migration from South Wales or the North-East Coast¹.

If our enquiries have not been very successful in determining whether migration is increasing or

¹ See also Chapter III for a discussion of some of the obstacles to the transfer of labour from the North Western Division.

decreasing, they have at least served to bring out one fact which, although not primarily concerning Lancashire alone, is of importance—that is the tremendous amount of haphazard and unco-ordinated searching for work still going on, particularly at long distances from home, on the part of individuals. When the employment exchanges were originally established in this country it was rightly contemplated that one of their most important functions would be the prevention of the exhausting and uninformed plodding of the unemployed from one town to another in search of work. At the present time in Great Britain there is a chain of 450 employment exchanges with over 700 attached branch offices. They are, through Central Clearing Houses, in touch with one another, so that information regarding vacancies and available labour in different parts of the country may be pooled. The Ministry of Labour, both centrally and through the local offices, has put much energy and zeal into the task of improving its placing services. Quite recently, improved facilities for long distance transfer have been introduced in order to aid workers, particularly those with families, over the awkward period of movement from one part of the country to another. It is, indeed, difficult to see what further steps could be taken through official agencies to smooth the way of those anxious to migrate, and to prevent the waste which must inevitably occur when individuals take the plunge into the unknown and, ignoring the help which the exchanges might give them, set off to search for work.

And yet, at least in Lancashire, in the past few years the vast majority of those who have found work at a distance have done so through their own initiative and not through the machinery of the exchanges. No exact information exists of the relative proportions of official and private placing in long distance migration, but it is well recognised that the latter overwhelmingly predominates. Unemployed men and women hear of vacancies at a distance through friends. Or, attracted by current rumours of work available in distant towns, they may simply set off to find work with no knowledge of their final destination. It is a very common practice for young men in Lancashire towns to "jump" lorries going South, and perhaps the first intimation which the employment exchange in the home town gets of the move is when application is made for the unemployment card of someone who has been successful in finding work. When unemployed persons do find jobs in this way it is, of course, all to the good, but there must be a great deal of waste in the process. The proportion of failures must be extremely high—much higher than in the case of officially arranged transfers—while it is more than likely that the jobs obtained in this way are of a lower standard than those obtained through the exchanges. It is, therefore, pertinent to ask why the exchanges do fall short of the ideal laid down when the system was first established. The reasons lie partly in the attitude of the unemployed person, partly in the attitude of the average employer,

and partly in the natural limitations imposed upon the placing work of the exchanges themselves.

In Lancashire the unemployed man is perhaps still a little suspicious of the exchange, not quite assured of the value of its placing work. This is, in part, a relic of the hostility or indifference which at first confronted the exchanges. But beyond that, the "Labour" (as he prefers to call the exchange) is not merely a place where work may be found for him; it is the place where unemployment benefit and, until recently, extended forms of assistance have been administered and the necessary checks imposed. There are good reasons why the placing work of the exchanges should run along with the administration of unemployment benefit, but it probably has made it more difficult for the exchange to gain the complete confidence of the unemployed man. Again, there will be many who, when they decide to try their luck elsewhere, make up their minds suddenly and act immediately. They will not wait until the exchange has had time to act officially; they present the exchange with a *fait accompli*. It is not difficult to understand the minds of those who act in this way. When an individual decides to uproot himself it is a desperate resolve more easily carried out by a sudden plunge than by a careful weighing of evidence and balancing of advice. In such circumstances the Exchange, which quite legitimately might suggest caution or express doubts, is a place to be avoided.

The exchange is often placed in further difficulties by the attitude of employers. It is, of course,

well known that employers make only a limited use of the exchanges in the obtaining of labour. Their reluctance to use them in order to bring workers from a distance is likely to be even greater. They may have queer, and quite unfounded, ideas that workers from certain districts are difficult to handle. They may feel, again quite without reason, that if they take on workers brought from a distance through the instrumentality of the exchange they are under an obligation to keep these workers. They may prefer to be able to take on men hanging round the factory gates and dismiss them at will. Many, and an increasing number, of employers do not, of course, think in this way. The large amount of transference carried through by the Ministry of Labour is proof of this. If, however, there were more complete co-operation between employers and exchanges, if the latter were responsible for filling three-quarters instead of perhaps one-quarter of the vacancies in industry, much useless seeking for work on the part of the unemployed would be avoided.

The exchange system works therefore, under certain disadvantages, particularly in regard to long distance transfer. The exchanges do not know of all the existing vacancies, and they do not know of all those who are anxious or determined to move. They must, moreover, move cautiously. It would hardly be proper for them to transfer workers unless there were actual jobs for these workers to secure. If it were their policy to move workers not to specific jobs, but merely to areas where it was

known that work was plentiful, their proportion of failures would be much increased and their reputation among the workers damaged. On the other hand, since the exchanges account for only a small proportion of the jobs found in any area, their policy makes it inevitable that some unemployed persons from Depressed Areas who are willing to take the risk of moving without having a specific job in view will succeed in finding work for themselves, and ideas will gain currency in the home town that the exchanges are not the best medium for the obtaining of work. Again, the exchanges will be anxious to transfer only the most suitable workers; they will not want to endanger their reputation either with workers or employers by arranging to move workers who are likely to fail in the new environment. But if a few workers, considered by the exchanges as not suitable for transfer, migrate on their own initiative and do find work, again the exchanges may suffer in the eyes of those whose confidence they wish to gain. The Ministry of Labour might legitimately complain that employers are often willing to take on at the factory gates workers whom they would have refused to consider as possible transferees under the exchange machinery. Further, the exchange, before it places workers at a distance, must assure itself that the conditions of work are satisfactory. It will normally be more interested in transferring skilled than unskilled workers, for there is no shortage of the latter in most parts of the country. Here again individuals, through their own efforts, may succeed in obtaining

work in cases where the exchange thinks it undesirable to act, and the impression is still further strengthened that to enlist the aid of the exchange is not the quickest way of finding a job in new parts.

It does not seem desirable that rapid and short-cut remedies should be adopted to overcome these difficulties. They will be solved only as the exchanges gain the confidence of employers and employed to the point at which the vast bulk of vacancies in industry are filled through them. This end will be best achieved by propaganda and by the maintenance and improvement of the already high standard of efficiency of the placing work of the exchanges. But until then it will remain true that the employment exchange system, admittedly one of the most efficient and potentially fruitful parts of our national administration, will remain of less value than it might be.

CHAPTER V

EXPANDING INDUSTRIES

The changes in the size and distribution of population considered in the previous chapter represent one direction in which re-adjustment in Lancashire has been going on. In this chapter a second related aspect of this re-adjustment will be examined. Are the different parts of the Area proving themselves suitable locations for new industries? How far is the growth of such industries offsetting the decline of the staple trades? Can spontaneous industrial diversification be relied upon, unaided, to remedy the post-war ills for which pre-war specialisation is so largely responsible?

Of the one hundred industrial groups into which the Ministry of Labour classified all workers in the Unemployment Insurance scheme,¹ 57 have shown an expansion in employment in Great Britain during the last decade; these will be considered to be the expanding industries, the other 43 the declining industries. These 57 industries can be further divided into 47 "manufacturing" industries and 10 "services," which include building and public works, as well as the distributive trades, road transport, hotel services, and the like. The following table compares

¹ See Appendix II, Note 3.

the development of these industries in the Lancashire Industrial Area and in certain other areas. As the question is one of the balancing of growth on the one hand with decline on the other, the decreases in employment in the declining industries are also shown.

TABLE III

CHANGES IN INSURED PERSONS EMPLOYED IN THE 57
EXPANDING AND 43 DECLINING INDUSTRIES
1924—1934

	EXPANDING			DECLINING	Employed in the Expanding industries as percentage of total employed in 1934
	Manufac- turing	Services	Total Increase	Decrease 1924—1934	
	Increase 1924—1934	Increase 1924—1934			
United Kingdom	661,622	1,060,688	1,722,310	1,310,243	69.7
Lancashire					
Industrial Area	57,828	58,545	116,373	212,137	53.5
London*	157,280	270,231	427,511	37,937	84.0
South East*	79,429	162,397	241,826	12,005	85.3
Midlands*	125,101	125,531	250,632	151,327	65.7
Wales*	— 6,847†‡	30,900‡	24,053‡	199,686‡	49.5
North-East					
Coast Area	12,440	38,012	50,456	153,319	51.3

* Ministry of Labour Divisions. † Decrease. ‡ 1924—1933.

In the country as a whole, the increase in the expanding industries was sufficient to offset the decline in employment in the others and to add over 400,000 workers to total employment. In the

Lancashire Industrial Area employment in the expanding industries has not grown sufficiently to offset the changes in the declining industries and the net result is a decline in employment of some 95,000 workers, or almost 8 per cent. of the 1924 figure of total employed. Although this is a more favourable position than is found in the more depressed areas—on the North-East Coast the net decline was over 100,000 workers, equivalent to almost 17 per cent. of the 1924 total—it compares very unfavourably with the Midlands and the South. The Midlands, although an important centre of some of the declining industries, show a net addition to employment of almost 100,000 workers. In the South-Eastern and London Divisions of the Ministry of Labour the industries fall mainly into the expanding group. In the former the addition to total employment was about 230,000 workers (or over 30 per cent. of the 1924 figure) and in the latter almost 400,000 workers, an addition of over 20 per cent. to total employment.

When the Lancashire Industrial Area is split up into its constituent parts the varying fortunes of the different Districts become apparent. The following table gives the changes in *insured* workers in 43 expanding industries¹—this including all those of any importance in the Area—and the remaining 57 industries, all of which are classified as declining.

¹ See Appendix II, Note 3. Table IV differs in construction from Table III. The former is concerned with "insured" and not "employed insured" persons, and it has been drawn up on a different definition of the term "expanding industry."

TABLE IV
LANCASHIRE INDUSTRIAL AREA
CHANGES IN NUMBERS OF INSURED PERSONS IN 43
EXPANDING AND 57 DECLINING INDUSTRIES
1925—1934

AREA	EXPANDING			DECLINING	Expanding as percentage of total in 1934
	Manufac- turing	Services	Total Increase	Decrease 1925—1934	
	Increase 1925—1934	Increase 1925—1934			
Lancashire Industrial Area	67,006	98,511	165,517	132,470	41.5
Metropolitan Lancashire ...	26,574	35,287	61,861	22,135	54.2
Fylde District ...	4,184	11,740	15,924	786	78.6
Spinning District	18,272	26,553	44,825	51,079	30.8
Coal-Chemical District ...	10,530	17,628	28,158	19,607	35.0
Weaving District	7,446	7,303	14,749	38,883	25.2

The Fylde District can almost be compared with the newer industrial areas in the South, as the net addition to the insured workers of nearly 16,000 in a decade is equivalent to an expansion of its insured population of almost one-third. Metropolitan Lancashire shows a trend similar to that in the Midlands, the addition due to development of the expanding industries being considerably greater than the contraction in the declining trades. In the Spinning District there is a substantial net decrease, while the Coal-Chemical District shows a net increase, although this is mainly due to the development of a few prosperous towns, such as Warrington. The Weaving District presents a picture closely akin to

that of the Special Areas ; there is a net decrease of almost 25,000 workers, the combined result of a marked contraction in the staple industry and a comparatively slight development of the expanding industries.

Those regions of Great Britain which have been relatively prosperous since the war were fortunate to have, from the beginning, a broad basis of expanding industries. The usual method of industrial growth is development from an existing structure. On the other hand, the depressed areas have fared badly because they had little or no foundation for potential development. A few actual examples will serve to emphasise this fact. In the London Division in 1924 only one worker in every six was employed in the declining industries, so that even were the number of workers in these industries halved, employment would not diminish if employment in the expanding industries increased by about one-tenth. On the North-East Coast in 1924 two workers out of every three were employed in the declining industries; if employment in them fell off by one-half it would need a doubling of employment in the expanding industries to offset this. The Lancashire Industrial Area comes between these two. Its initial position was that three out of every five employed workers were in the declining industries, so that a decline of employment in them of one-half would need an addition of three-quarters to the workers in the expanding industries to keep employment stable.

Within the Area there are again great contrasts. Metropolitan Lancashire started out in 1925 with its

workers about equally divided between the two groups of industries, so that a halving of the number of workers in one would be offset by a 50 per cent. expansion in the other. In the Weaving District no less than four-fifths of the total workers were attached to the declining industries, so that a trebling of workers in the expanding trades would have been necessary to offset a 50 per cent. decrease in the declining industries.

The "initial position" of each region for the future is given in the last column of Tables III and IV, showing in each case the percentage of total workers attached to the expanding trades. Even to-day only little more than half the employed workers in the Lancashire Industrial Area are in the expanding trades—a position similar to that in Wales or on the North-East Coast, and in marked contrast to that in the southern areas. In the Weaving District there is still only one-quarter of the insured workers in the expanding industries, while the Spinning and Coal-Chemical Districts are not much better situated.

The fact that the different parts of Lancashire have enjoyed varying degrees of success in attracting new industrial enterprises is not often fully realised. In Table V below is shown, for the various parts of the Industrial Area, the actual increase in the number of persons insured in the expanding industries in the nine years 1925 to 1934; this increase is also given as a proportion of the total number of insured persons in all industries in 1925. This proportion appears to be the most convenient way of representing

in one figure the significance of the industrial expansion and diversification of each region against the background of the size of that region. Perhaps the most striking conclusion to be drawn from the table is the relatively poor showing of the Weaving District, where the actual increase in the insured persons in the expanding industries is small, only 14,700 in nine years, and of this number about one-half were not in manufacturing industries but in services. The proportion for the Weaving District is only 5.6 per cent. as against 28.6 per cent. for the Fylde and 11.4 per cent. for Metropolitan Lancashire.

