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Mark William Copsey

Economic Change in South East Northumberland 1945-74

MA Thesis February 1995

Department of Geography, University of Durham

This thesis is an analysis of economic change within the South East Northumberland coalfield. The study is not a strictly historical one but seeks to use the 30 year experience of change to draw conclusions as to the policies required to revive an economy hit by major economic dislocation.

Coal dominated the economy of South East Northumberland, representing over 60% of all employment. After 1958 the coal industry went into rapid decline, by 1974 employment had fallen by 70%. This research looks at the success or otherwise of the policies pursued by the coalfield Local Authorities to address the loss of coal employment and to assist economic diversification.

A study of this kind makes it necessary to place local events in their national context. The success or failure of actions taken by Local Authorities can only realistically be considered in this way because central government policies had a direct and material impact upon coalfield employment. This analysis indicates that the policies being pursued by government were directed more at the position of the UK in the international economy and concentrated less upon the internal strength of the regions and localities within regions.

The thesis explores the two issues that were seen by the County Council as central to its chances of economic re-generation: its relationship with the National Coal Board and its settlement policies, in particular, the development of Cramlington new town.

South East Northumberland's economy, the thesis concludes, remained weak and vulnerable. Northumberland County Council cannot be directly criticised for the failure of its policies to generate the necessary new employment. The policies adopted were not dissimilar to any pursued by the majority of Local Authorities in the UK. Instead, the thesis argues, that there is a more fundamental reason why local economies, of which South East Northumberland is but one small example, have not re-generated. The real failure has been in the inability of the British state to respond to economic change in the regions. Regional revival requires, as a prerequisite, a constitutional change that devolves power to the regions to shape and affect their own economic future. The failure of most traditional manufacturing regions to establish a new economic base over the last 20 years is a significant contributing factor behind increased demands for regional government. However, regional government is a still untested solution in the UK context. Therefore, while it may be part of developing a more regionally coherent strategy for a local economy there can be no guarantee that it will not be restricted in the same way as central government in the face of international capitalism.

**ECONOMIC CHANGE IN SOUTH EAST  
NORTHUMBERLAND 1945 - 1974**

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By Mark Copsey  
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MA by Thesis  
University of Durham  
February 1995



14 NOV 1995

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**None of the material contained in this thesis has been previously submitted for consideration in a degree from the University of Durham or any other institution.**

## PREFACE

The 1980's saw an increasing number of studies on how local councils have responded to sudden and enforced change in their local economy. Part of this interest has resulted from a national government in the UK showing little commitment to full employment or employment creation. Governments before 1979 committed themselves to taking remedial action when unemployment rose as part of achieving full employment. Whether this commitment was followed is questionable but its sentiment was clear: government would adopt policies to respond to economic problems. The government elected in 1979 questioned the ideological basis and economic viability of such policies. Without a lead from government local councils attempted to tackle the problems in their locality. Locally it was politically unacceptable not to be seen addressing local problems. Therefore, the question has to be raised if central government believed that influencing economies was beyond their scope how could local councils hope to be successful? If the chances were low what was the intention of the policies followed?

From 1979 central government has questioned the basis of post war UK economy policy. Their classical liberal philosophy saw no role for government in influencing economic outcomes and in owning industry. It advocated the removal of government from economic management and the rolling back of state intervention. Despite this, there has not been a formal end to regional policy. The debate over Assisted Area

Status in 1993 highlighted the fact that despite the deep cuts in regional financial assistance it is important for government to respond to local economic problems.

Governments, since 1979, have supported the expansion of the service economy at the expense of manufacturing. While this policy had, until the recent recession, some success in the South East it had not in traditional manufacturing and coal mining areas. This is evident both within, and between, regions. In the South East, the home counties experienced a boom in service employment linked to financial services during the 1980's, while high levels of unemployment remained in many inner London boroughs that had, in the past, depended upon manufacturing eg Tower Hamlets. The 1980's and early 1990's have seen both the longest and deepest recessions since 1945 along with the sharpest economic boom fuelled by personal borrowing. This has forced all local authorities, without exception, to look at their economy and formulate appropriate policies. In most areas the aim has been to create new employment, or to safeguard existing jobs. In one or two cases - like Crawley BC in the late 1980's - the emphasis was on discourage further investment because of the unavailability of labour.

