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**Reviving the Metropolitan Economy
Local Economic Initiatives:
The Case of Greater Manchester**

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REVIVING THE METROPOLITAN ECONOMY

LOCAL ECONOMIC INITIATIVES -

THE CASE OF GREATER MANCHESTER

PERNILLE KOUSGAARD AND MIKE GOLDSMITH

INTRODUCTION

The services provided by British local authorities are continuously changing. Both central government policies and innovation in local government contribute to these shifts. Examples of innovation include new ways of providing a given service, entering into a new policy area, and finding ways to defend existing services against cutbacks. In the 1980s three areas of innovative behaviour stand out. One is measures to privatise services in many Conservative-controlled authorities, another is attempts to decentralise services in many Labour-controlled areas. The third area, initiatives to further economic development, is the topic of this paper.

The expansion in local economic initiatives in recent years has followed from the extensive decline experienced by British metropolitan areas. These areas are all associated with periods of rapid industrialisation in the 19th century when cities like Manchester, Birmingham and Liverpool developed their manufacturing base. The process of industrialisation and subsequent decline is common to many Western metropolitan areas, although the problems appear to be much more severe in England due to factors such as the reluctance of the financial sector to invest in manufacturing industry and the lack of technological innovation (Gamble 1985). One attempt to stem and reverse the decline has been the development of economic initiatives supported by central and local government in many countries and both OECD and the EEC have financed research programmes to increase the general awareness of such developments [1].

In particular, Britain has seen many innovative departures in this field as the number of initiatives and organisations involved has expanded. These innovations have taken place at the instigation of both central and local government. They include the creation of the development agencies in Wales, Scotland and Northern Ireland, all of which have met with some success in introducing new jobs and industries and are much admired by English politicians, even if they have achieved little more than a temporary staunching of the flow of job losses. They also include many of the developments aimed at improving the condition of the inner city economy - partnerships and programmes, development

corporations, enterprise zones, urban development grants etc. - as well as introducing new training programmes for young unemployed, deprived groups, redundant workers etc., largely under the auspices of the Manpower Services Commission. Recent developments on the training front are a recognition of how little Britain has done to improve the skills available in its workforce by comparison with its competitors. They perhaps represent a significant shift in education/training policy, despite the fact that most of the central government initiatives have mainly been market-led and symbolic in nature. On the other hand, local authorities have in many cases been highly experimental, often adopting a "bottom-up" interventionist approach to economic development, as local authorities have turned to job creation rather than simply relying on reactive market-led initiatives. Though local authorities have a long history of involvement in local economic development, they have become strongly involved recently in the face of continued rising unemployment and the apparent unwillingness or inability of central government to maintain full employment. As a result of their involvement, British local authorities have demonstrated both a capacity for innovation in this field and a willingness to learn quickly.

In other words, local economic development in Britain is a policy area characterised by both rapid innovation and diffusion. These concepts can be used to aid our understanding of the development of local economic strategies, whether they be market, capital or labour oriented, or a combination of all types. Empirical evidence has shown that even labour-based local economic strategies have never succeeded in creating more than a few thousand jobs at the very best (Chandler and Lawless 1985). The effect of many of the more innovative initiatives has been political showing an alternative way of tackling economic change are possible (Alcock, Cochrane and Lee 1984; Blunkett and Green 1983; Ward 1983).

Innovation

Although the literature dealing with innovation has increased dramatically over the last few years (see Rogers 1983), most studies so far have dealt with technological innovations in firms rather than with policy innovations in the public sector. Generally, innovations occur with the recognition of a problem or a need. There then follows a period of research and transformation in order to adopt the invention (or solution) in the organisation. The final stages include diffusion (adoption in other organisations) and evaluation of the consequences of the innovation (Rogers 1983). The term innovation itself is also subject to varying definitions, all of which more or less explicitly emphasise that innovation is a process through which an invention is implemented. Hall (1982) defines an innovation as "departures from existing procedures and technologies", i.e. an innovation is either something which is totally new or something which is new to that particular organisation. Others, such as Mangham (1979), see innovations as changes and talk about discontinuous and gradual change.

In his review of the literature on innovation, Wolman (1986) introduces the terms "organisational innovation" and "systemic innovation" to describe the process of innovation in public sector organisations. The former refers to the adoption of any activity which is perceived as new to the organisation. The second concept accepts as innovations only those changes which are new "to the system of which the organisation is a part" (Wolman 1986). This basic distinction becomes clearer when we consider the lifecycle of an innovation, since, with time, innovations are diffused, i.e. they spread through the system, and modifications to "increase the attractiveness of the innovation to prospective adopters" take place (Gold, Rogers & Boylan 1980). From this perspective, systemic innovation occurs only in the early phases of adoption or diffusion because the concept is defined relative to the total system in which the innovation takes place. In this context, it follows that most of the innovations in local economic strategies have mainly been of an organisational rather than systemic kind, but that new strategies have spread rapidly through the system...that is to say that the diffusion of new ideas has been quick, and the delay between systemic and organisational innovation relatively brief. Despite the fact that central government has become involved in economic development at the local level, most of the major recent innovative interventionist approaches have come from local authorities rather than from central government. A number of reasons can be suggested why this has been so over recent years. First, local government generally has an outstanding record of policy and service innovation over the last one hundred and fifty years: most of the major service developments have come not from central government guidelines but from local experiments being widely adopted. Second, the present Conservative Government has withdrawn from economic management and abandoned the goal of full employment. Most central government initiatives encourage the private sector to take the lead in urban regeneration and have, in some cases, bypassed locally elected authorities. The ideological belief in the unfettered market forces as the way to encourage investment and growth has left a policy vacuum of spatial and social inequalities which local authorities have tried to fill (Young, 1986). Third, irrespective of political disposition, most local authorities find it difficult to ignore the devastating impact of economic decline on the financial, social and environmental fabric of their areas. As unemployment rises, local demands for local authority action becomes harder to ignore and local government has responded by adopting economic measures aimed at encouraging new business formation as well as securing employment in existing firms (Chandler and Lawless 1985).