TABLE V

LANCASHIRE INDUSTRIAL AREA AND REGIONS
TOTAL INSURED POPULATION 1925 and INCREASE IN
INSURED POPULATION IN 43 EXPANDING INDUSTRIES
AND SERVICES 1925 TO 1934

	(1) Total Insured Population 1925	(2) Total increase in Insured Population in 43 Expanding Industries and Services 1925/34	Col. (2) as percentage of Col. (1)
Lancashire			
Industrial area ...	1,506,009	165,517	11.0
Metropolitan			
Lancashire ...	542,395	61,861	11.4
Fylde District ...	55,690	15,924	28.6
Spinning District ...	452,690	44,825	9.9
Coal-Chemical Dist.	193,117	28,158	14.6
Weaving District ...	262,117	14,749	5.6

Since the war the ties which formerly bound industries to the older industrial areas have been loosened. The newer industries are, in a considerable degree, "assembling" industries. They consume a large variety of materials not situated at any one point, and they seek sites convenient for the rapid collection of these diverse materials. At the same time, because they usually serve a national and not a local market, they find it advantageous to be at points which are favourable centres of distribution. The local market may, indeed, be very important for them, as exemplified by the popularity of the Greater London area. But quick and convenient distribution to points outside their immediate locality has also to be taken into account.

Transport facilities in the past decade have been widely extended. Road transport offers, for certain classes of goods, cheaper and more elastic services than rail transport which, in turn, has become cheaper and now provides more adequate services than formerly. This, combined with the fact that the newer industries produce goods much more valuable in relation to their bulk than do the older industries, would at first sight suggest that the location of a factory might become almost a matter of indifference to the business man. But in "assembling" industries the time element becomes more important. The manufacturer needs to be able to obtain supplies of any one of a large number of materials at short notice and this is difficult in an isolated area. The only alternative is to carry large stocks and this the manufacturer will avoid as far as possible. Again

in industries, notably clothing, where demand is capricious, it will be an advantage for the producer to be in the closest contact with the middleman or the consumer. It is, therefore, very doubtful whether the improvement in transport facilities will make for a wider distribution of those industries which have been expanding since the end of the war.

All the depressed areas are clearly at a disadvantage in many respects as centres for these industries. Because there is much unemployment, purchasing power suffers and the local market is not an attraction to the industrialist. Most of the areas are highly specialised in a few staple products; the manufacturer does not find there the numerous semi-finished products which he needs. Many of the areas are far removed from commercial centres and the main streams of road or rail traffic.

The recent growth of new industries there makes it patent that the southern part of Lancashire does not suffer from these drawbacks to any important degree and that no concern need be felt as to its industrial future. But the same cannot be said of the Weaving District. Great efforts have been made by the towns in North-East Lancashire to attract outside enterprise and not without some success. Apart from the establishment of new enterprises, many existing firms have adapted themselves to new conditions and are now engaged in manufacturing commodities entirely different from their original products but using the same workers and, in some cases, the same plant. Many firms are engaged in

making new side lines allied to their main products. The Weaving District contains, indeed, a variety of prosperous firms in the expanding industries. Some typical cases follow.

Firm A is engaged in the making of domestic gas boilers. Originally established as an engineering firm over fifty years ago, experiments were made with the making of gas boilers and this has now become the main line of business. Its markets are found in all parts of the country, all the leading gas companies being supplied. Although its location in the Weaving District may not be so good as it would be in the Midlands for obtaining raw materials, this disadvantage appears to be small, and there is nothing to suggest that this firm is handicapped in any way by its situation. In fact, its growth has been rapid, and is still continuing. The labour supply is quite suitable and there are ample transport facilities for the obtaining of materials and for quick delivery to markets.

Firm B, which makes electric domestic boilers, has been established comparatively recently. It purchased a disused weaving shed, which is quite suitable for its work. This firm, again, is growing, is engaged on other lines of light engineering, e.g., precision grinding, and is contemplating extension. Its situation is quite good for obtaining materials and supplying markets, but some doubt was expressed to us as to the suitability of the labour supply, it being found difficult to obtain sufficiently skilled engineers. The firm, however, uses modern

production methods, so that the only labour which need be imported consists of "key" workers.

Another plant new to the area is that of Firm C, making electric cookers, which was established two or three years ago, again in a disused mill. This firm engages extensively in the export trade, and again there is nothing to suggest that the weaving district is not a suitable location.

The cardboard box industry in the Rossendale area has provided the basis for the growth of related industries. Firm D, for instance, has developed the manufacture of wax cartons and containers, and now supplies a considerable part of the national market. The labour supply of the area has, in this case, been found a distinct advantage, and there are no difficulties in obtaining raw materials or in distributing the finished product quickly and cheaply. Since its establishment, this firm has grown continuously. Similarly, Firm E has developed the manufacture of attache cases and associated products.

Considerable developments have occurred in the manufacture of paint. One of the leading proprietary brands of paint is now made in the Weaving District. Firm F has grown from comparatively small beginnings and is now one of the most important plants in the industry. Although the District is not ideal from the point of view of obtaining raw materials (many of which are imported via the East coast) this is not a feature of considerable importance; the District appears to be under no disadvantages for distributing the finished product, a considerable part of which is

sent to the London area ; the labour supply is quite suitable, and there are premises available for future extension. On the whole, this plant apparently experiences no disadvantage in being situated in the Weaving District.

The wallpaper industry has long been associated with the District, and visits to the firms in this industry have given no evidence to suggest that their situation is in any way disadvantageous. Most firms in this industry are controlled by the Wallpaper Manufacturers Ltd., which, though having plants in all parts of the country, still concentrates a considerable part of its activity in the district. A considerable part of the paper used is supplied locally, a great part of the market is in the North, while there is available an excellent supply of labour for this industry.

Firms G and H are old established chemical manufacturers and compounders, being two of the largest out of the five or six firms of this type in the country. They regard the labour supply as of high quality. Their materials are readily obtainable, while the distribution of the finished products involves no greater cost than it would in any other part of the country. In this case again expansion has been continuous.

Many of these firms cater for a national market and they use road transport to a great extent, the costs of which do not appear excessive. One firm gave us an example of loads, worth £150 per ton, being sent to London by road at a cost of £2 per ton ;

another of loads valued at £300 per ton costing £5 for carriage to London ; a third of loads of £80 per ton costing 9/- per ton to send to Liverpool for export. With such a small proportion of transport to total costs, concerns in the Weaving District are not likely to suffer severely from unduly high transport costs.

And the District possesses certain definite attractions for the industrialist. There are still a number of factories available at a fraction of the cost of a new building. A firm starting in a fairly small way will regard cheap premises as a great advantage and we found that many of the firms which have come to the District in the past ten years were attracted by this. The supply of good, modern buildings is not, however, unlimited and, unless, something is done to counteract this, there may in the near future be a shortage of really adequate premises. The District can also offer a plentiful supply of labour, particularly of female labour. Generally speaking, the expanding industries do not require workers skilled in a particular trade so much as those who can readily learn the relatively simple processes involved in running automatic machinery or in assembling component parts into a finished product. For such operations there is a demand for young workers and, frequently, for women. The widespread practice in the Weaving District for women to enter industry and the heritage of industrial skill that exists there are assets of which it should be possible to take advantage.

Many of the alleged disadvantages of the District as a site for the expanding trades prove, upon

examination, to have little substance. Our enquiries have shown that the employers in these trades do not find the workers difficult to deal with or lacking in aptitude. Since De-rating there is no foundation for the statement that the high rates in the District are a serious bar to the establishment of new factories. And whilst some of the Weaving towns show evidence of the depression they have endured and could be very much improved in appearance, many of them have rural surroundings which compare favourably with those of towns in the southern part of the country.

Some industries, not at present established there in any large scale, seem to be suitable for the District. The clothing industry would find female labour, the shortage of which the Manchester clothing manufacturer so often bewails. Recent experience suggests that in the making of various types of electrical apparatus, of wireless apparatus, of electric and gas boilers, of electric cookers, the District offers advantages. The hosiery industry is also one for which the District is suitable, but although some cotton firms have introduced it, it has not yet grown as much as might be expected. Despite the absence of any apparent obstacles, the industries producing photographic requisites are absent and there appears to be a wide field which could be explored to advantage in the manufacture of foodstuffs, particularly chocolate and confectionery.

It seems impossible, however, to avoid the conclusion that the Weaving District, left to itself, is not

likely to solve its problems by the growth of new trades. Its relative isolation will continue a drawback. But its chief difficulty lies in the absence of a large group of miscellaneous industries which would make it a good centre for other "assembling industries." The existing industrial structure is far too narrow to make rapid and far-reaching re-adaptation possible. The stock upon which industrial diversification can be grafted is at present inadequate.

CHAPTER VI

THE WEAVING AND THE COAL-MINING AREAS

It seems extremely likely that in the future the important social problems in Lancashire will be those connected with conditions in the great belt of weaving towns which lie in the East and North-East of the Industrial Area, and in the Coal-mining area of South-West Lancashire. It is not even now too early to devote thought to the difficulties there which threaten to culminate in problems at least as serious as those which the country has, in the past decade, had to face in South Wales, the North-East Coast, and the Clydeside region. These two areas in Lancashire will now be considered in turn, beginning with the less urgent case.

1. THE COAL-MINING AREA OF SOUTH LANCASHIRE

This district, although it possesses many characteristics different from those of the Weaving District, resembles it in the sense that it has not participated to any great degree in the general post-1931 recovery. Its exact boundaries may be taken as comprising the Boroughs of St. Helens, Wigan, and Leigh, together with the adjoining Urban and Rural Districts. It stretches from Blackrod on the North to St. Helens on the South and from Westhoughton on the East to Skelmersdale on the West. As we shall see, in two important respects it bears a close resemblance to the Special Areas, though in two others it differs from them rather markedly.

Certain sections of this area have been hit more badly than others. The persistence of abnormally high rates of unemployment in the Westhoughton and Hindley areas, for example, has resulted in attention being drawn to their plight on more than one occasion in the House of Commons. Throughout 1935 and in 1936 the rate recorded in each of these towns was over 30 per cent. The government reply has been that these are only small "black spots" set in a region which, if not perfectly white, is at least light-grey in the sense that it "has fought the decline of its industries with courage and success, and has been able to do what Durham, and South Wales and Districts in Scotland have not been able to do, that is, to call in new industries and, to some extent at least, make up for the employment lost."¹ This view, however appropriate it may be for Lancashire as a whole, is not a correct description of the coal-mining belt, towards the population of which Hindley and Westhoughton contribute less than one-ninth. Since the area under discussion had in 1931 a population of practically 350,000, as compared with 163,000 for the Special Area in West Cumberland, it cannot be summarily dismissed as too small for separate consideration.

Between 1921 and 1931 the population of the area showed an absolute decline of over 12,000—*i.e.* one of 3·4 per cent.—despite the fact that here as in the other coal-mining districts there was a heavy excess of births over deaths. In half-a-dozen

¹ Mr. Oliver Stanley (Minister of Labour), December 3rd, 1934.

of the Urban Districts the inhabitants fell in number by 9 per cent. or more, and the corresponding figure for Wigan County Borough (-6.2 per cent.) was also fairly substantial. The natural increase in the area over the decade was equivalent to 7.7 per cent. of the 1921 population as compared with one of 3.4 per cent. for the whole Industrial Area. The figure for St. Helens County Borough, the largest of the administrative areas covered, was considerably higher, being 11.1 per cent. but apart from the 11.9 per cent. for Haydock Urban District, the percentages of the others were not remarkable. It follows, therefore, that the area experienced a marked loss owing to migration, and in fact between 1921 and 1931 emigrants exceeded immigrants by about 40,000. This represented 11 per cent. of the 1921 population, which compares with a loss of 2.3 per cent. for the entire Industrial Area, and was identical with the corresponding figure for the Durham and Tyneside Special Area. Seven coal-field Urban Districts suffered net losses by migration equivalent to between 14 per cent. and 19 per cent. of their 1921 population, and for Wigan itself the figure was -12.6 per cent. These losses are, of course, much below those for some of the worst hit places in South Wales or Durham, but they are certainly high enough to give cause for serious concern.

The Registrar-General's figures for the years since 1931 show that the excess of births, though not heavy in comparison with that in the years before 1931, has nevertheless been marked as compared with the other parts of the Industrial Area,

while there are indications that throughout the district—and particularly in the Wigan section—the stream of outward migration has been continuing.

The degree of dependence of the area upon the coal-mining industry can be illustrated by the fact that in April, 1931, when the Census was taken, 40 per cent. of all the employed males belonged to the industry schedule "Mining and Quarrying." Although this figure was not so high as the 56·5 per cent. for South Wales, it was roughly the same as the 41·5 per cent. for Durham, and was much higher than either the 31 per cent. for West Cumberland or the 16 per cent. for South-West Scotland. A further 10·5 per cent. of the males in the Lancashire coal-mining area came under "Bricks, Pottery, Glass" and some 3 per cent. under "Cotton." Employed females numbered some 40 per cent. of the corresponding figure for males, and in this respect the district contrasted sharply with the Special Areas, where employed males outnumbered the females by about four to one. Of the employed females, "Cotton" accounted for just over 30 per cent., while "Brick, Pottery, Glass" claimed a further 5 per cent. and "Mining and Quarrying" 3 per cent. That is to say, 44 per cent. of the employed males and 38 per cent. of the females came under one or other of these three schedules.

