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Unemployment and the Special Areas

A useful companion to yesterday's debate on the special areas would be an unemployment map of the United Kingdom. The map would show how local a thing severe unemployment has become, and how many of the aspects of the unemployment problem have changed. It is now generally held that under present conditions of registration an unemployment figure comparable with the pre-war level can never be reached. Where 2 per cent was taken as the irreducible minimum before the war a figure of as much as 8 per cent is assumed as the present amount of normal, inevitable unemployment - shifting of jobs, seasonal unemployment, the unabsorbable fringe, and so on. If this estimate be anything like correct the whole of South-eastern England and a great part of the Midlands has a rate of unemployment less or no more than "normal." In Northern England, East Anglia, and the Western Counties the unemployment rate runs higher, but only in Cumberland, Cornwall, Durham, and Northumberland is it over 16 per cent. Within the area of low or normal unemployment the largest industrial populations are those of Greater London, Northamptonshire, Leicestershire, Warwickshire, and Worcestershire. The percentage is not much greater (still under 10) in [Derbyshire, Essex, Hampshire, and Staffordshire. Most of these counties are on the verge of "full employment," if not of labour shortage. It may not be as acute as it is in the busiest county in England—Warwickshire, [where only 4.3 per cent of the insured population, is registered as unemployed, and where only 3.7 per cent of the 62,600 workers of a great town like Coventry are on the register, and only 1.9 per cent of the 13,300 workers of Rugby.

Then there is the middle range of counties whose industries have not responded quite so quickly to the internal trade boom and are still suffering through the shrunken volume of exports.. The West Riding and Gloucestershire have just over 10 per cent unemployed, Cheshire has 14.2 per cent, Lancashire 15.1 per cent. Here there is room for a good deal more improvement, although within the counties there is wide variation. Manchester, Rochdale, Warrington, pnd Barrow (to take only the bigger towns) have only half the unemployment rate of Blackburn, Liverpool, or [Wigan, and no more than a third that of Hindley or Westhoughton. As Mr. Rhys Davies argued well yesterday, conditions in parts of Lancashire are as bad as anything in the country; in some other parts they are almost as prosperous as the

Midlands. In the counties of the special areas the local contrasts are less great, and although the numbers are falling the unemployment rates are still high-over 28 per cent in Cumberland, 22 per cent in Durham, 17 per cent in Northumberland. In Scotland and Wales the map is far less favourable; all the counties fall within the middle or upper range. Abnormal unemployment is - general, even if in the large non-industrial areas (like the Highlands) it is thinly spread. Mr. Lloyd George seemed rather to oversimplify the problem when he advanced once again yesterday his proposal for large-scale land Battlement to absorb the “refractory” million or million and a half. It would probably be safer to hazard that in the next two years we are not likely to hear much of surplus labour outside the special areas and those which, like parts of Lancashire, have suffered from the loss of their old staple industry. Some observers might hold, with the London and Cambridge Economic Service, that home production may be reaching a maximum, and that while there is room for an expansion of the exporting industries “ the continuance “ or extension of the present relatively “high general level of activity will " involve some mobility of the labour “force.” In fact, it may be argued with some plausibility that the Government will hardly be able to push through its armaments programme on the scale planned and at the same time maintain production for the home market at the present level to say nothing of increasing exports.

This does not relieve us of the necessity of bold measures to deal with the depressed areas, but rather makes it more urgent. Mr. Keynes, discussing the problem.from the point of view of the effects of Government borrowing for defence, has pointed out that ,the resulting increase in demand will be much greater than the £80,000,000 borrowed next year. He suggests that it may well mean, owing to the repercussions on other industries, an increase of between £170,000,000 and £240,000,000 a year, or between 4 and 5.5 per cent of the national income. Have we sufficient surplus industrial capacity to provide such an increase 1 Or must Government demand lead to raising of prices, diversion of resources from their present employment, and the much-feared inflation? Perhaps we cannot avoid this in any case, but Mr. Keynes's suggestions for lessening the danger are eminently practical, even though they make large draughts on the Government’s intelligence. We must be ready, he argues, to meet part of the demand by importing more and by stimulating our exports, for it is in the export trades that the surplus labour exists. We must organise output in the special areas, not as a means of charity but because they contain the main reserves of unutilised resources that can be tapped without interfering with the normal course of trade. Mr. Keynes asks a good deal

when he begs the Government to adopt a central organisation to think of these things, to prevent-the Service Departments from each pursuing its own happy-go-lucky way, and to adapt our fiscal and investment policy to a general plan. Governments do not usually bother about these things until we are in the middle of a war or we should have a better co-ordinator thap Sir Thomas Inskip.