Generally speaking, Labour-controlled areas have been far more innovative than Conservative areas for three reasons. First, because of the anatomy of decline, these authorities have been involved with economic development over longer periods of time and they have had to expand and modify existing capital-oriented initiatives to deal with increasing levels of local unemployment. Second, some of these authorities (for instance Sheffield and Merseyside) have learnt from experience that capital-oriented strategies cannot solve all the problems and have developed people-based strategies which attempt to change the economic, social and political conditions in the locality. Third, there has been an influx of younger Labour councillors with a

background in community work and the trade unions (Boddy and Fudge 1984; Gyford 1984). These people have brought a new political dimension to local government in general and to economic development in particular.

Within the framework of economic development, new ideas and practices have been diffused through such channels as professional networks, local political parties and local government associations. An example of the latter is a number of "Best Practice Papers" published by the Association of District Councils. These have dealt with Local Enterprise Agencies, Industrial Development Officers and available financial sources for economic development. An example of the impact of a professional network is the Working Party set up by the Royal Town Planning Institute which is looking at the role of planners in economic development. The traditional role of planning as passive adaptation and reaction to demands from the private sector is giving way to a more active enabling role: the emerging "people-based" economic strategies emphasise social and community aspects of economic development and a continued focus on the physical environment could ultimately undermine and isolate the planning profession. Thus, the Working Party strongly advocated that planners should embrace "the full range of economic policies and community programmes" as well as accept planners who had not worked in mainstream policy areas (RTPI 1985). Another important diffusing agency coming from the local level came about with the creation of the Centre for Local Economic Strategies (CLES). Begun by a number of left-wing authorities (Sheffield, Merseyside, the GLC, Manchester and Islington) in 1985, its aim is to "spread the word about the variety of local initiatives being taken; what can be done now, and the potential for the future; to learn from mistakes and spread the word about successes" (Local Work 1986). CLES is located in the city centre of Manchester and is now supported by some twenty authorities. After the first national conference, the aim is now to provide support and advice to local authorities which are in the process of drawing up local employment plans, draw up proposals for the restoration of local authority powers to aid economic development continue research initiatives covering training, sector studies, black employment etc. But undoubtedly one of the most important channels through which new ideas have been transmitted are the networks of local Labour parties and councillors, particularly those associated with the newer radical councillors on the left of the party. Concerned with finding and promoting an Alternative Economic Strategy at national level, elected members drawn from this group sought to develop a host of different policies at the local level. Though generally recognising that their impact might be very limited in the face of the severity of the current recession, it was believed that if such policies revealed some success, then the case for a more interventionist development policy at national level would be proven (Blunkett and Green 1983). But before examining these radical strategies in more detail, a general review of the range and type of local economic strategies used by local authorities may be helpful.

Local Economic Strategies

The involvement of local authorities in economic development is by no means a new phenomenon. Its history stretches back well into the 19th century when local authorities were the main providers of sewers, water and utilities. In the 1930s, local authorities, mainly in Assisted Areas, built advance factories, offered advice to businesses and advertised to attract new firms (Cochrane 1983). In the post-war period, national government took over responsibility for the management of the economy and with regional policy instruments, such as development grants and the Industrial Development Certificates, attempted to redirect industry to depressed regions. As a consequence, most local authorities reduced their efforts in the field of economic development, only those in the most heavily depressed areas, such as Merseyside and the North East, maintaining a presence in the field, albeit without much impact. By the early 1980s, however, the Thatcher government had virtually abandoned regional policies even though it was clear that underlying regional inequalities remained.

The relaxation of regional policy, the 1974 re-organisation of local government (creating larger and supposedly more efficient authorities) [2] and the rise in local unemployment rates has led to a rapid increase in the number of authorities involved with economic development. An early study of these initiatives was carried out by Camina in 1974. She found a marked increase both in the number of committees dealing with economic matters and in the employment of a specialist officer, the Industrial Development Officer. The aim of these early initiatives was simply to attract more industry, and thus jobs, to any particular area. Most initiatives were aimed either at improving the local infrastructure or at promoting the area, and can be classified under the more general heading of land-oriented initiatives. Similar conclusions were reached in later studies: see for example Falk (1978), Middleton (1981) and the Association of District Councils' survey (1984).

The economic recession and the fall in the number of mobile firms during the last few years has led to a definite shift in local economic policy away from a policy of attracting industry regardless towards a policy designed to support and encourage indigenous firms and entrepreneurs. In general, economic initiatives undertaken by local authorities have become more market- and firms-related (Boddy & Fudge 1984). On the whole, these firm-oriented initiatives are more elaborate and sector sensitive. They often include registers of available land and premises, provision of units for small businesses, organisation of exhibitions and trade missions, small grants and low interest loans etc.