This dependence upon a declining industry has had unfortunate consequences, particularly since the Lancashire coal industry was depressed for several years prior to 1929. The average rate of unemployment among the insured workers in the

area during 1928 was as high as 19 per cent., whereas the national figure was then below 11 per cent. For both Wigan and Hindley the rate of unemployment averaged nearly 23 per cent. In the least depressed of the Special Areas, South-West Scotland and West Cumberland, the average unemployment rates during 1928 were 13·3 per cent. and 20·2 per cent. respectively. The corresponding figure for Durham and Tyneside was, however, rather higher at 22·4 per cent., while that for South Wales was 27 per cent. By 1931 the figure of unemployment in the area had risen to 29·7 per cent.; since that date it has fallen only gradually, so that in 1935 it was 25 per cent., despite a fall of 8,000 (or 6 per cent.) in the numbers insured between 1931 and 1935.

The towns and villages of this area are more fortunate than those in the other distressed coal-mining regions or those in the Weaving District in that they are situated within convenient daily travelling distance of more prosperous places. Workpeople are able to travel cheaply to Manchester, Bolton, Chorley, Leyland, Preston, and Warrington, and large numbers make journeys of ten to twenty miles each way at a cost of about one shilling a day. Despite this advantage unemployment is, as we have seen, remarkably high.

The rate of unemployment among the insured men is twice as high as that among the women, mainly because the cotton industry in the district—the leading employer of females—is experiencing a mild revival while the coal industry remains, and is likely to continue, depressed. The root problem

in the area is, apparently, one of a permanent surplus of wholly unemployed men, mainly coal-miners. Although it is important not to exaggerate the numbers affected, the problem cannot be dismissed merely because this surplus is smaller than those to be found in the South Wales mining valleys or in the towns and villages of South-West Durham. During 1935, in the seven employment exchange areas which¹ together cover nearly the whole of the coal-mining district, there were on average some 31,500 unemployed. Of these three in every ten were coal-miners. Indeed, nearly one in every four of the unemployed was a wholly unemployed coal-miner, and this despite the fact that large numbers of unemployed men whose real industry is coal-mining are now registered under other heads, because their last employment has been more or less temporary work as labourers on public works, building schemes, and so forth. Expressed in absolute figures, there were continuously throughout the year between 7,000 and 7,500 wholly unemployed coal-miners in these seven employment exchange areas, while the numbers of temporarily stopped workers belonging to the industry averaged over 2,000. Special analyses of the Wigan Live Register, which contains over half the wholly unemployed coal-miners in these seven areas, have revealed that over 50 per cent. of these men have been unemployed continuously for a year or more. In many cases it is four years or more since they had a spell of employment.

¹ These are : Ashton-in-Makerfield, Hindley, Leigh, Upholland, Westhoughton, Wigan, and St. Helens.

Although not easy to measure accurately, there is an appreciable amount of unemployment among juveniles throughout the area, sufficient in fact to constitute an important secondary problem. Particularly does this apply to boys, since both the glass industry, for technical reasons connected with continuous working, and the coal-mining industry, because of its decline, are taking on boy recruits in greatly diminished numbers. In Wigan, and also in St. Helens,¹ throughout the whole of 1935 an average of some 650 juveniles between the ages of 14—18 were on the books of the local Juvenile Employment Office. The Wigan figures for the first half of 1936 show an improvement, but those for St. Helens have become considerably worse.

The decline in the basic industries of coal and cotton has been offset in some measure by the growth of other trades. Although this process of adjustment has been far from complete yet in these seven employment exchange areas there was between 1925 and 1934 an increase of nearly 8,000 in the number of insured in thirty-four expanding manufacturing industries.² But two large artificial silk mills and the St. Helens glass bottle works account for one-half of this expansion. The remaining half is shared by firms in a number of industries including the manufacture of bricks and tiles, hosiery, cardboard boxes, slippers, and shirts. In nearly every instance development has come about by the extension of old established firms or through the enterprise

¹ See Chapter III.

² See Appendix II, Note 3.

of local business men. The artificial silk industry is a conspicuous exception to this rule and serves as a useful example of the sort of outside enterprise needed by the coal-mining area.

Coal-mining being the dominant industry, there is an absence of vacant factories. Since experience shows that the existence of suitable premises at moderate rentals is an important factor influencing the location of new industries, it would seem that the provision of such buildings would be perhaps the most useful single measure to benefit this area.

There may have been good reasons why this region was not included among the originally chosen Special Areas. At the same time, there is a strong case for now applying to it those lessons as to the best treatment of depressed areas which, according to Government spokesmen, were to be drawn from experience in the "experimental" Special Areas.

2. THE WEAVING DISTRICT

The Weaving District may be divided into three parts: the Blackburn sub-area, including Blackburn, Accrington, Darwen, Great Harwood, and Clitheroe; the Burnley sub-area, comprising Burnley, Nelson, Colne, and Padiham, and the Rossendale sub-area, which comprises Bacup, Haslingden, and Rawtenstall. In total, the Weaving District includes over half a million persons. Thus we are dealing, not with a region which, against the national background, is small and unimportant, but with a great agglomeration of population and of industrial and social equipment.

The population of the Weaving District has constituted a declining proportion of that of the whole of Lancashire since the 'sixties of the last century. There was a small absolute decline in population between 1911 and 1921, and between 1921 and 1931 the population fell by over 5 per cent. It is certain that the decline has been accelerated since 1931.¹ The District has never been of great industrial importance outside its activities in cotton; for half a century before the war the secondary industries were no more important than they are now. The District was then, and still is, essentially dependent upon the cotton industry.

The proportion of the total workers engaged in the cotton industry is extraordinarily high. Over one-third of the insured males and about four-fifths of the insured females, or about six out of every ten of the total insured persons, are included in this one industry, a striking example of industrial concentration.

Unemployment has been very high since the end of 1929. The District had, in 1935, a rate of unemployment of 26 per cent., which compares very unfavourably with that for the Lancashire Industrial Area (18 per cent.), or with that for Great Britain (15 per cent.). Perhaps, more ominous, the present high rate of unemployment in the Weaving District is due almost wholly to a failure to recover from the collapse after 1929. In 1929, indeed, the unemployment rate was very little higher than that for the whole of the Area and not

¹ See Chapter IV.

appreciably higher than that for Great Britain. Moreover, the recorded unemployment almost certainly falls below the real figure. Because of prolonged unemployment in the cotton industry, many persons who have lost hope of ever regaining work have dropped out of Unemployment Insurance, although they may be anxious and willing to work. And a good deal of unemployment in cotton weaving takes the form of "under-employment" (e.g. where a weaver operates two looms instead of the normal four) which is not recorded in official statistics of unemployment. Thus, special enquiries undertaken by the Weavers' Amalgamation in October, 1935, showed that 20 per cent. of the weavers at work were operating less than their normal complement of machinery.

The following table gives details of recorded unemployment :

TABLE VI
LANCASHIRE INDUSTRIAL AREA 1929-36
PERCENTAGE UNEMPLOYMENT
(QUARTERLY AVERAGES)
AMONG INSURED PERSONS

AREA	1929	1930	1931	1932	1933	1934	1935	1936 ¹
Blackburn Sub-area ...	15.3	43.1	45.9	36.3	34.8	30.5	31.4	27.2
Burnley Sub-area ...	9.5	33.7	35.4	24.1	22.3	22.6	20.6	17.9
Rossendale Sub-area ...	13.0	28.0	30.3	26.6	23.1	23.1	20.4	13.9
Weaving District ...	12.9	37.9	40.1	30.5	28.6	26.6	25.9	22.0
Lancashire Industrial Area ...	12.3	26.3	28.2	25.0	22.0	19.6	18.3	15.8
Great Britain ...	10.2	16.8	21.8	21.8	19.3	16.4	15.1	13.5

¹ First two quarters.

The situation, therefore, is a serious one, particularly in the Blackburn sub-area. It is so because the Weaving District has failed since 1931 to recover as rapidly as other parts of the country. In other directions difficulties in re-adjustment have made themselves evident. Those who are leaving the district will normally be the more enterprising and energetic, a serious denudation for any industrial area to suffer. Relatively high rates of unemployment among juveniles endanger the future efficiency of the labour force.¹ Employment has been seriously affected in some weaving towns, notably Burnley, by the introduction of the six loom system, and it is more likely in this than in any other section of the cotton industry that further changes in technique or in the organisation of labour within the mill may still further reduce the number of operatives required for a given output. An abnormally high proportion of the unemployed cannot be regarded as transferable, so that migration cannot be relied upon as a final remedy for surplus labour, while most of the weaving towns are so far from the growing industrial areas in and around Manchester that daily travel becomes an impossibility.

It would be unwise to base social policy upon any assumption other than that the 1935 volume of production in the cotton industry is not likely to be greatly exceeded so long as international trade continues to be restricted in so many ways and other countries devote themselves to the

¹ See Chapter III.

encouragement of their domestic cotton industries. It becomes all the more significant, therefore, that the Weaving District is not showing any tendency to diversify its industries at a pace which might enable it to meet the decline in the cotton industry without serious unemployment. The new industries are more likely to develop in the regions round great Metropolitan centres such as London, Birmingham, and Manchester.¹ The District undoubtedly has certain assets to offer to industrialists, assets they may have under-estimated in the past. It is equally clear that it has certain important drawbacks. The District did not, in the half century before the war, show much tendency towards diversification. In the past ten years, despite strenuous efforts by energetic local bodies, the number of new factories established has been small. Important new firms have been set up in a number of the weaving towns. A few other firms in the future may find the low rents for factory buildings and the presence of a hard working population a sufficient inducement to follow the example. Nevertheless, it seems inescapable that, unless some completely new set of circumstances supervenes, the normal growth of new industries cannot bring anything like complete alleviation to the unemployment problem in the District. Of the total increase in the number of insured persons in forty-three expanding industries and services in the Lancashire Industrial Area between 1925 and 1934 the Weaving District accounted for less than 9 per cent., whereas the

¹ See Chapter V.

District contained 15·5 per cent. of the total insured population of the Area. In 1934 the number of insured persons unemployed in the District was 60,000; between 1925 and 1934 the increase in the number of insured persons in the expanding industries was 14,750. The speed of expansion of the new industries and services would, therefore, have had to be at least twice as great as it was to reduce unemployment to even half its present level.

The Weaving District is now subject to a most complex set of forces, most of which lie outside the scope of this volume, but of which some understanding is essential to a proper appreciation of the issues at stake. The economic foundation of the District is found in the cotton weaving industry. In cotton weaving both men and women are employed in the same occupations and at the same wage rates. The wages in weaving are generally admitted to be too low to enable a man to support, unaided, a family. A recent census of earnings in the industry shows, for instance, that 45 per cent. of the weavers were earning less than 30/- per week and a further 26 per cent. between 30/- and 36/-. Only 6 per cent. were earning more than 46/- per week. It is for this reason that it has always been common for women, even if married, to work in the mills in order to supplement the family income. If the family income is to be maintained at a reasonable level the women *must* work, and widespread unemployment among women means not so much the complete disappearance of the family income as the reduction of it to a level of the Unemployment

Assistance rates. If wages in the weaving industry could be raised, making it unnecessary for many women to go out to work, the recorded unemployment might be looked upon as no very serious matter. Under present conditions, wages in the weaving industry cannot be raised substantially without some radical re-organisation in the industry itself. Re-organisation would, most probably, take the form of increasing the number of looms per weaver, and this, in turn, would create further unemployment. If re-organisation were carried through, therefore, and if it went along with the replacement of women (and especially married women) by men, it would result in a higher weekly wage, a smaller number of operatives, and an increase of unemployment, mainly among the women workers. In that case it would probably be necessary to seek new forms of employment for women, particularly single women.

It may be, of course, that this policy would not prove practicable. Two questions immediately suggest themselves. First, would the Trade Unions feel that they could support such a policy? Secondly, where would employers find the capital to carry out the necessary re-organisation? This is, however, one direction in which the District might move towards a solution of its problems.

On the other hand, if wages are not raised, female employment both before and after marriage will be essential; in this case also, even retaining the present system of employing men and women in weaving, some alternative demand for women

workers would be of immense advantage in maintaining the standard of living.

The third possibility would be to find in the District new outlets for the unemployed men. This, however, seems the least practicable of the three. The expanding industries which employ a high proportion of men, particularly the various branches of engineering, are so definitely localised in the Midlands and the South that it is difficult to believe that the Weaving District could offer any particular advantages to these industries. Those expanding industries, of which the clothing trades constitute the best example, which are not so definitely tied to one locality are industries in which a high—and, in most cases, a growing—proportion of females is employed.

This reasoning leads to the conclusion that the most likely line along which improvement might be effected would be to establish new forms of employment for women. This would ease the pressure upon the cotton weaving industry, perhaps bring nearer re-organisation lessening the cost of production whilst increasing weekly earnings and, at the same time, provide a safeguard against a reduction of the family income in the District.

What is essential above all for the Weaving District is a decision as to what ought to happen, so that the various public and semi-public agencies working to improve conditions may avoid pulling in different directions. For instance, at the present time, the Ministry of Labour is actively engaged in transferring unemployed persons out of the District.