However, it is a mistake to believe that local economic planning was a creation of the 1980's. It has occurred since local economic problems have demanded political action, notably as far back as the 1880's with Chamberlain's policies to regenerate Birmingham. The commitment of successive governments to full employment since 1945 meant they were the focal point for the development of regeneration policies. It is the withdrawal of central Government's active role that has shifted the major attention to local government and its role in shaping economic change and the ideological challenge that

it presented to central government policies. The greatest attention has been paid to 'left wing' Labour councils, who saw their activities as providing a radical alternative to government policies. This attention has concentrated upon the political bias of Councils rather than the problems they tackled, how and with what success.

There is need to address some of this balance and look at the work of local councils that were fairly evenly split between the Labour and Conservative control at a time when central government was also subject to changes in political control. It is also important to look at the activities of a local authority in its historical context. This research is not, however, an historical study but one that has sought to use the experience of economic change over a 30 year period to flag up issues that need to be discussed as part of a developing debate as to the future direction of local economic policy and the need for change in the political and economic structures of the UK.

This study looks at the activities of primarily a single local authority - Northumberland County Council - during the period 1945 to 1974. This period saw a great change in economic fortunes, from 1945 when coal was king and dominated employment to 1974 when it had shrunk by 70% and new employment was desperately being sought. The end date of 1974 also marks a number of significant changes in terms of a re-structuring of local government that made the district councils larger and expanded their functions, the entry of the UK into the European Economic Community (as was) and from the point of view of the County Council who believed that the corner had been turned in the area's economic development where despite all the misfortunes they foresaw an economy that would increase in prosperity as a result of the changes that it had instigated.

Therefore, it marks a cut off point at which to take stock and review the path that had been taken.

The activity of the Urban District and Borough councils have been looked at as they relate to their areas of responsibility and their interaction with the County Council. The County Council, however, was the planning authority under the Town and Country Planning Act and were therefore the tier of government where a strategic view could be taken of the factors influencing change, unlike the UDCs that controlled relatively small areas and whose concern was very much local interest. In this a number of varied interests had to be taken account of, not least of which was planning for change while coal continued to dominate employment.

Northumberland County Council began planning the post war economic direction on the assumption that coal had a secure and long term future. It would remain the mainstay of the economy until the 1980's and employment levels stable. However, this did not mean no other development would occur as it was known that collieries would close and new seams open. These circumstances afforded a period during which the County Council could gradually adopt policies to assist economic diversification.

The outcome has been very different from what was expected. Government policy towards the nationalised industries changed after 1958 and the coal industry was embarked upon a sharp downward spiral. This demanded a response from the Council, at short notice, to impending economic catastrophe. The scale of this decline was such that 30,000 mining jobs disappeared, or 70%, in the 25 years after 1958.