The last element to be added to local economic strategy is that of manpower initiatives, which are more often organised not by an Economic Development Unit, but by other departments in the local authority. Most training initiatives involve an extensive use of schemes provided by the Manpower Service Commission. The content of these are employer-oriented, aimed at giving the local work-force (employed as well as unemployed), the "appropriate" skills needed by firms in the locality. The two most common schemes, the Youth Training Scheme and the Community Programme, have been accused of offering no real training and of being merely a temporary relief from unemployment (Benn and Fairlye 1986).

Many left-wing authorities have a critical stance of the MSC schemes and have provided extra funds to top up wages. The fact is, however, that the MSC is a major source of funding for local economic development (Chandler and Lawless, 1985).

Attempts to increase efficiency and avoid duplication have become more common in recent years. The now defunct metropolitan counties and the GLC played a large role in these attempts as they were able to take a country-wide perspective and as their funds for economic development were relatively larger than those available to districts [3]. The most important source of funding for innovations both at district and county level has been section 137 of the 1972 Local Government Act, which enables a local authority to spend the proceeds of "the 2 penny rate" on any purpose deemed to be in the interest of the community [4]. Although local authorities faced similar problems, innovative responses co-ordinated and tailored to specific local needs seem to have been more successful in promoting local economic development. For example, some authorities have not only established new forms of organisation [5] but have also tried out alternative schemes involving the establishment of technological networks, equity funding, innovation centres, special training courses for women etc.

It is the development of labour-based strategies which have come to be regarded as the most radical of recent developments. Their introduction is closely related to the victories of several left-wing Labour groups in local elections since 1981. Authorities such as the Greater London Council, the West Midlands County and Sheffield are among those most often mentioned [7].

Labour-based strategies are founded on the belief

that capital-based strategies cannot solve the deep structural problems in depressed areas;

that not only has the economic crisis created spatial inequalities; it also created growing inequalities between different sectors of the economy;

that unemployment is going to be a permanent feature of the economy for some time, and

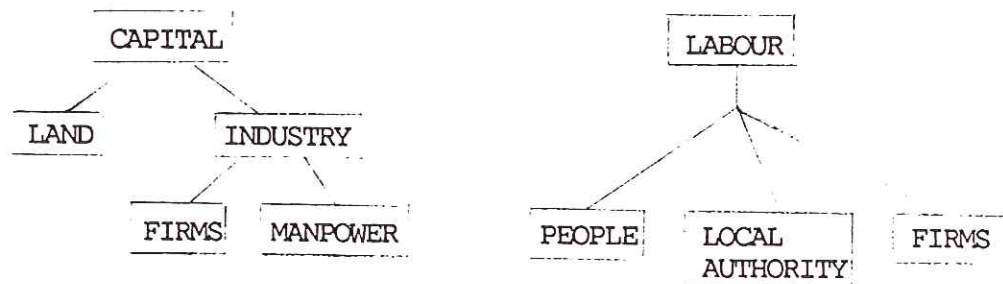
that special measures for the disadvantaged groups are needed.

Despite organisational differences, one common aim has been to increase local control over the local economy. Policies are aimed at improving local access to employment, local restructuring of the economy and/or retaining existing jobs. Local authorities pursuing labour-oriented policies have developed initiatives dealing with the particular needs of the local residents and the effects of local authority employment and purchase policies. The need to help local (often medium sized) firms is also part of these strategies but only under certain conditions aimed at improving the conditions of labour in these firms. The immediate employment effect is, however, not large [8], and it is important to remember that these councils have repeatedly stressed that they can never solve the unemployment problem on their own. The effects are

primarily political, aimed at demonstrating that there is an alternative to the market-led policies of central government (Howl 1985; Blunkett and Green 1983; Ward 1983; Alcock, Cochrane and Lee 1984).

A typology of local economic strategies can thus be summarised as follows. Underlying all local economic strategies is a wish to create permanent local employment, and to regenerate businesses, though the different strategies attempt to achieve this in different ways. There are two major categories of local economic strategies: capital-based and labour-based (see Figure 1). Strategies in the first category are mainly concerned with facilitating the development of the private sector almost irrespective of the consequences. Initiatives under this heading deal either with the underlying factors of economic development, land and/or manpower policies, or directly with the firm itself. These strategies generally seek to fulfil only one or two aims. To take the example of land-oriented policies, the basic aim is to attract more firms to the particular area and policies are aimed at improving the efficiency of the market. Similarly, both firm- and manpower-oriented policies, which aim to support and encourage firms, and to train the work-force respectively, are also designed to improve market efficiency. Generally, initiatives in this group take as their starting point the needs of the employers rather than the employees. The second major category focuses explicitly on the labour side of economic development emphasising both the need to create a more diversified local economy and the need to have not one but several, sometimes conflicting, economic strategies.

FIGURE 1: CAPITAL- AND LABOUR-BASED STRATEGIES



Thus the attempt to increase local control may come into conflict with the protection of local jobs if an offer of support is turned down by the firm in question because of the conditions attached. Similarly the aim of creating more democratic forms of work organisation is ultimately

dependent on the co-operation of the private sector. Recognising these incompatibilities, some local authorities have developed different strategies for different groups and sectors in the local economy.