The Ministry, quite rightly, seeks to transfer those who are most likely to succeed in strange surroundings; any other policy would be foolish. But by transferring some who are among the best workers, it is, in a measure, making it more difficult for the Development Councils seeking to attract new industries to the District. Or again, whilst the Ministry of Labour seeks to reduce the magnitude of the unemployment problem by transfer, the employers in cotton weaving, by the failure to prevent under-employment and part-time working, cloak the true surplus of labour and set up obstacles to transfer. If the Weaving District has great potentialities as a centre for new industries, then it is short-sighted to transfer workers. If it has not, then transfer constitutes the most useful remedy for existing conditions. If the weaving industry is to continue to employ men and women, then to attempt to solve unemployment by "pushing women back in to the home" is to solve it by reducing the standard of living, and employers must not complain if there is a shortage of workers and a continued draining of people from the District.¹ If, on the other hand, the weaving industry introduces methods which increase earnings but also increase unemployment, then special consideration must be given to the resultant unemployment.

¹ Indeed to some extent the volume of recorded unemployment in the Weaving District has declined for this reason. Between 1929 and 1935 the numbers of insured males in the District fell by 3.4 per cent. whereas the numbers of insured females declined by 13.8 per cent. During the period 1924—1929 there were roughly 8 insured employed females in the District for every 10 such males; in 1935 there were only 7 females for every 10 males.

The provision of employment for women in the Weaving District seems the most urgent need. But how is that to be effected? In the "Industrial Survey of Lancashire (excluding Merseyside)," published by the Board of Trade in 1931, it was pointed out that if certain branches of the clothing industry could be set up in the weaving towns two purposes would be served: the admitted shortage of female workers in the clothing industry around Manchester would be overcome, and employment would be provided further north, where it was badly needed. Since that date the Lancashire Industrial Development Council has sought to carry out this suggestion. The effects have not yet been important; clothing manufacturers see difficulties which are not so obvious to others. Meanwhile, although the clothing industry appears to be becoming somewhat decentralised, as instanced by the establishment of a large tailoring factory several miles outside Manchester and the development of an important shirt industry in Warrington, there is little sign that private enterprise will provide what is wanted.

The question, therefore, which immediately arises is whether some kind of State assistance is justifiable to produce what private enterprise cannot produce. Should the Weaving District be regarded as a Special Area? What reasons led the Government to exclude the Weaving District from the scheduled Special Areas?

CHAPTER VII

THE GOVERNMENT AND THE SPECIAL AREAS

The handling of the problem of the depressed areas by successive Governments since 1921 is a story of long periods of lethargy sporadically broken by bursts of activity not always carefully thought out. After 1921 it became increasingly obvious that certain parts of Great Britain were face to face with economic and social problems of a very serious character. Attention was first directed, naturally, to the plight of the coal-mining districts and in January, 1928, the Government appointed the Industrial Transference Board, the purpose of which was to facilitate the transfer of workers, and in particular of miners, for whom opportunities of employment in their own district or occupation were no longer available.

In 1928 another scheme was started to help certain parts of the depressed areas. As a consequence of the growing feeling in the more prosperous parts of the country that some private efforts should be made to combat the evil effects of unemployment in the coalfields, the Lord Mayors of London, Cardiff and Newcastle-on-Tyne issued an appeal asking for subscriptions towards a fund for the assistance of the women and children who were suffering from the long continued unemployment in the coal-mining industry. Subsequently the Government promised to provide for the Lord Mayors' Fund a sum equal to that

received in voluntary contributions and ultimately, with the Government grant, the Fund totalled about £1,750,000.

The depressed areas were the subject of no further special action until 1931. In that year the Board of Trade invited five Universities or University Colleges situated in the districts most affected by the evils of unemployment to conduct industrial surveys of their areas and emphasised the need for their early completion. These institutions and the fields of their investigations were : the University College of South Wales and Monmouth (South Wales Area) ; Armstrong College, Newcastle (North-East Coast Area) ; University of Manchester (Lancashire Area, excluding Merseyside) ; the University of Glasgow (South-West Scotland) ; and the University of Liverpool (Merseyside Area). The Universities placed their reports in the hands of the Board of Trade early in 1932. The reports made very important additions to the information at the disposal of the Government and they were subsequently published.

No further action was taken, however, until April, 1934, when Sir Henry Betterton, then Minister of Labour, announced that the Government had been considering the special problem presented by the derelict areas, and had decided, before proceeding further, to have enquiries made in typical places within the districts of Durham, South Wales, Cumberland and Scotland, and had appointed four investigators for this purpose. He also stated that the enquiries would commence almost at once and that the reports of the investigators would be

regarded as confidential and would not be published. When questioned concerning the position of depressed districts other than those situated in these four areas the Minister would give no definite reply and "hoped that he would not be pressed to go any further at present than he had gone."

The investigators reported promptly and in November, 1934, the Government announced that it had resolved to cut through all the ordinary methods and adopt a plan which it considered to be more suitable to the special conditions in the depressed areas than the methods which, in the ordinary course, would be applied to such a problem. It had decided to appoint two Commissioners, one dealing with England and Wales, and the other with Scotland, who would devote their whole time and attention to the initiation, organisation and prosecution of schemes designed to facilitate economic development and social improvement in the four areas concerned. These Commissioners have been at work since the beginning of 1935.

The only other step of importance was taken in the early part of 1936. The English Commissioner in his reports had referred to the difficulty of obtaining capital for the establishment of new or the expansion of existing industries in the Special Areas. In order to overcome this difficulty a company was set up under the Special Areas Reconstruction (Agreement) Act, with a nominal capital of £1,000,000, to provide financial facilities to persons setting up or carrying on a business in the Special Areas.

1. THE DETERMINATION OF THE SPECIAL AREAS

The boundaries finally chosen for the Special Areas appear to be open to criticism and, although decisions of this kind must always be somewhat arbitrary, it is seriously to be questioned whether a wiser choice might not have been made. Each of the successive Surveys adopted its own boundaries for its enquiries and some confusion has undoubtedly resulted from this.

One of the Special Areas, West Cumberland, was not included in the original University Surveys of 1932 but this omission was remedied by a later independent report on the region carried out by the University of Manchester.

In South Wales in 1934 the Government investigator divided the South Wales coal-field area into an Eastern Section and a Western Section which, after the opening remarks of his report, is mentioned only incidentally. Yet even in the Western Section unemployment was as high as 28·6 per cent. The investigator also decided to exclude the Newport-Cardiff-Porthcawl sea-board strip, where the unemployment rate was 28·8 per cent. There was no understanding shown of the fact that industrial South Wales must be treated as a single economic unit. It is clearly inappropriate to exclude the coal exporting ports such as Cardiff, Barry, and Newport, which are also the natural centres for the villages and towns situated in the mining valleys of the hinterland.

The Government investigator on the North-East Coast in 1934, after pointing out that the eastern and

western boundaries of this area can easily be defined, quotes the opinion of Professor Hallsworth, who directed the 1931 North-East Coast Survey, that its natural boundaries as an economic unit are the North York Moors and the Cheviots. He goes on to say, however, that "as the present investigation has a more limited objective it has been thought fit to disregard the whole area north of Tyneside" and that, "though this elimination may, from some points of view, be considered as drastic, the short answer to those who object to such a curtailment is that by comparison with Durham, Northumberland is prosperous." It seems strange to hear described as "prosperous"—even when the "prosperous" is qualified by the word "comparative"—an area which in 1933 had on average some 29 per cent. of its insured workers unemployed, as against 38·5 per cent. in County Durham. During the same year, the quarterly average unemployment rate for Newcastle-on-Tyne was 24·8 per cent. whereas that for the rest of the county was 32·8 per cent. or higher by about one-third.

Yet the investigator included Newcastle—presumably because it is the main commercial centre of the North-East Coast—and excluded the rest of Northumberland apart from Tynemouth. And, as we have just seen, Cardiff and Newport, boroughs which are also the natural centres for their area and which were then—as now—experiencing unemployment rates higher than Newcastle's, were not included in the survey of the South Wales investigator. Consequently, when the Government later came to

consider what should be done for severely depressed areas, Newcastle was, while Cardiff and Newport were not, regarded as such.

In regard to the even more difficult question of the southern boundary for the North-East Coast Area, in view of the urgent nature of the problem, the primary consideration was "to reduce the field of survey to the smallest dimensions which considerations of homogeneity would permit." The main factors influencing the decision were stated by the investigator to be three-fold; namely, that Tees-side was largely dependent upon the iron and steel industry which had outlets for its production not confined to the North-East Coast; that it had benefited from the establishment by Imperial Chemical Industries Ltd. of a new plant at Billingham; and, finally, that if Tees-side were taken into the field of enquiry there could be no valid argument against including also the Cleveland district, and thereby considerably extending the time required to complete the Report. In consequence, the investigation dealt "not with the North-East Coast area but with Tyneside and the county of Durham excluding the valley of the Tees and the agricultural district immediately to the north of it." Yet it is worthy of note that the quarterly average rate of unemployment in 1933 was 37·6 per cent. for Middlesbrough as against 24·8 per cent. for Newcastle-on-Tyne, and that at the time when the investigator began his work, the current rates were 32·4 per cent. and 24·5 per cent. respectively. It was, however, upon these questionable decisions of the

investigator that the boundaries of the North-East Coast Special Area were subsequently drawn up.

The Scottish investigator in 1934 was primarily concerned with the conditions in Lanarkshire but he early came to the conclusion that the basic industries of Lanarkshire and the Clyde were peculiarly interdependent. But he confined himself in his report to that part of South-West Scotland roughly coinciding with the fairly composite area defined by the University of Glasgow Industrial Survey of 1931, i.e., the counties of Lanark (*including Glasgow*), Dumbarton, and Renfrew and the sixteen northernmost parishes of Ayrshire. Consequently, most of the information obtained covers this region, though the West Lothian Shale Mining area, and a small part of Stirlingshire south of Falkirk are also included. Another reason adduced for the inclusion in the investigation of Glasgow and other large towns is the fact that "their burden is increased by the extent to which they attract labour from other districts, in spite of the depression in their own industrial units."

The investigator took expert opinion regarding the relation between Glasgow and the rest of South-West Scotland and he tells us that "there was general agreement that the City of Glasgow formed the centre of a single depressed area and shared its burdens to a very material extent." In view of such statements it is remarkable that Glasgow was the only part of Lanarkshire which was not included in the Special Areas as scheduled in the Act passed later in the year. It is true that unemployment rates in Glasgow during the past few years, although as

high as those in Renfrewshire, have not been quite so severe as those for the rest of Lanarkshire or for Dumbartonshire ; but the unemployment rate in Glasgow averaged 33 per cent. in 1933 and 27·2 per cent. in 1934—figures higher than that in Newcastle-on-Tyne which was included in the Special Areas.

Although there was at the time, and subsequently, criticism both of the boundaries of the existing Special Areas and of the total exclusion of other Areas from the Act of 1934, the Government has stubbornly resisted any change. It is perhaps not an accident that, by the Act of 1934, the boundaries of the Special Areas cannot be modified except by fresh legislation. The Government has on frequent occasions taken up the attitude that the Special Areas were chosen for experimental purposes in deliberately restricted regions ; that from the experiments were to be distilled experience which could be applied in other areas at a later date but that, in the initial period, the scope of the experiments must be limited. In particular the suggestions, which have been made from time to time, that parts of Lancashire should be included in the Special Areas, have been rejected on the grounds that conditions there were not nearly so serious as in the Special Areas themselves.

2. THE SPECIAL AREAS AND THE WEAVING DISTRICT

It has been necessary to enlarge upon the events which led up to the establishment of the Special Areas in order to make clear the following points :

- (a) The boundaries of the Special Areas were chosen, mainly, perhaps, owing to haste, in a rather haphazard manner.

- (b) The original Special Areas Act of 1934 was intended as the beginning and not the end of the thought which the Government meant to devote to the problem of depressed areas. The scheme in its first form was in the nature of an experiment in technique which presumably was to be applied over a wider area if found successful.
- (c) Lancashire, taken as a whole, was not in a condition that would justify its inclusion in the Special Areas scheme.

Some reference has already been made to the reasons advanced for the non-inclusion of Lancashire. It has been suggested that Lancashire must be considered as a whole, that Lancashire has been able to call in new industries more successfully than other depressed areas, that Lancashire had many diversified industries and that Lancashire was making substantial industrial progress. It is now necessary to examine these contentions.

Lancashire is not at all a homogeneous industrial area in the sense that has been implied. Very wide differences in the unemployment rate can, and do, exist not merely between specially chosen small localities but between great industrial belts. Parts of the Weaving District have an unemployment rate of practically 30 per cent. whilst Metropolitan Lancashire has less than half that rate. If jobs are available in Manchester it is no easier for unemployed men in Burnley or Colne to take them than it would be for those men to take jobs in Birmingham; in both cases definite transfer is involved.