## The Study Area

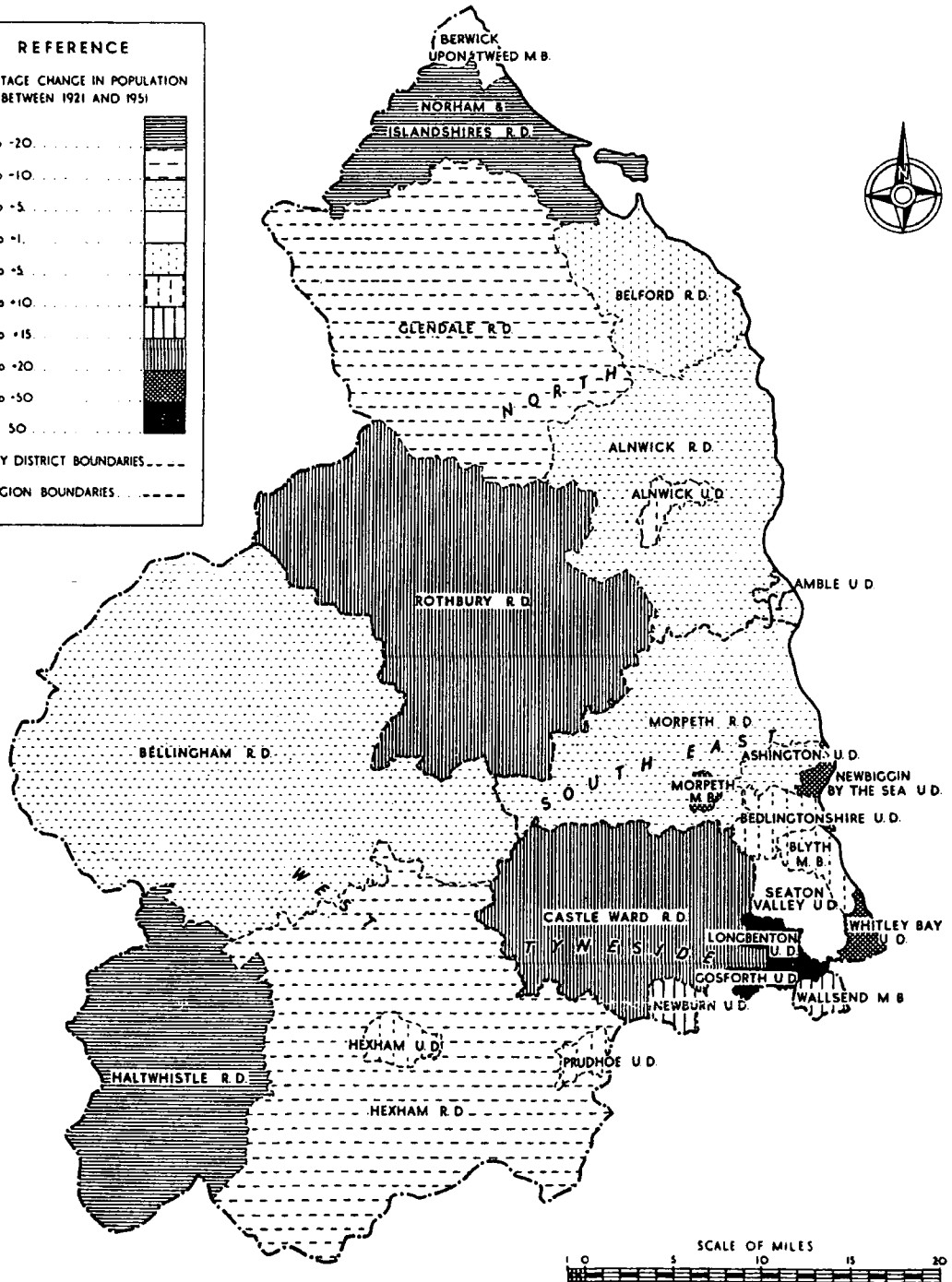
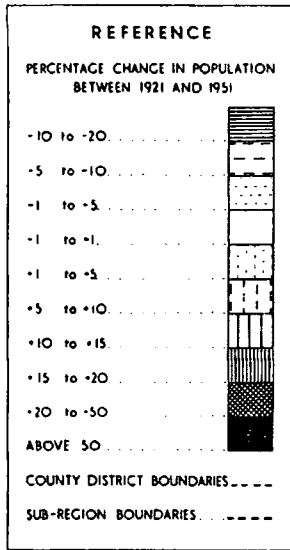
The historic County of Northumberland stretches from the River Tyne in the south, to the Scottish borders in the north and the Pennine and Cheviot Hills in the west. In the last 150 years the south east of the County has depended upon heavy industry for its employment (see attached map of County area and of current industrial estate provision). Most of the County's population is located in an area within 20 miles of the Tyne. The industries along the river fed the might and strength of Britain at its imperialist peak. They produced most of the world's ships, an engineering industry that led the industrial revolution, and much of the coal that powered the economy.