FIGURE 2: UNDERLYING AIMS

<u>Capital based strategy</u>	<u>Land</u>	- attract new firms to the area	improve the efficiency of the market (restructure for capital)
	<u>Firms</u>	- support indigenous (small) firms - encourage entrepreneurs	
	<u>Industry</u>	- to have a well-trained workforce	
<u>Labour based strategy</u>		- increase control over the local economy, the use of raw materials, recycling of capital etc., i.e. create a more accountable local economy	improve conditions for <u>all</u> not just firms in the locality (restructure for labour)
		- support of medium sized locally owned independent firms willing to sign a planning agreement	
		- establish a more democratic and participatory forms of work organisation	
		- defend and improve existing working conditions	
		- work <u>with</u> people.	

Source: Based on Pearce & Hopwood (1981), Ward (1983) and the GLC (1985).

However, as economic development has become more common amongst local authorities, the complexity of the initiatives has grown. Following a traditional line, most local authorities start out with land-oriented initiatives using available knowledge in the local authority. Gradually, some move on to more elaborate strategies which incorporate not only land- but also firm- and eventually manpower-related initiatives. Employment of one or several Industrial or Economic Development Officers together with the establishment of committees and Industrial Units take place concurrently with this strategy change. As a result, capital-based strategies are often a mixture of several types. Authorities with a long-standing involvement will often include a very large number of initiatives in their economic strategy. Examples of such initiatives are listed in Figure 3. It is often characteristic of these authorities that they make extensive use of programmes financed by central government. One example is grants for the reclamation of derelict land.

FIGURE 3: EXAMPLES OF INITIATIVES

<u>Capital</u>	<u>Land:</u>	Infrastructure (access roads, landscaping etc.) Land reclamation schemes Land assembly Promotion
	<u>Firms:</u>	Loans and grants (1) Advice, information, promotion Management training for small businesses Start-up courses for entrepreneurs Managed workshops Registers of available land and premises
	<u>Manpower:</u>	Retraining Extensive use of programmes sponsored by the Manpower Services Commission such as the Youth Training Scheme (YTS) and the Community Programme (CP)
<u>Labour</u>		Campaigns against low pay Campaigns for welfare rights to increase take-up of benefits to increase spending power in the local economy Policies which increase access to employment targeted specifically to disadvantaged groups Local authority purchase policies Local authority employment policies Contract compliance Financial help to medium-sized firms - exceptions are co-operatives and ethnic minority businesses Equity financing of viable firms Economic research to identify growth sectors and to gain a better understanding of the local economy Policies to raise the awareness among external groups about issues such as low pay, home work and cleaning and caring Equal opportunities

- (1) These schemes are meant as a help to purchase/construct/improve industrial premises; to acquire plant and machinery; to meet the cost of relocation; and to relieve the burdens of rates/rents/interest on loans.

Source: The above table is based partly on the literature review and partly on the material gathered for the Manchester case study.

These grants have been extensively used in Greater Manchester to improve environmental features of a particular area, the Department of the Environment giving priority to schemes in urban areas which will be immediately followed by private sector development. A similar example concerns initiatives aimed at the unemployed. The most important initiatives here are again centrally-led, and involve the Youth Training Scheme, the Community Programme and the Enterprise Allowance Scheme.

Most local authorities pursuing capital-based strategies have made extensive use of these schemes without questioning the philosophy behind them.

By contrast, the adoption of a labour-based strategy, generally involves all three elements (people, local authority and firms) simultaneously from the very start. As can be seen from Figure 3, several of the initiatives pursued by these authorities are aimed at improving living and working conditions for the more deprived parts of the local community. Thus, for example, the campaigns designed to increase the take-up of welfare benefits have been particularly successful and have increased local spending power considerably in areas such as the West Midlands, Sheffield and Manchester. Again, the high priority given to economic research ultimately helps a local authority to move from a fire-fighting stance to one where it can actively seek out viable projects in economic sectors with a growth potential. Generally speaking aid has been targeted at small to medium size firms of a fairly labour intensive character, as can be seen from the strategies adopted by such agencies as the Greater London Enterprise Board (GLEB) and similar bodies in the West Midlands and West Yorkshire. Small to medium size firms was identified fairly early on by many Labour authorities as a gap not being filled by the market. The adoption of some agreed enterprise or business plan, in which labour relations are an essential feature, together with the appointment of a director to the firm involved and monthly financial reporting, are all general features of such strategies. The main efforts of both labour and capital based local strategies have been aimed at this group (Wilmer and Bourdillon 1985). It should also be noted that much of central government assistance has been targeted at small firms.

Another new departure, followed more often by Conservative local authorities, is the growing number of Local Enterprise Agencies, which offer free advice mainly to small businesses and entrepreneurs. The idea was started in 1980 and there are now some 200 Local Enterprise Agencies in the U.K. [6]. The Agencies are "organisations set up jointly by private companies in an area, normally in association with local authorities, to help tackle economic, social and environmental problems" (McCreadie 1983). The professional staff of the Agencies is usually middle to senior managers on secondment from the private sector and several big companies have pledged their support, including some banks (NatWest, Barclay's, Midland, Lloyd's) and multi-nationals such as IBM, Shell and ICI. Almost 50 per cent of the funding of these agencies comes from the private sector with central and local government each contributing 25 per cent. The greatest contributions from local authorities are often offices in buildings owned by the authorities.