How then do conditions in the Weaving District compare with those in the Special Areas? Something has already been said, in an earlier chapter, of the special economic problems in this District, and it has been shown that a steady accumulation of interacting forces is threatening to produce serious consequences. The Weaving District cannot be dismissed as small and insignificant. It contains almost as many insured persons as the South Wales Special Area and about seven times as many insured persons as are found in the Cumberland Special Area. The figures are given below.¹

TABLE VII
TOTAL INSURED PERSONS, 1935
SPECIAL AREAS AND WEAVING DISTRICT

Special Areas in :—	
South Wales	253,000
West Cumberland	38,000
Durham and Tyneside	514,000
South-West Scotland	326,000
<hr/>	
WEAVING DISTRICT	223,000

The rates of unemployment in 1935, the last full year for which figures are available, in the Weaving District are not appreciably lower than those found in some of the Special Areas, particularly when it is remembered that much under-employment in the cotton weaving industry is not recorded. Actually, recorded unemployment in the Weaving District is well below that in South Wales and West Cumberland, lower than that in Durham and Tyneside but

¹ See Appendix II, Note 4.

about equal to that in South-West Scotland. The table below shows this, and also the fact that the Blackburn sub-area is worse off than the other two sub-areas in the Weaving District.

TABLE VIII
PERCENTAGE UNEMPLOYMENT AMONG INSURED
PERSONS
QUARTERLY AVERAGES

	1935	1936 ¹
Special Areas ² in—	%	%
South Wales	41·6	44·4
West Cumberland	35·7	36·4
Durham and Tyneside	32·7	27·6
South-West Scotland	25·6	22·9
Total Weaving District	25·9	22·0
Blackburn Sub-area	31·5	27·2
Burnley Sub-area	20·4	17·9
Bacup Sub-area	20·4	13·9

How far has the Weaving District shown, recently, greater evidence of revival than the Special Areas? In 1931 the unemployment rate in the Weaving District was actually higher than that in any of the Special Areas. Employment in the cotton industry had touched its lowest point. If one uses 1931 as a base, improvement has gone on more rapidly in the Weaving District than in the Special

¹ First two quarters.

² See Appendix II, Note 4.

Areas.¹ Looking at the last two and a half years, however, the comparison is not nearly so favourable for the Weaving District. Recovery there since 1934 has not been marked and certainly has gone on less rapidly than on the North-East Coast or in South-West Scotland.

TABLE IX
PERCENTAGE UNEMPLOYMENT AMONG INSURED
PERSONS
QUARTERLY AVERAGES

	1931	1934	1935	1936 ²
Special Areas in—				
South Wales	39.0	42.9	41.6	44.4
West Cumberland ...	36.8	36.8	35.7	36.4
Durham and Tynesde ...	34.4	33.5	32.7	27.6
South-West Scotland ...	33.6	29.6	25.6	22.9
WEAVING DISTRICT	40.1	26.6	25.9	22.0

The claim is often made that the Special Areas are in a position of exceptional difficulty by reason of their dependence upon one or a small number of industries, most of which have been severely hit by the decline of the export trade. That statement is, of course, true but it is not usually realised that it is equally true of the Weaving District. From the 1931 Census of Population³ it appears that, there, 40 per

¹ Some part of the apparent improvement in the Weaving District is, however, due to a marked decline in the insured population which finds no counterpart in the Special Areas.

² First two quarters.

³ Ministry of Labour figures for the different areas are not available.

cent. of the employed population (26.2 per cent. of the males and 62.5 per cent. of the females) were engaged in the Cotton Industry. The table below shows, for the different areas, the degree of concentration in the staple industries of each. There is no evidence that the industries of the Weaving District are more diversified than those of the Special Areas.

TABLE X
1931 CENSUS OF POPULATION
PROPORTION OF TOTAL OCCUPIED POPULATION
(exclusive of those " out of work ") IN PRIMARY
INDUSTRIES

	Group of Primary Industries	Percentages of Total in the group given
Special Areas in—		%
South Wales ...	Mining and Quarrying Smelting of Iron and Steel	51
West Cumberland	Mining and Quarrying Smelting of Iron and Steel	31
Durham and Tyneside ...	Mining and Quarrying Engineering Shipbuilding Smelting of Iron and Steel	34
South-West Scotland ¹ ...	Mining and Quarrying Shipbuilding Cotton Engineering	27
Weaving District ...	Cotton	40

¹ Including those out of work.

Next, it is necessary to ask how far it is true that the Weaving District, in the past decade, has been more successful in developing the expanding industries than have the Special Areas?¹ It is, unfortunately, impossible to make an exact comparison of the importance and the rapidity of growth of the newer industries in the Special Areas and the Weaving District because figures for the former are not available. But from the information which is available it is certain that there are no important grounds for distinguishing between the two. In the first place, the growth of the expanding industries in the Weaving District in the past decade, has been insignificant. Between 1925 and 1934, the increase in the number of insured persons in 43 expanding industries,¹ was only 14,750 and of these about one-half were in nine services such as Distribution, Transport, Hotels, etc. The increase in insured persons in the purely manufacturing industries was only 7,446. This increase, regarded as a proportion of the total insured population in 1925, comes to 2·8 per cent. If it be true that the progress of new industries in the Special Areas was less than this, it constitutes a statistical difference without economic significance.

In the second place, it is doubtful whether the Special Areas have shown a much worse record. Statistics for the exact boundaries of the Special Areas are not available, so that a figure showing the increase in the number of insured persons in the manufacturing expanding industries as a proportion

¹ See Chapter V.

of the total insured population in 1925, corresponding to the 2.8 per cent. mentioned above for the Weaving District, cannot be calculated. There are, however, statistics for rather wider areas for roughly similar periods. Thus for the whole of Wales, three-quarters of the insured population of which is in South Wales, this proportion was 1.2 per cent. for the period 1924 to 1933. And for the North-East Coast Survey Region, a region larger than the North-East Coast Special Area but, nevertheless, one of almost general industrial depression, the proportion was 2.7 per cent.¹ For the whole of Scotland, which is much larger than the Scottish Special Area but in which again districts of industrial expansion are almost non-existent, the proportion was 2.6 per cent.² The presumption must be that the Weaving District can have been little, if any, more successful in dealing with its problems through the attraction of new industrial enterprise than have the Special Areas themselves.³

A final point : the argument has frequently been used that the Special Areas chosen in the original bill were experimental areas. From them were to be

¹ Figures based on period 1924—34.

² Based on 1923—34.

³ The 43 manufacturing industries used in these calculations are solely those which have expanded in the Lancashire Industrial Area, and thus exclude certain industries which have expanded in the other areas, e.g. the chemical industry on the North-East Coast. Including all industries which have expanded in each area given, the proportion for the North-East Coast becomes over 4 per cent., that for Wales close on 2 per cent., and that for Scotland over 3 per cent. The Weaving District figure of 2.8 per cent. remains unaffected.

crystallised all those methods which could be adopted in other areas suffering from heavy unemployment. Here was to be a social experiment of a novel kind on a large scale. But if experience gained in one field is to be applied to another there must be some degree of similarity between the two. Now, in fact, the Special Areas chosen were relatively useless for the elucidation of the difficulties of the Weaving District. All the Special Areas were peculiar in that women workers were relatively insignificant in numbers¹; whereas in the Weaving District they are particularly important. All the Special Areas show a rate of unemployment lower for women than men whereas the opposite is the case in the Weaving District. All the Special Areas were concerned with the heavy industries—mining, iron and steel, engineering, and shipbuilding—which are practically non-existent in the Weaving District. In brief, so far as Lancashire's real problems are concerned, the lessons drawn from the experience of the Special Areas can be only of very limited value. In fact, the Government, in order to make its Special Areas scheme a real experiment, might well include the Weaving District and so bring within the experiment conditions which have so far not been comprehended.

¹ Thus the 1931 Census shows :—

OCCUPIED FEMALES PER 1,000 OCCUPIED MALES, 1931

Special Areas in :				All Special Areas	England & Wales	Weaving District
South Wales	West Cumberland	Durham & Tyneside	South-West Scotland			
142	253	253	371	255	423	746

3. THE WORK OF THE SPECIAL COMMISSIONERS

The suggestion that the Weaving District could usefully be included in the Special Areas scheme might be met with the objection that, in fact, the Commissioners for these Areas, have been able to do very little and that no very great relief would be brought to the Weaving District by the kind of activities in which the Commissioners have engaged.

The English Commissioner has found irksome the restrictions placed upon his activities. In his first Report, he enlarges upon these. ". . . . The Commissioner cannot supplement a specific grant made or offered by a Government Department." "The Commissioner cannot offer a grant to a local authority for any service for which a specific grant is payable by any Government Department . . . thus . . . the question whether the Commissioner is in a position to assist a thoroughly desirable scheme may depend on fortuitous circumstances." . . . "The Commissioner cannot give financial assistance towards the establishment of new industries operating for profit." . . . "Nothing can be done outside (Special Areas) unless it will afford employment or occupation for substantial numbers of persons from those Areas." And the Scottish Commissioner says in his Final Report that "(Government Departments) have tended on occasions . . . to lose sight of the exploratory features of my work and, perhaps with some justification to harbour the fear that, in promoting a particular experiment, I was initiating a new policy . . . before its full implications and results could be foreseen."

The work of the Commissioners has suffered from the restriction of their powers but even more so from the absence of any special decision as to what is to be the future of the Special Areas. If, for example, it had been decided that these Areas could not be expected to revive industrially, then a clearly defined aim would have been put before the Commissioners, namely, that of transferring elsewhere, as quickly and painlessly as possible, the population of the region. If that end had been consciously sought, it would have been a mistake to continue to invest capital there in the form of sewers, hospitals, houses and the like. Alternatively, the Commissioners might equally definitely have been charged with stimulating industries in the Areas for which they were responsible. In that case, questions of the kinds of industries most suitable for planting and the form of public works most suitable for bringing about the required end could not be answered locally, but only as a part of a wider understanding of the manner in which industries were distributed in the country as a whole, and of the numerous social and economic reactions upon other parts of the country which might be expected to follow from the policy adopted in the Special Areas.

Driven along before the magnitude of their task and the inadequacy of the weapons to their hands, the Commissioners almost inevitably have embarked upon a whole series of miscellaneous measures. Although in these matters they must undoubtedly have had the advice and help of the appropriate Departments, it surely would have been better for

Government Departments, along with local authorities, to have been responsible for the special steps, in the form of maternity services, the provision of hospitals and the like, which prolonged industrial depression had made necessary.

Moreover, when the public works activities of the Commissioners are analysed it appears that sewerage and drainage schemes have been extremely important, the Scottish Commissioner until the end of 1935 devoting two-thirds of his total commitments to this purpose, and the English Commissioner perhaps one-fifth. Is heavy expenditure on such schemes justified in areas in which the population may be expected to decline rapidly in the future? In any case, if money is to be spent on such schemes should not this follow upon a careful national survey of such facilities and the relative strength of the claims of all parts of the country?

Apart, however, from the many functions of the Commissioners which might, quite appropriately, have been delegated to Government Departments, the duty of the Commissioners does represent a departure in principle. Within admittedly narrow limits they had the power to take steps which would facilitate the establishment of new industries in their Areas. Whether the implication was realised or not, they were in fact empowered, in some small degree, to influence the location of industry—to determine the advantages to employers of the Special Areas *vis-à-vis* the advantages of other parts of the country. From

the narrower economic point of view it is their actions and results in this direction which claim most attention.

The English Commissioner has been extremely active in this respect. He issued in 1935 a circular letter to 5,829 firms in all parts of the country asking whether they had established works in any of the Special Areas, whether they had considered such a step, and whether they were prepared to consider it. Three-quarters of the concerns did not even reply to his letter. Of the 1,763 who did reply, 1,313 gave an unqualified negative to all three questions. Only twelve said that they were now prepared to consider a site in one of the Areas. It is small wonder that the Commissioner concluded that "there is little prospect of the Special Areas being assisted by the spontaneous action of industrialists now located outside" and that "the results of the enquiry . . . have helped to confirm the feeling generally prevalent that the industrialists in the main are indifferent to the Special Areas."

But, in two directions, the Commissioners have been able to initiate movements which may have much more far-reaching consequences. In late 1935, the Government authorised the English Commissioner to proceed with one or more trading estates. These trading estates, financed out of Exchequer Funds, will provide scientifically laid out industrial sites and premises which should prove very attractive to business men who are seeking locations for new enterprise. The North-East Coast

has secured the first of these. A token payment of £100,000 for this purpose was included in the list of commitments of the English Commissioner outstanding at the end of 1935 and a company—the North-East Trading Estates Ltd.—was registered early in 1936. Since then a site of 700 acres near Gateshead has been chosen and the first of the engineering contracts for the construction of the estate—contracts which will amount, so it is stated, to a total of £700,000—were given out in October, 1936.

In South Wales private negotiations for the erection of a trading estate near Port Talbot have been proceeding for some time. These have been protracted and the Commissioner has changed his original intention not to assist the establishment of an estate in South Wales on the lines of that planned for the North-East Coast. In June, 1936, a company was registered under the title of "South Wales and Monmouthshire Trading Estates Limited" and the Board has decided on a site in the neighbourhood of Pontypridd.

According to the Commissioner, "the necessity or advisability of such an estate in Cumberland has not yet been fully established."

The second development is connected with the financing of private enterprise. In both his first and second reports the English Commissioner referred to the difficulty of obtaining capital for the establishment of new or the expansion of existing industries in the Special Areas. Since the Special Areas Fund could not be used for this purpose he recommended,

in July 1935, that a special fund should be created for this purpose. He was of the opinion that Government Funds should not generally be used to finance private enterprise and hoped that the necessary fund would be put up by financial interests in the City if necessary with some Government guarantee. Nine months later the Government thought fit to adopt this suggestion with the result that the Special Areas Reconstruction (Agreement) Act was passed in May, 1936. The Act "authorises the Treasury to make an agreement with a company to be incorporated by the name of the Special Areas Reconstruction Association Ltd.," and to make payments to this company under certain conditions. The object of the company is to provide financial facilities to persons setting up or carrying on a business in the Special Areas and who "satisfy the company that whilst having reasonable expectation of ultimate success on an economic basis they are not for the moment in a position to obtain financial facilities from financial institutions primarily engaged in providing financial facilities for long or medium term periods." It is anticipated that the loans provided will be moderate in size, limited in most cases to £10,000.

The Company, which was registered in June, 1936, has a nominal capital of one million pounds raised from private sources. If the scheme proves to be a success, it has officially been stated, there is no reason why its operation should not be extended. The Treasury is to pay the preliminary expenses and the costs of winding-up the company. Reserves

must be set aside, and to these the Treasury is to contribute up to £100,000. All these sums are repayable should there be a surplus when the company is wound up. In addition the Treasury is to provide the company's administrative expenses or £20,000 a year, whichever is the less. On the winding up of the company, should the losses of capital attributable to the loans exceed the reserves available then the Treasury will make good the deficiency up to one-quarter of the amounts of the loans.

In introducing the measure, the Chancellor of the Exchequer said that he did not pretend that it constituted a complete solution, or even a contribution on a very large scale, to the solution of the problem in the Special Areas, and that he did not expect that the measure, even if it were as successful as the most sanguine expected it to be, was going to set the Thames on fire or produce any great revolution in the affairs of the Special Areas, but that nevertheless he was firmly of the opinion that it was "an experiment worth trying."

* * * * *

If the diagnosis of the preceding chapters is sound, and if the conditions in the Weaving District merit its inclusion in the Areas requiring special attention, these two measures—the establishment of a Trading Estate and the provision of capital at low rates to provide a favourable environment for local industrial enterprise—appear to hold out possibilities. Any Trading Estate in the Weaving District might

well be designed from the commencement to attract industries employing women ; in that direction lies the greatest chance of success and the greatest opportunity of lessening the ills of the region. The Weaving District is highly suitable for certain branches of the clothing trades. If an initial stimulus could be applied by the State the Weaving District might well become a large and growing centre for these trades.

CHAPTER VIII

LOCAL AUTHORITIES AND INDUSTRIAL ACTIVITY

1. THE ATTRACTION OF NEW INDUSTRIES

The activities of local authorities in trying to attract new industries take two forms. First, there are advertisements and other publicity methods of bringing the advantages of the areas to the notice of the industrialist. Elaborate brochures and town guides are published, generally paid for by the pages of advertising matter. The Local Authorities (Publicity) Act, 1931, empowers Borough and Urban Districts to contribute up to a halfpenny rate to any organisation, approved by the Minister of Health, established for collecting and collating information in regard to the amenities and advantages of the British Isles or any part thereof, and for disseminating that information outside the British Isles. The Travel and Industrial Development Association of Great Britain and Ireland is the authority sanctioned by the Minister. In Lancashire, local authorities act through the Lancashire Industrial Development Council, to which they contribute on the basis of one-twelfth of a penny in the pound of rateable value. Secondly, having received an enquiry from an industrialist, the local authority may attempt to induce him to set up in the area. There are several ways in which the local authority may help the firm to choose a site. Many local

authorities keep a list of sites and buildings suitable for industrial purposes. Frequently the authority is the local supplier of gas, electricity, and water, and industrialists must know the cost of these services. The site of the proposed factory must be compatible with the Town Planning scheme for the area. The approval of the building plans, the provision of houses for the workpeople, river pollution, and sewage disposal—such questions as these may arise at any time, and so a fairly close contact between the industrialist and the local authority is generally inevitable.

In its dealings with the industrialist a local authority will, naturally, smooth the way as much as possible. To what extent it will do this depends on the energy of the council and its chief officers, on the intensity of its desire for new industries, on the possible importance of the new firms, and on the extent to which it is prepared to disregard legal restrictions.

The first three factors need no further explanation. To appreciate the last, however, it must be understood that, speaking generally, local authorities may only do those things which they are expressly empowered to do by Parliament ; their actions must be carried out within a legal framework. It is difficult to find out the extent to which local authorities do, in fact, go beyond their powers in order to attract industrialists. The method most usually heard of is the reduction of local rates on the factory, but we have been unable to trace any cases where this has

occurred. It is, indeed, doubtful whether relief of this kind is given to any appreciable extent. One of the principal objects of the Rating and Valuation Act of 1925 was to achieve greater uniformity of valuation, and with the administrative machinery established as a result of that Act, it is difficult for unduly low assessments to be made. Nevertheless, it is not impossible for this to occur, and since for factory buildings there is always room for difference of opinion as to their value, the lower value limit would probably be accepted without question. The Rate Accounts themselves are subject to Government Audit, and it would be difficult for a local authority to allow illegal rate relief.

Favourable terms for electricity, gas, or water supplied by the local authority appear to be more general, though it would often be hard to decide their legality. Electricity tariffs, for example, being based on the conditions of demand (quantity, time, and diversity), allow of considerable elasticity and so make it difficult to determine the prices which should be charged to different users. Finally, where a local authority has some land in its possession or can exert some influence over the owner of land or buildings, for instance where he owes the local authority money for rates, the industrialist may be accommodated at a cheap rent. Cases of this kind have been found, though here again it would be difficult in many cases to prove that the local authority was acting illegally. Even private owners of property must lower their rents when there is little or no demand for their property.

The attitude of the Ministry of Health towards the proposals of local authorities to attract new industries is best seen in a quotation from the Annual Report for 1925-26¹ :—

“ From time to time proposals are made to the Department by Local Authorities with the object of attracting industries to settle in their districts. They sometimes take the form of suggestions for preferential rating, which the Minister is advised is illegal. Other proposals have been made for conveying land vested in the Local Authority to a factory at less than its market value. Apart from doubts as to the legality of such action, the Department takes the view that it is not in the national interest that Local Authorities should enter into competition with one another in this way.”

This raises the question as to the advisability of competition between different areas for new industrial development. It is obvious that, if all were equally effective in their efforts to attract the industrialist, then the location of industry would not deviate from the pattern which it would otherwise have taken. As it is, the fact that the effectiveness does vary in different areas implies that some influence upon location can be exerted, and it is not a pleasing spectacle to see authorities competing with each other in attempting to attract the industrialist, without any regard to the needs of other areas or of the country as a whole. In such a competition, the most depressed areas, which have the greatest need, are placed under very severe handicaps.

¹*Ministry of Health Seventh Annual Report*, page 86.

On the whole, however, it is extremely doubtful whether the inducements offered by local authorities do seriously affect the location of industry.

2. PUBLIC WORKS PROGRAMMES

The acceleration or intensification of schemes of public works in times of industrial depression is a policy which finds many advocates. In investigating the possibilities of such a policy, all the County Borough and Borough Councils in the Lancashire Industrial Area were asked for information of— (1) schemes at present in hand, (2) future schemes to which their Council was already committed, and (3) schemes which the Council considers necessary or desirable, but which are not being proceeded with owing to financial or other obstacles. Information was obtained from 19 out of 36 local authorities. The County Council was also approached on the subject, and supplied the required information.

The main question considered was whether there existed any volume of public works schemes which could be put in hand. It might well be thought that the industrial depression, with its adverse effects on the finances of many of the local authorities in the area, would have resulted in a large number of public works being held up. There is little evidence, however, that this is the case.

The industrial development of Lancashire is not of recent origin. The local authorities have already had ample time to provide the primary public services needed. Street, sewerage, public lighting, and other general services have been in existence for many

years. In fact, this is one of the social advantages claimed for the establishment of new industries in areas which are already developed. The demand for increased facilities can arise only as a result of either increases in population, or higher standards for the services which local authorities should provide. The general tendency during the post-war period has been for the population of the Lancashire Area to decline. Twenty out of the 36 Boroughs and County Boroughs in the Area experienced a decline in population between 1921 and 1931, and only one or two local authorities showed increases of any magnitude. Taken alone, this would have meant that there was little or no necessity for new public works, but in actual fact demand for new public works has arisen from the shifting of population within the area. Even in towns where the aggregate population is declining, the number of families generally shows an increase. This fact, coupled with the shortage of houses existing in 1918, has led to considerable building in the Area, much of which has been done by the local authorities. The development of new housing estates brings with it the necessity of providing such public facilities as roads, schools, and the like, to serve the new areas. The recent intensification of slum clearance and the consequent building of more houses will mean that this kind of demand for public works will continue for some time.

A certain demand for public works has arisen, and can be expected to continue to arise, from the higher standard of service required from local authorities. For example, the re-building of out-of-date schools

and the provision of wider and better surfaced roads. On the whole, however, it cannot be said that there has been a continuous and growing need for public works during recent years, such as could arise from previous postponement of necessary development. Local authorities have been fairly active during this period. New housing estates must be provided with the essential public services, however reluctant the local authority may be to increase its expenditure. Central government departments also exert pressure on local authorities where necessary; the Board of Education may consider new school accommodation necessary, or the Ministry of Transport may press the local authority to widen a road. Many of the councils do not, of course, require any pressure, but provide services up to the limit of their resources. Finally, it must be borne in mind that the carrying out of public works to provide employment is not a new feature. The presence of unemployment and the fact that between 1921 and 1931 the Unemployment Grants Committee was giving increasingly large grants for schemes to provide employment encouraged most councils to put schemes in hand.

As a result, if regard is paid to the average standard of the country, Lancashire is well supplied with the essential services, and it cannot be said that there are any large arrears of public works waiting to be put in hand.

There are probably remarkably few schemes at present necessary which would satisfy the criterion of providing work on an extensive scale for the

unemployed. During the last year or two of the life of the Unemployment Grants Committee, many local authorities experienced considerable difficulty in finding works to qualify for grants. Schemes which would employ unskilled labour are not numerous in an already developed area. No public works schemes can contribute much to the direct employment of the women workers of the Weaving District. Examination of the details will show that the same is largely true for other classes of workers.

The two kinds of schemes most important in the present state of the local government development of the Area are first, building, which includes housing, the building of new schools, baths, libraries, new town halls, and secondly, road development. The first class of scheme mainly involves skilled labour, of which, especially as regards bricklayers, there has been a shortage. The second class may be sub-divided into three main groups :—

- (1) construction of entirely new roads through areas which are predominantly rural
- (2) widening and reconstruction of existing roads
- (3) reconstruction of weak bridges.

The first type of road work is most productive of employment. It is probably, however, the type which is least necessary in Lancashire ; several bye-pass schemes are, however, planned at the moment, mainly around Manchester, and activity on these is already beginning.

The second type of scheme is the kind of road work most needed in areas long since industrially developed and with a road system constructed, in the

main, before the advent of modern motor traffic. The approaches to, and the centres of, many of the Lancashire towns are cases where road widening is probably most useful. This class of scheme is, however, extremely costly, and as most of the expenditure goes in buying property, the resultant employment is comparatively small. On existing roads one of the worst features is the surface of granite setts. In many parts of the Area these require either re-laying or the substitution of another surface. So long as horse traffic continues, however, it is considered that setts are necessary, especially in view of the hilly nature of many of the roads. At the same time, it is doubtful whether some of the highway authorities realise how bad much of the road surface is in their areas. The problem is complicated by the existence of the many miles of tramway tracks. These are gradually disappearing, but even so Lancashire still possesses probably the most highly developed tramway system in the country. Tramway lines along roads on which the setts require re-laying are only too common, and much useful work might be done in their elimination.

The problem of weak bridges in Lancashire is a serious one. The Road and Rail Traffic Act of 1933 empowers the railway companies to affix notices on their bridges stating that they are unsafe for motor vehicles over a certain weight, and are not to be used by such traffic. There are 250 such bridges in Lancashire. Although the Minister of Transport has not brought the particular Section (Section 30) into force yet, it is obvious that something must be done soon. All the local authorities concerned have

prepared schemes for dealing with the problem. The County Council, for example, has a five year programme which involves the reconstruction of approximately 150 weak railway and canal bridges at an approximate cost of £200,000 annually. Most of this work is given to private contractors and probably requires fairly experienced labour.

It must not be thought, however, that there are no schemes being held up owing to the expenditure involved. If the Local Authority had not to provide all or part of the outlay, it is highly probable that all kinds of schemes would be put forward. Most towns consider a new town hall is necessary, and would probably build one if their rates were not already comparatively high. The same reason discourages the building of new art galleries, baths, libraries, and other public buildings. To what extent these are really necessary is difficult to say; obviously necessity in these cases is related to spending power.

Again, there is probably an almost unlimited amount of public works available if the idea of making Lancashire an ideal place to live in were carried out. Slum clearance schemes are getting rid of the worst parts of the towns, but there still remain thousands of small houses, poor buildings, and badly planned streets. The cost of re-building Lancashire would vary according to whether it was an ambitious scheme covering the whole Industrial Area or whether it was confined to the modernisation of the worst sections. A large proportion of the expenditure would probably be spent in compensation and acquisition

of property. It would probably lead to a shortage of building labour, but it would undoubtedly relieve unemployment in Lancashire and probably increase the efficiency of the Area. In this connection it should be noted that, as in all public works programmes, "secondary" employment might be an important element; this covers employment in the manufacture of the materials required, in various transport services, and the like. It is dangerous to attempt to estimate the relation between the amount of primary employment on public works and this secondary employment, but there seems little doubt that the latter would be by no means negligible. To carry out the idea properly would require preliminary surveys and plans, and the final plan would take probably three or four years to prepare. Even then the whole of the work could not be carried out at once, but would probably take twenty to fifty years. The idea is obviously unsuitable as part of a public works programme required to be quickly effective.