All the literature suggests that capital-based strategies are evolutionary in character and that there has been a rapid diffusion over the last 10 to 15 years. This process has led to a large number of similarities in the local government system as similar initiatives have been adopted by more and more authorities. Re-introducing the concepts of organisational and systemic innovation, the former applies more often than not to capital-based strategies because adoption of this kind of initiative will be new to the organisation but not to the system as

such. One example of a systemic innovation within capital-based strategies, however, is the Industrial Improvement Area, pioneered by Rochdale in 1977 [9].

Nevertheless, the concept of systemic innovation can be more usefully employed in connection with the development of labour-based strategies which have been adopted by a small number of mainly left-wing local authorities. In these cases, innovation often involves both the organisational framework of the local authority (the establishment of Enterprise Boards and Employment Departments) and specific initiatives developed with the direct participation of groups not normally directly involved with the local authority, such as trades unions, women's groups and ethnic minorities. One example of systemic innovation is the development of contracts compliance pioneered by Sheffield. The idea was that a local authority could improve working conditions and eliminate discrimination in private firms by attaching conditions to contracts put out to tender. Basically, the authority demands that the firm comply with the 1975 Sex Discrimination Act, the 1976 Race Relations Act, the 1945 Disabled Persons Act and the 1974 Health and Safety Act, in order to win the contract. The Employment Department in Sheffield has now compiled a list of local suppliers who comply with these standards, in this way ensuring a council-wide system that co-ordinates not only contract work but also purchases made by the local authority.

Economic Development in Greater Manchester.

We can see something of the full range of strategies employed from a case study of one particular metropolitan county, as well as seeing how innovations are adopted and diffused over time. Greater Manchester [10] is typical of an area in economic decline. Whilst some areas (Trafford, Stockport) are relatively well off, others (Salford, Wigan) suffer from

Table 1. Residents in Employment by Industry 1971-1981
(selected groups)

1971=100

	All	Manufacture	Service
GMC	89	66	109
Bolton	94	65	125
Bury	96	71	117
Manchester	73	53	86
Oldham	87	69	108
Rochdale	93	66	125
Salford	79	57	102
Stockport	99	74	116
Tameside	92	76	109
Trafford	96	69	116
Wigan	96	72	126

Source: The Census Digest, GMC 1983.

physical decay, high unemployment and low skill levels among their populations. Although the 1981 Census Data are now somewhat dated, the information on the shifts in the employment structure from 1971 to 1981 gives a good indication of the decline.

In population terms, Greater Manchester has lost population in recent years (over 5% fall between 1971 and 1981). with the inner city areas (Manchester - 18%, Salford - 14%) suffering particularly large population losses. The area's population is also an ageing one - the number aged over 75 increasing by some 19% over the last decade. Owner occupation is the main form of housing tenure, being over 70% in Stockport and Bury, with public sector housing being at its highest in the inner cities areas (Manchester and Salford, 48%). In class terms, 46% of households fall into the semi and unskilled working class categories, with 15% in the top social group: the spatial distribution in class and other terms follows the expected pattern common to other English metropolitan areas (and others elsewhere in Western Europe): the relatively well-off suburbs on the one hand, and the more heavily deprived inner city areas on the other.

Job losses in Greater Manchester in the seventies were high, with the area losing over 10% of its jobs. As Table 1 shows, the decline was highest in the manufacturing sector, with the increase in service jobs not compensating for the losses elsewhere, even on the (unlikely) assumption that both sectors employ similar kinds of labour. The recession hit the inner city areas hardest: the overall decline in Manchester was -26% and in Salford -21% as well as the older urban areas such as Oldham (-13%). Unemployment is high in the county, 16%, and in some inner city wards as high as 40% for males with more than 43% having been out of work for a year or more [11]. Unemployment rates are generally higher for men and young people without work experience.

In this context, it is hardly surprising that all the districts (as well as the former metropolitan county) have become increasingly involved in economic development, and that they reveal a wide range of strategies which effectively stretch along the whole continuum from conservative capital and market oriented strategies to radical labour oriented ones.

The basic organisational features of the strategies developed in Greater Manchester are outlined in Figure 4. The basic distinction between Capital (Land and Industry) and Labour is clearly valuable when talking about individual authorities.

Most of the eleven authorities have adopted firm or industry related strategies. There are two groups in this category. Group A includes authorities with extensively developed firms-oriented strategies. These authorities are characterised by small Industrial Units often with only one or two Industrial Development Officers (IDOs) located either in the Planning Department (Bolton, Salford and Trafford) or the Chief Executive's Department (Oldham and Wigan). For example, Salford, a very traditional Labour authority, has consistently followed a capital/land/market strategy, and has also extensively exploited some of the opportunities presented by central government initiatives. It contains an Enterprise Zone, is an Inner City partnership area, has received a

FIGURE 4: ORGANISATIONAL FEATURES OF ECONOMIC DEVELOPMENT.

	DEPARTMENTS	IDO ¹⁾	EXAMPLES	INVOLVEMENT
LAND	Estates Surveying Civil Engineering (Planning)	part of other officer's job	Bury Tameside (Stockport)	MINIMUM
FIRMS	Planning Chief Executive (often Industrial/ Economic Unit	One or more full-time IDOs or EDOS ²⁾	A Bolton Oldham Salford Trafford Wigan B Rochdale GMC	
PEOPLE	All departments - often followed either by internal or external re- organisation	Often quite large numbers of officers from various depart- ments and recruitment from outside the local authority.	Manchester	MAXIMUM
1.)	Industrial Development Officer			
2.)	Economic Development Officer			

number of urban development grants as well as aid to reclaim derelict land. It is frequently cited by government ministers as an example of how a Labour authority can benefit by cooperating with the Conservative government and with the private sector. By contrast the Group B authorities, Rochdale and GMC, had a substantial number of officers involved with economic development. The two authorities have been placed in a separate group because both have incorporated manpower initiatives into their economic policies. There are three authorities in the land-oriented category. Such strategies are particularly pronounced in Bury and Tameside. It is difficult to place Stockport in any of the categories, reflecting its major emphasis on infrastructural improvement works.