Local authorities already receive large grants towards many of their services. The chief grants having some relation to the public works activities of local authorities are as follows:

- (1) HOUSING—The grant here is based on the number of persons re-housed as a result of a slum clearance scheme.
- (2) ROADS—The County Council receives a grant of 60 per cent. for Class I roads and 50 per cent. for Class II roads. For County Boroughs the grant is not specific, but forms part of the

Block Grant. Special grants are also given in respect of new roads, road improvements, and reconstruction of bridges, varying according to the type of scheme but sometimes being as high as 75 per cent. of the cost.

- (3) **LAND DRAINAGE**—The Ministry of Agriculture pays grants towards the carrying out of land drainage schemes. The grants vary but are usually about 20—30 per cent. of the approved cost.

No Government grants are payable in respect of public libraries, baths and wash-houses, town halls, sewers, or parks. Between 1922–31 grants in aid of these services were often given by the Unemployment Grants Committee if the work could satisfy certain criteria, while, as was shown in the previous chapter, a large part of the grants made by the Commissioners to authorities in the Special Areas was for schemes of these types. About 50 per cent. of local authority expenditure on police and education is subsidised by grants-in-aid. Grants towards the Public Health Services are not specific, that is, they are not granted in respect of any particular expenditure, but are contained in a Block Grant which is distributed on a weighted population formula.

Most of the local authorities in the Area have already had considerable experience of carrying out public works to relieve unemployment. In general, their experience has given them an unfavourable opinion of such schemes. Their main objections are two-fold. In the first place, the schemes are generally

costly and do not make much impression on the unemployment problem of their area.¹ Most authorities consider that the employment of people with no experience and sometimes without the necessary physique makes the schemes more costly; for example, the employment of men with no previous experience of road work is considered by some surveyors to add from 20 per cent. to 50 per cent. to labour cost.² Any grant received towards work which employs this class of labour may therefore be offset to a large extent by the extra cost of the work. Secondly, there is generally some difficulty in finding schemes capable of employing unexperienced labour and at the same time possessing some value. Most of the schemes of this kind are small (*e.g.*, the levelling of sites for parks), and provide employment for a few persons only. A local authority has to spend its money on its most pressing needs, and these at the moment are, as already explained, bound up with housing and slum clearance.

3. CLEANING UP THE FACE OF LANCASHIRE

It has been suggested that the industrialist is sometimes discouraged from coming to Lancashire for æsthetic reasons. Lancashire in this respect is

¹ It should be noted that "secondary" employment may be created in a different local authority area, *e.g.*, bricks are not usually made in the area which builds a new town hall. Most of the secondary employment is, however, probably contained within the Area.

² There was one notable exception to this general opinion, though even here it was not denied that at first the cost might be somewhat higher.

considered to contrast adversely with the country being developed around London. If this be true, a new function is given to Local Authorities—that of cleaning up their areas.

There are many derelict mills and factories in Lancashire. Many of these, when they have been empty for some time, are allowed to fall into disrepair, and thus look gloomy and depressing. Local authorities can order the owner either to pull down the building or to keep it in good repair if it is a danger to users of the highway or the occupiers of neighbouring buildings. Their powers have recently been extended by the Public Health Act of 1936. Section 58 of that Act provides that where any building is, by reason of its ruinous or dilapidated condition, seriously detrimental to the amenities of the neighbourhood, the local authority may apply to the magistrates, who may order the owner to repair and restore the property or to demolish the building and remove the rubbish caused by demolition. A vigorous use of this power would undoubtedly rid the Area of the worst derelict mills. Even so, there would still remain the problem of re-developing the cleared area. The site of a demolished building, even with the main rubbish removed, is not attractive. One possibility is for the local authority to purchase the property and to use it as an open space, as a site for baths, etc. Clearly it is desirable to avoid putting local authorities in the position of having to incur expenditure merely in order to increase the amenities of particular sites. But local authorities have neither the power nor the money to re-develop such land as

factory sites. It has, therefore, been proposed to the Government by the Lancashire Industrial Development Council that some form of central assistance would usefully supplement the activities of the already heavily burdened local authorities. One concrete suggestion put forward by the Council is for the establishment of a public trust with the power to buy the land and buildings in any improvement scheme adopted by a local authority and to finance the erection of new buildings. Local authorities could contribute towards the expense of the trust and the Council suggests that the capital should be limited and guaranteed by the Government.

Two general comments may be made on the policy of demolishing derelict mills. In the first place, to pull down many of these mills would be a final sign that there is no hope of their re-opening. This might hasten the rate of migration of population from the Area. Secondly, it is extremely doubtful whether many of the buildings (if repaired) would be suitable for industries other than cotton spinning or weaving. Although it has been shown that cases are occurring of small new firms using premises of this type, only the best mills are being so utilised.¹

A further feature is the presence of slag heaps and "flashes." These two are put together because they occur in the same area (mainly around Wigan), and because their removal is sometimes considered as having a single solution. Slag heaps and flashes

¹ See Chapter V.

are without doubt unsightly, and, in addition, waste hundreds of acres of land.

The flashes are often comparatively shallow and are caused by subsidences due to mining operations ; these subsidences are still occurring. The duty of draining these flashes falls on the Catchment Boards, of which there are two in the Wigan—Leigh District, the River Douglas Catchment Board and the South Lancashire Rivers Catchment Board. These bodies are financed partly by receipts from the County Council and the County Boroughs in their areas, and partly by grants from the Ministry of Agriculture. The problem is mainly one of drainage—of keeping the main waterways clear and draining these flooded areas by means of pipes. The Catchment Boards are not concerned with what happens to the land after it is drained. The land is usually in private ownership and the owner is under no compulsion to use it after drainage, but certain areas now used for agricultural purposes were formerly flashes. The main trouble arises where the subsidence is so deep as to prevent complete drainage. In such cases the level of the flash may be lowered, leaving a wide margin of drained land around a smaller area of water.

The existence of pit heaps in close proximity has suggested the idea of filling up the flashes with the slag. The land would then be level and capable of use for parks, buildings, etc. Wigan Corporation has for some time been active in considering a scheme of this kind. The Corporation proposes to buy an area of about 50 acres of pit heaps and flashes. Unemployed

miners are then to be used to carry out the work. The Corporation approached the Minister of Labour for a grant towards this work. The Minister replied that he had no power to make a grant towards the work, although if Wigan had been in a Special Area the Commissioner could have made the grant. The Corporation might, however, approach the Unemployment Assistance Board under Section 37 (b) of the Unemployment Act, 1934, for a contribution by reason of the work being utilised as part of a Training Course, or the work might be carried out as a Training Scheme, in which case the men would receive Unemployment Insurance Benefit or Assistance Allowance plus a special training allowance (about 2/- per week, a free mid-day meal, and allowance for fares).

The Corporation has decided against the Training Scheme, and at present particulars are being prepared of the alternative costs of the scheme with or without using machinery. The report is not yet available.

Flashes and pit heaps extend into other local authority areas, chiefly Abram, Hindley, Ince-in-Makerfield, and Leigh. The Wigan Corporation has therefore asked the neighbouring local authorities to co-operate in cleaning up the area. There are thus three bodies concerned in this problem, the local councils, the two Catchment Boards, and the owners of the land. It is clear that it would be an advantage to all if some scheme could be agreed upon for clearing up this area. It is also a suitable kind of work for unemployed miners. Before 1931 money would

have been forthcoming from the Unemployment Grants Committee, while had the Area been scheduled as a Special Area, the local authorities could have obtained substantial grants. As it is, however, although this appears to be just the kind of public work worth doing, the local authorities concerned are loath to increase their already heavy expenditure; some grant from national funds appears to be justifiable.

Although it would be misleading to imagine that Lancashire is a mass of ugly buildings and slag heaps, there is a general drabness in many parts of the county. Some of the towns have replanned and reconstructed their central areas, in most there are pleasant suburban areas, while as regards scenery the area has many advantages, but the main roads into many of the towns, fronted by rows of small houses and shops unrelieved by gardens or foliage of any kind, are admittedly not inspiring. Whether much can be done to alter the situation is problematical. The future development of the Area is partly protected by the various town and country planning schemes. Past development was, however, uncontrolled, and the problem is whether it can be improved or whether a complete reconstruction and replanning is required. All the new main roads are being planted with trees, and if this could be extended to existing main roads a considerable improvement would be noticeable. The cost is not heavy (about 15/- per tree planted) but the narrowness of many of the roads makes tree planting impracticable. Many of the local authorities are aware of the need for cleaning up

the main thoroughfares. Attempts are made to persuade property owners to keep their houses in good appearance and shopkeepers to reconstruct their frontages. Even so, it is doubtful whether anything really important can be done in this direction without some complete reconstruction scheme such as was mentioned above, and this is obviously not a project which is likely to be attempted without external assistance.

CHAPTER IX

POSTSCRIPT—LANCASHIRE AND THE INDUSTRIAL RECOVERY

Realistic studies of the working of the economic system always run the risk of becoming out of date even before they are completed, for their subject matter is in itself dynamic. Because of the marked industrial recovery which has recently taken place in Great Britain, it is particularly difficult at present to make with confidence any attempt to anticipate the future industrial conditions in Lancashire. Will Lancashire share in this revival to the point where the difficulties of its depressed areas automatically vanish? Can the doubts and perplexities expressed in the earlier chapters of this book be put on one side as likely to be resolved by the present industrial upswing?

We think it right to give our opinion, and it can be nothing but an opinion, that although there has been a gratifying improvement in most parts of the country in the past twelve months, what has happened, and what is likely to happen, cannot upset the conclusion that the Weaving District and the Wigan area are confronted with problems of re-adjustment in which they should have special State Assistance. Industrial dislocation in these areas has gone too far to be remedied wholly by the upward swing of the trade cycle; normal industrial revival can bring only partial relief.

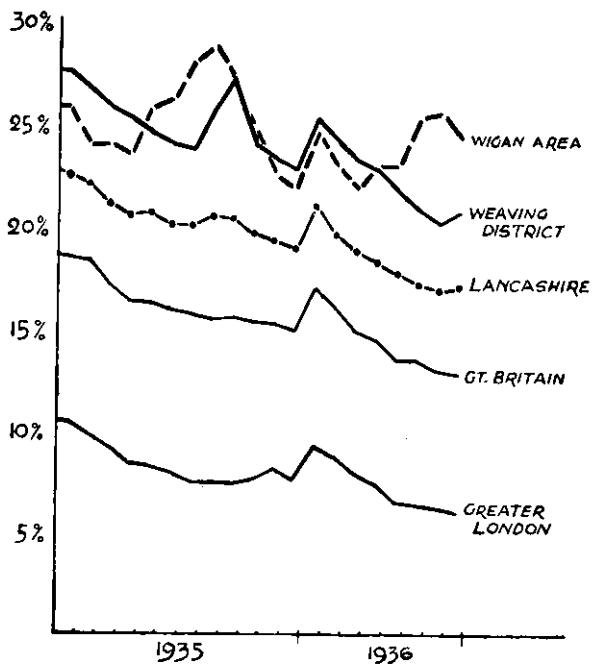
The details of the rapid improvement in British industry in the past two years are, of course, well known. The recovery in employment which began at the end of 1931 seemed to be slowing down in 1933-34. During 1935, however, a new spurt began. The re-armament programme further accelerated this movement and a continuous decline in unemployment resulted. In those industries, notably engineering, most affected by re-armament contracts the rate of unemployment in the country as a whole has fallen to levels which are probably little higher than those which existed in normal pre-war years.

A glance at the Chart on page 4 will show that the Lancashire Industrial Area as a whole has shared in this welcome recovery. The figure of unemployment is now little more than one-half the peak figure of 1931. Since September 1935, there has been a particularly rapid fall in unemployment in engineering, the industry most closely bound up with re-armament. It would be unwise to exaggerate the degree of revival or to minimise the ground which still remains to be made up. Unemployment is still much higher than in 1929, while the recovery in Lancashire goes on rather less rapidly than in Great Britain as a whole. But no one can deny the substantial improvement or doubt the probability that it will continue.

The same comfort cannot, however, be drawn from the trends in the Wigan and Weaving Districts. The course of unemployment in these areas since the beginning of 1935 is shown in the Chart on page 124 and, for purposes of comparison, the details for

CHART II

RATES OF UNEMPLOYMENT



the Lancashire Industrial Area, Greater London, and Great Britain are also inserted.

In the Wigan area the lessons to be drawn seem fairly clear. There is here no indication of recovery. What has been said earlier of the distressing conditions in this area applies now with even greater force; these conditions, apparently, are not to be ameliorated by national industrial revival.

In the Weaving District there has been a downward trend in unemployment. The latest figure (August, 1936) shows an unemployment rate of 21 per cent.; a year ago it was 26 per cent. This improvement has not been uniform throughout the District. The Rossendale sub-area now shows an unemployment percentage of 14, whereas the Blackburn sub-area figure is still 25 per cent. Some towns, notably Nelson and Colne, are, by post-war standards, becoming relatively prosperous.

But even though this improvement may continue for a time it hardly touches the special difficulties of the Weaving District. After nearly two years of the industrial boom one in every five of the working population is still out of work. And there are at least two good reasons why any further substantial improvement is unlikely. In the first place, the general expansion of British industry is not likely to resolve the difficulties of the Weaving District by making it possible to transfer workers from it to other parts of the country. The formidable obstacles to the policy of transfer have been outlined earlier, and nothing has occurred to change these. In the second place, the Weaving District is not likely to

show any considerable expansion of employment. Some minor indirect influences have been, and will be, felt. But, broadly speaking, the Weaving District is not equipped for those branches of trade which feel the direct stimulus of the armament programme. In this connection, an analysis of 4,000 contracts entered into by the three fighting services during the first seven months of 1936 is significant. Of the total of 4,000 contracts, 353 came to the Lancashire Industrial Area, but the great bulk of this 353 went to firms within fifteen miles of Manchester. The whole of the Weaving District obtained only ten, and the Wigan area only two contracts. Certain of the depressed areas in other parts of the country, particularly the North-East Coast and South-West Scotland, will undoubtedly benefit considerably from the industrial revival, but the Weaving District is unlikely to benefit to the same degree.

A P P E N D I X I

THE LANCASHIRE INDUSTRIAL AREA

In view of the references throughout the book to the different sections of the Area the following table has been inserted in order to show clearly the places included in the various Districts. It is not always possible, particularly in the case of small areas, to secure exactly comparable population, employment, or insurance statistics, since the first is measured in terms of local authority boundaries and the two latter in terms of employment exchange boundaries. But the figures used in the text for the Districts and sub-areas of the Industrial Area are reliable on this score.

WEAVING DISTRICT

BLACKBURN SUB-AREA

Blackburn C.B.
Accrington M.B.
Clitheroe M.B.
Darwen M.B.
Church U.D.
Clayton-le-Moors U.D.
Great Harwood U.D.
Oswaldtwistle U.D.
Rishton U.D.
Blackburn R.D.
Clitheroe R.D.

BURNLEY SUB-AREA

Burnley C.B.
Colne M.B.
Nelson M.B.
Barrowfield U.D.
Brierfield U.D.
Padiham U.D.
Trawden U.D.
Burnley R.D.

ROSSENDALE SUB-AREA

Bacup M.B.
Haslingden M.B.
Rawtenstall M.B.

SPINNING DISTRICT

BOLTON SUB-AREA

Bolton C.B.
 Leigh M.B.
 Swinton and Pendlebury M.B.
 Farnworth U.D.
 Kearsley U.D.
 Little Lever U.D.
 Turton U.D.
 Westhoughton U.D.
 Worsley U.D.

OLDHAM SUB-AREA

Oldham C.B.
 Middleton M.B.
 Mossley M.B.
 Chadderton U.D.
 Crompton U.D.
 Failsworth U.D.
 Lees U.D.
 Royton U.D.

PRESTON SUB-AREA

Preston C.B.
 Chorley M.B.
 Fulwood U.D.
 Kirkham U.D.
 Leyland U.D.
 Longridge U.D.
 Walton-le-Dale U.D.
 Withnell U.D.
 Chorley R.D.
 Garstang R.D.
 Preston R.D.

ROCHDALE SUB-AREA

Bury C.B.
 Rochdale C.B.
 Heywood M.B.
 Littleborough U.D.
 Milnrow U.D.
 Radcliffe U.D.
 Ramsbottom U.D.
 Tottington U.D.
 Wardle U.D.
 Whitefield U.D.
 Whitworth U.D.

COAL-CHEMICAL DISTRICT

WIGAN SUB-AREA

Wigan C.B.
 Abram U.D.
 Adlington U.D.
 Aspull U.D.
 Ashton-in-Makerfield U.D.
 Atherton U.D.
 Billinge & Winstanley U.D.
 Blackrod U.D.
 Golborne U.D.
 Haydock U.D.
 Hindley U.D.
 Horwich U.D.
 Orrell U.D.
 Skelmersdale U.D.
 Standish with Langtree U.D.
 Tyldesley U.D.
 Upholland U.D.
 Wigan R.D.

ST. HELENS-WARRINGTON
SUB-AREA

St. Helens C.B.
 Warrington C.B.
 Widnes M.B.
 Irlam U.D.
 Newton-in-Makerfield U.D.
 Prescott U.D.
 Rainford U.D.
 Warrington R.D.

CHESHIRE

Lymm U.D.
 Runcorn U.D.
 Runcorn R.D.

FYLDE DISTRICT

Blackpool C.B.
 Lancaster M.B.
 Lytham-St. Annes M.B.
 Morecambe and Heysham M.B.
 Fleetwood U.D.
 Poulton-le-Fylde U.D.
 Preesall U.D.
 Thornton-Cleveleys U.D.
 Fylde R.D.
 Lancaster R.D.

METROPOLITAN LANCASHIRE

MANCHESTER SUB-AREA

Manchester C.B.
 Denton U.D.
 Prestwich U.D.

STOCKPORT SUB-AREA

Ashton-u.-Lyne M.B.
 Audenshaw U.D.
 Droylsden U.D.
 Limehurst R.D.

SALFORD SUB-AREA

Salford C.B.
 Eccles M.B.
 Stretford M.B.
 Urmston U.D.

CHESHIRE

CHESHIRE
 Sale M.B.
 Altrincham U.D.
 Bowden U.D.
 Hale U.D.
 Knutsford U.D.
 Bucklow R.D.

Stockport C.B.
 Dukinfield M.B.
 Hyde M.B.
 Stalybridge M.B.
 Alderley Edge U.D.
 Bredbury and Romiley U.D.
 Cheadle and Gatley U.D.
 Compstall U.D.
 Handforth U.D.
 Hazel Grove and Bramhall U.D.
 Hollingworth U.D.
 Marple U.D.
 Mottram-in-Longdendale U.D.
 Wilmslow U.D.
 Yeadsley-cum-Whaley U.D.
 Disley R.D.
 Tintwistle R.D.

DERBYSHIRE

Glossop M.B.
 New Mills U.D.

APPENDIX II

NOTE 1. UNEMPLOYMENT STATISTICS

The numbers of unemployed persons who are insured is, of course, known fairly accurately. But the extent of unemployment among the numerically less important uninsured occupied is not so easy to determine. Unemployment has not been so severe among private domestic servants, agricultural workers, shop-keepers, and salaried employees who form the bulk of the occupied population not covered by the insurance scheme. For this reason figures of percentage unemployment among insured workers tend to be slightly higher than the true rate for all occupied persons, though those showing the numbers of insured workers unemployed are on the low side in comparison with the total figure of unemployment. But the differences are not of great importance, particularly when the figures are used to compare one year with another. On two grounds, therefore, the statistics in this Survey refer in the main to insured unemployed. Firstly, the remaining unemployment cannot be assessed at all accurately, and, secondly, the figures issued as a by-product of the unemployment insurance scheme are in themselves sufficiently comprehensive for our purpose. But it must always be remembered that over and above the insured unemployed in the Area are the uninsured unemployed of various kinds, who amount probably to some 8—10 per cent. of the former total.

NOTE 2. INTER-CENSAL POPULATION ESTIMATES

Year by year the Registrar-General's Department estimates the mid-year resident population of the country as a whole, and of each of its constituent Boroughs, Urban Districts, and Rural Districts. Despite the absence of complete information as to the passenger traffic between the several countries of the United Kingdom, the mid-1931 estimate of 39,988,000 for England and Wales differed only by 35,623, or by less than 0·01 per cent., from the corresponding figure obtained from the Census returns, and thus the estimates for each year may in fact be taken as exact. But for any areas smaller than the whole country, to quote from the Statistical Review for 1932, "notwithstanding the care devoted to their consideration and preparation . . . the estimates cannot claim to be free from some margin of error." The danger of error becomes greater as the Census year recedes, though no proof or disproof of their exactness can be furnished until the results of the following Census are available.

It is well to bear in mind these imperfections. Nevertheless the Registrar-General's estimates—based as they are on registrations of births and deaths, changes in electoral lists, and housing statistics—are the best available for inter-censal years.

NOTE 3. THE EXPANDING INDUSTRIES

It is explained in the text that the expanding industries and services for the country as a whole are those 57 which showed an increase in insured employment between June, 1924, and June, 1934,

while other industries are regarded as declining. This classification has been used in comparing the Lancashire Industrial Area with other regions of the country. When considering movements in the different Districts of the Area, however, comparable data were not available, the statistics comprising figures of *insured* workers only for certain industries for the years 1925 and 1934. These comprise 43 industries—34 manufacturing industries and 9 services—which showed an expansion in insured workers in the Area during this period, and it is these 43 which have been regarded as the expanding industries and services. This does not, however, mean that industrial development in the Area has been under-estimated, and for two reasons. First, these 43 comprise all those industries which have shown appreciable expansion in the Area; they are, in fact, the expanding industries of the Area. Secondly, the increase in insured workers in all expanding industries has been greater than the increase in employed workers, because of the influx of workers from declining industries. The unemployment rate in these industries is appreciable, and in the depressed areas is higher than it is elsewhere. Hence the development shown by the increase of insured workers is more likely to be an over-estimate than otherwise.

NOTE 4. THE BOUNDARIES OF THE SPECIAL AREAS

In view of the fact that the Special Areas are defined in terms of local government divisions and not in terms of employment exchange areas, which are not necessarily identical, accurate statistics are

not available to show the numbers of insured therein. Officially "the totals for the Ministry of Labour Local Office Areas which cover the scheduled Special Areas" are taken. That is to say, the total numbers of insured persons in the areas of several local offices are included, although some of these people are not actually resident in the Special Areas. The Commissioners' figures for July, 1934, and our own estimates for July, 1934, and July, 1935, are given below.

ESTIMATED NUMBERS OF INSURED PERSONS IN THE SPECIAL AREAS

Special Areas in	July, 1934		July, 1935
	Commissioners' Estimates	Revised	Provisional
West Cumberland ...	35,360	36,100	36,130
Durham & Tyneside ...	528,470	519,760	513,700
South Wales	419,720	258,100	253,190
South-West Scotland	328,270	329,090	326,460

It is clear that, South Wales excepted, our estimates are almost identical with those of the Commissioners—although we revised the estimates and included only the total for those local offices which lie mainly within the Special Areas. Consider the question of a Ministry of Labour local office area covering both a city of 200,000 inhabitants not included in the Special Areas and a Rural District of

30,000 people which is included. The Commissioners would include the figure for this area in their total whereas we would not. This explains the very appreciable difference between the official estimate for South Wales and our revised figure. The Commissioner's estimate of 419,720 amounts to practically 90 per cent. of the total for the counties of Glamorgan, Monmouth, and Brecknock, although the Special Areas in South Wales had in 1931 a population of 995,000 as compared with a total of 1,720,000 for these three counties, or some 58 per cent.

For the Special Areas in West Cumberland, Durham and Tyneside, and South-West Scotland our revised estimates of unemployment rates are virtually identical with those of the Commissioners, as the following table shows :

ESTIMATED UNEMPLOYMENT RATES

Date	Special Areas in	Commissioners' Estimates	Revised
		%	%
May 20, 1935	West Cumberland	33·3	33·3
May 20, 1935	Durham & Tyneside	32·2	32·3
June 24, 1935	South-West Scotland	26·8	26·5

For the Special Areas in South Wales, however, our figures of percentage unemployment are on average about four points higher than those of the Commissioner, which are, in our opinion, misleadingly low because of the extension of the figures to include parts of the less depressed coastal area.

APPENDIX III

LANCASHIRE INDUSTRIAL AREA. INSURED WORKERS

AREA	MALES			FEMALES		
	1924	1929	1935	1924	1929	1935
Blackburn	68,750	67,410	61,290	59,500	58,630	48,460
Burnley	48,950	48,310	50,070	39,540	39,970	35,440
Rossendale	17,300	16,650	16,470	12,380	12,300	11,700
WEAVING DISTRICT ...	135,000	132,370	127,830	111,420	110,900	95,600
Preston	41,330	42,260	44,620	33,240	33,090	29,240
Bolton	79,650	81,650	79,200	48,110	50,910	49,690
Rochdale... ..	62,220	60,600	59,180	42,560	43,510	38,510
Oldham	71,190	71,310	66,020	45,760	46,970	39,570
SPINNING DISTRICT ...	254,390	255,820	249,020	169,670	174,480	157,010
Wigan	78,170	66,540	67,870	22,380	23,220	23,420
St. Helens—Warrington	72,370	74,590	77,570	14,740	16,640	17,760
COAL—CHEMICAL DISTRICT ...	150,540	141,130	145,440	37,120	39,860	41,180
FYLDE DISTRICT ...	31,080	32,890	39,380	12,270	14,650	18,170
Manchester	198,540	212,870	216,430	113,340	128,460	127,770
Salford	76,250	83,730	85,680	29,120	33,400	32,270
Stockport	68,000	63,500	63,320	46,020	44,550	36,380
METROPOLITAN LANCASHIRE ...	342,790	360,100	365,430	188,480	203,410	196,420
LANCASHIRE INDUSTRIAL AREA ...	913,800	922,310	927,100	518,960	543,300	508,380
GREAT BRITAIN ...	8,476,800	8,597,300	9,356,000	3,031,200	3,236,700	3,424,000

1924 : Insured Workers 16 and over.

1929 and 1935 : Insured Workers 16—64.

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