The growing complexity which follows as more extensive strategies are adopted is also visible when talking in terms of the status of the Industrial Development Officer (IDO). Authorities pursuing firms-related strategies (Group A and B) are much more likely to have specialised units with one or more full-time officers often known as Economic Development Officers (EDOs) rather than IDOs. Several of the features associated with the emergence of professionalisation (such as an occupational group working full time, the establishment of training and selection procedures, and the formation of a professional organisation) can be identified among the EDOs, and it is fair to represent these officers as being part of an emergent profession. Greater Manchester has been at the forefront of the move towards professionalisation, with leading members of the professional body the Institution of Economic Development Officers (IEDO), set up in 1983, coming from some of the Greater Manchester districts. One of its aims has been to provide training for its members (IEDO 1983). The constitution of the IEDO also sets out a code of ethics and some lobbying has been carried out in order to get this into the "Purple Book" [12] of the Joint National Committee for Local Government. Whether they will eventually obtain full professional status is another matter. So far, two vital elements have been lacking: there is no control over the recruitment process and they do not enjoy full professional autonomy in their work. Economic development is a relatively new activity in many local authorities, and the officers involved are likely to be closely scrutinised leaving little room to exercise professional autonomy. EDOs wanting to implement labour-based strategies also have to contend with the hostility of other local government officers (Ward, 1983). A related issue is the support for professionalisation among the EDOs themselves, many of whom often feel closer to their original profession such as planning, surveying and civil engineering (Young, 1986). But economic development has also been an issue which has involved elected members and local parties extensively, especially in Labour-controlled areas. Many economic and/or employment committees have been established over the last decade with members taking a keen interest in the development of economic strategies. In authorities pursuing labour-oriented strategies, as in Manchester and more recently Wigan, members have often been instrumental in formulating the strategies.

Many of the authorities in Greater Manchester have relatively well-developed firms-oriented strategies, often incorporating land policies. Tameside is, however, a good example of an authority pursuing

almost exclusively land-oriented initiatives. The Labour controlled council has approved a document outlining an economic strategy emphasising the need "to relax constraints on employment in (the) major firms", and takes the view that "the Authority can only exert a minor influence on local employment prospects". Tameside has thus effectively cut itself off from more innovative approaches to economic development.

At the other end of the continuum is Manchester City Council, which approved a labour-oriented strategy as early as 1982, though it was not until 1984, when the Left-wing Labour group gained control of the council, that implementation began. In April of the same year, a new Economic Development Department was created, incorporating the former Industrial Unit, Special Measures (i.e. MSC schemes such as the Youth Training Scheme and the Community Programme) and Tourism. Until now, this department has continued to carry out a traditional firms-oriented strategy, and new departures to tackle the problems have tended to come from other departments and committees such as Social Services, Education and Equal Opportunities (Manchester City Council 1984). A much more critical stance towards MSC schemes has also emerged calling for the development of alternative training facilities which take into account the needs of disadvantaged groups. Some emphasis has been given to the development of co-operatives as a means of opening up more democratic and participatory forms of work organisation. To further this, a special co-operative Development Agency, Mancoda, was given a four-year grant from the Council in 1983 [13]. This agency combines several innovative features, one of which is the emphasis on the development of community co-operatives which in turn can support the development of workers' co-operatives. Another innovation is the establishment of a separate fund, the Skills Training Fund, which enables members of co-operatives to get additional training. Through the Inner Urban Areas Act a grant of £1,000 is available for co-operatives, and members of co-operatives are also encouraged to take advantage of the Enterprise Allowance Scheme which gives unemployed people setting up their own business £40 per week for a year.

Using the distinction between systemic and organisational innovation, it is evident that there are examples of both in Greater Manchester. One example of the former is the creation of economic development companies which are legally independent of the local authority. In Greater Manchester, there are three such examples: the Greater Manchester Economic Development Company (GMEDC), the Wigan Metropolitan Development Company (WMDC) and the Oldham Economic Development Agency: we concentrate on the first two.

The setting up of the GMEDC in 1979 represented a conscious decision by the council to separate economic or industrial development from County Hall (and from its manpower policies which remained an in-house responsibility). The primary objective was to create a property development body which was also responsible for the publicity and promotion of the county (GMEDC 1985). One major reason for the separation was the perceived need for the organisation to be able to respond with speed and flexibility to the needs of both indigenous and mobile firms in an unbureaucratic fashion, stressing non-local government decision-making procedures, as well as making public-private cooperation easier. Another was the wish to avoid spending limits laid

down by central government (Lyons 1983). The same reasoning can initially be applied to the Wigan Metropolitan Development Company (WMDC) which also deals mainly with property and investment decisions. According to WMDC's 1984 annual report its role is "to make investments in businesses in the area and (to) construct industrial units for letting".

Although the initial decision to form separate companies was highly innovative, their present role in economic development is very traditional. The focus has been on reactive capital-servicing initiatives such as loans, grants and industrial premises. Profits and returns on investments have been more important than identifying local resources that could be used to create a more responsive economy. The new economic strategy adopted in Wigan in July 1985 may alter this in the case of the WMDC, as the new strategy stipulates a much more active role for the company. It also underlines wider aims such as "good employment" conditions, equity financing and a broadening of the present industrial base.

The situation in the case of the GMEDC is slightly different, since following abolition this company is now controlled by the ten districts which have to agree on policy matters. The districts are more likely to be concerned with the economic viability and profitability of the company [14], so that a change in policies towards more interventionist and labour-oriented strategies along more radical lines is not likely in the near future. Generally speaking, the GMC districts have always looked more positively on the promotional side of the GMEDC and are likely to support any initiatives enhancing this role.

Another example of systemic innovation was "Operation Job Boost". This was launched in 1982 by the GMC and was managed by the Directorate of Employment Projects in the Chief Executive's Department. It was jointly funded by the GMC and the European Social Fund (with £5m each) and consisted of three wage subsidy schemes for companies which took on unemployed people in permanent jobs. The fourth, the New Technology Scheme, gave a grant of up to £600 per employee for firms which had special training requirements due to the introduction of new technology. The wage subsidy schemes have mainly supported small privately-owned companies which serve a "larger than local market". Support has been given mainly to unskilled low-wage jobs particularly in the textiles, clothing and engineering industries. 3,442 jobs in total were supported in the first fourteen months of operation.

Other examples of organisational innovation within Greater Manchester include special provision of small purpose built industrial units, new developments in promoting their areas towards particular firms and/or economic sectors; the provision of advice and assistance to small businesses, and the exploitation of EEC funds available through the Regional Development and Social Funds.

Concluding remarks

Most local authorities are now involved in local economic development and characteristically many have selected often highly innovative approaches to cope with specific local problems. The innovative solutions cover almost all aspects of economic development from the way in which it is organised to the means applied. The officers in charge, the Industrial or Economic Development Officers, have emerged as a potential new local-government profession, whilst the field has also attracted considerable involvement by local politicians and parties.

The relationship between production and consumption in connection with local economic strategies has barely been touched upon in this paper. In the post-war period, local government has traditionally been seen as the provider of welfare services or consumption-oriented services. The increasing number of local economic strategies poses a challenge to this assumption as local authorities begin to provide "services for production". As we have shown in the case of GMC, most local economic strategies operate in a very traditional way trying to identify gaps in the market which local authority provision can then fill. A number of local authorities have moved beyond these reactive measures and labour-based local economic strategies provide the clearest expression of strategies trying to challenge the way the market works. However, experience over the last five years has shown that even the most radical attempts, such as those pursued by GLC and the WMEB, have had to come to terms with and operate within the market.

It seems obvious then that local authorities have neither the resources nor the capacity to take a lead in job creation in spheres related to production. However, there are many traditional local government areas which could be expanded and provide jobs for disadvantaged groups in the labour market. Areas such as construction, public transport and initiatives related to care immediately spring to mind. Also, one should not brush aside the achievements of some left-wing labour authorities in the past 7-10 years. They have, after all, shown a capacity to develop innovations which could give an indication of a possible future role for local government. This is a role which implies a concern for the imperfections of the market, which implies a much more active role using the powers that local government has as a major participant in the local economy, and which implies a more responsive level of government. Such alternatives may well provide the only way of reaching deprived inner-city residents who are unlikely to benefit from a market-led regeneration (McArthur, 1984).

Another very important aspect that we have not touched upon is the role and attitude of central government. Generally speaking, central government has not welcomed the increased involvement of local government in economic development. Its attitude has been that local authorities are engaged in "wasteful competition" and that economic development by local authorities should be limited to a few (inner city) authorities and involve few resources.

Whilst there have been several important centrally-led local economic initiatives in the last few years, such as Enterprise Zones, the two Urban Development Corporations and the Urban Development Grants, such initiatives have generally been aimed at the "crisis" inner city areas and have actively sought to curtail local authority activities. For example, the Urban Development Corporations have effectively taken over local authority responsibilities and powers in the designated areas. The beneficial effects of the Enterprise Zones are more muted with central government maintaining that they are highly successful. Academic research, however, suggests that this is not the case, as the Enterprise Zones are extremely costly to the Treasury (which has to refund lost rates to the local authorities) (Jordan 1984; McDonald and Howick 1981), whilst locally all they have done is to move existing jobs and firms into the Enterprise Zones.

In the early eighties, central government attempted to introduce legislation which would limit local authority expenditure on economic development, but found itself rebuffed in the House of Lords - not for the first or last time. The abolition of the GLC and the metropolitan counties went some way towards achieving the same objective, since these councils were far and away the largest spenders in the field. Strangely enough, the surviving metropolitan districts in most metropolitan areas have continued their support for many of the counties initiatives and agencies.

Not for the first time then in recent years, central government has not been able to achieve its objectives in a policy field: not for the first time either has local government demonstrated its ability to innovate and develop new policies and practices. Whilst their efforts to date have not resolved the mammoth problems imposed by economic change in metropolitan areas, perhaps some of these systemic and organisational innovations begin to point the way by which national governments can learn how to adapt and modify their policies and practices so that viable solutions to the problems can be found. For example, just as local authorities used the central government example of the national development agencies as a model for the introduction of enterprise boards, so might central government learn from some of the labour related strategies developed by local authorities. Clearly the metropolitan areas of Britain, and indeed of Western Europe, need new forms of organisation, new relationships between the private and public sectors, and new policies if they are to be capable of surviving some of the current stresses and strains from which they suffer at present.

NOTES

1. A research programme entitled "Local Initiatives for Employment Creation" sponsored by the OECD has been running since 1982. The European Commission has recently started a new research programme on local economic development and employment creation designed to "produce a series of guidelines on techniques and methodologies to improve local labour market planning and to promote local economic planning" (Local Work, June 1986, published by Centre for Local Economic Strategies).
2. This reform only covered England and Wales. A two-tier system of counties and districts was set up with a further distinction between metropolitan and non-metropolitan (shire) areas. The Scottish system of local government was reformed a year later in 1975.
3. The budgets available for economic development in the abolished authorities were larger partly because of the size of the rate base and partly because they were able to exert leverage for additional private funds. In 1983/84, the Met Counties' budgets for economic development (from documents prepared for the Campaign Against Abolition) was as follows (all figures in million £):

	CAPITAL	REVENUE
Greater Manchester	3.9	2.1
Merseyside	0.9	1.5
South Yorkshire	1.2	1.2
Tyne and Wear	3.3	3.5
West Midlands	6.0	9.0
West Yorkshire	4.0	0.8

The budget for GLEB at the same time was £30m (Ward 1983).

4. Another relevant section is section 111. This enables the local authority to engage in any activity which "facilitates or is conducive to the discharge of their functions" (quoted in Lyons 1983). Other general powers include the 1963 Local Government (Land) Act and the 1971 Town and Country Planning Act.
5. Section 137 played a special role in some of these authorities. The money was used to set up companies limited by guarantee. These could then avoid spending limits laid down by the Conservative Government. The authorities have set up different kinds of companies: one is the Enterprise Boards set up by the GLC, the West Midlands, Merseyside and West Yorkshire, another Economic Development Corporations like the one in Greater Manchester. In 1982, the present Conservative Government proposed to give local authorities the power to aid independent firms employing up to 25 people subject to the limits of the proceeds of a new 0.5p rate. This was, however, averted by strong opposition both from the House of Lords and the local government associations, and the 1982 Local Government (Miscellaneous Powers) Act clarified the use of section 137. The abolition of the metropolitan counties and the GLC has effectively halved the amount of money available for economic

development in these areas. The government has shown no signs of wanting to create a 4p rate for the metropolitan districts and the London Boroughs.

6. The information on the Enterprise Agencies has come from a Newsletter published by Business in the Community, the institution behind the movement. The development has been somewhat different in Scotland where the Scottish Development Agency (SDA) sees the Agencies or Trusts as a practical means of assisting small businesses. The SDA has actively encouraged the development of local Trusts and gives financial support for an initial three years. The Trusts have in some cases acted as the local agents for schemes sponsored by the SDA.
7. These labour-oriented initiatives have been expanded rapidly over the last five years and have been set within a clear political framework. The amount of both money and staff which has been committed to economic and employment development has usually been much larger than in authorities pursuing capital-oriented strategies. Depending on the size of the authorities, two organisational routes have been followed. The larger second-tier authorities (the GLC, the West Midlands, Lancashire, West Yorkshire and Merseyside County Councils) have set up Enterprise Boards which are legally independent of the parent authorities. The Boards have pursued interventionist pro-active strategies on the basis of political guidelines laid down by the council. They have in most cases demanded a higher degree of public accountability from their clients connected with agreements outlining increased recognition of trade unions, adherence to health and safety regulations, commitment to the area and so on. After abolition, the funding of the Boards has been taken over by the district councils. Lower tier authorities such as Sheffield and Leeds have opted for in-house reorganisation and have set up new all encompassing departments staffed with both local government officers and new recruits from outside the local authority. In the case of Sheffield, major reasons for setting up an internal organisation were the availability of fewer resources at the city level and a belief that existing powers were adequate (Alcock, Cochrane & Lee 1984). As a result the emphasis in Sheffield is now on public sector led initiatives. Common to both organisational types are pro-active policies which use a wide range of assistance aimed at specific locations, user groups and firms. Their aim is to act as a catalyst bringing together the skills and resources of the local community. In the Greater Manchester area only Manchester City Council has begun to implement a labour-oriented strategy.
8. By January 1986, the GLC claimed to have created 4891 jobs. The equivalent figure for the West Midlands was 6750. The number of jobs created for the Metropolitan counties (exclusive of GMC) was 36,000 in the period from 1979/80 to 1983/84.
9. This concept was later incorporated in the 1978 Inner Urban Areas Act and is now extensively used in all designated areas.

10. Although abolished, the term "county" offers a convenient shorthand notation for the spatial aggregate of the 10 metropolitan districts and will be used throughout.
11. Female unemployment is around 30%. Of the unemployed males, 24% have been out of work for more than two years (GMC Policy Planning Paper 1985/1).
12. This document outlines the employment conditions of local government officers.
13. Mancoda is the Manchester Co-Operative Development Agency which was separate from the Co-Operative Development Agency set up by the GMC. The latter operated on a country-wide basis and aided co-operatives in all districts. GMC assisted some 30 co-operatives in the period from 1979/1980 to 1983/84.
14. Both GMEDC and its two subsidiaries were profitable in 1983/84 - the profit of the GMEDC being £424,000.

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Additional material was made available from both the districts and the county.