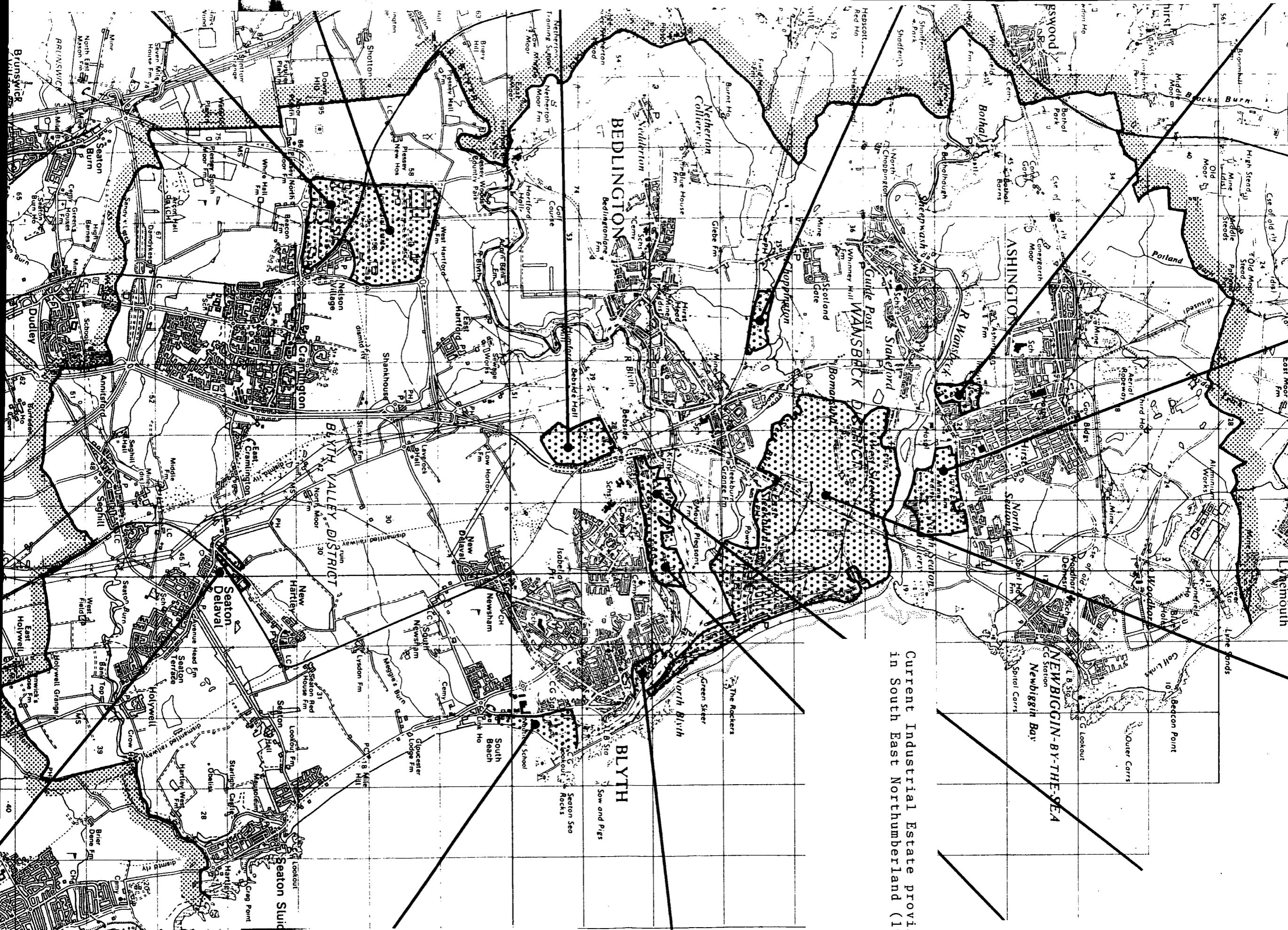
The whole County of Northumberland is built on coal, but South East Northumberland sees the heaviest concentration of mining and as a result is the principle area under study. Most of the pits open in 1947 were in an area 25 miles to the north and east of Newcastle. Coal extraction still occurs in the whole County because of opencast mining and some private mines but the south east of the County is where the dependence on the coal industry was greatest and employment most concentrated.

The area under study is that currently covered by Blyth Valley Borough and Wansbeck District Councils. Before 1974 the South East Northumberland area included several settlements that are now in Castle Morpeth, North Tyneside and Newcastle. The most significant change was the transfer of Killingworth, a new town developed by Northumberland County Council, to North Tyneside. Killingworth has been ignored in this study as it was specifically designed to deal with the overspill housing problems of Tyneside, not the coalfield.

# POPULATION

DIAGRAM NO 4





Current Industrial Estate provision  
in South East Northumberland (1992)

NEWBIGGIN-BY-THE-SEA  
Newbiggin Bay

BEDLINGTON

BLYTH

BLYTH VALLEY DISTRICT

WANSBECK DISTRICT

ASHINGTON

BRUNSWICK

DUDLEY

SEATON SLUID

SEATON DELVAL

SEATON BURN

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The present South East Northumberland has, therefore, been chosen because:

i) The small tight labour market situation is distinct from that of Tyneside to the south and rural Northumberland to the north and west. It has undergone serious economic dislocation that has not been the subject of a thorough analysis.

ii) Outside the study area, mining, though important at particular historical junctures to the local economy, was dispersed. It is the concentrated nature and dominance of coal employment and how this has influenced change that is under study.

iii) The changing economy of South East Northumberland has been a neglected area of study. There have been historical studies but very little that seeks to bring this type of analysis beyond 1945. The Northumberland coalfield is distinct and historically different from that of Durham. It did not have the coalfield based industrial linkages evident in Durham, or benefit from war time government investment. The South East of England's power generation needs provided the market for 70% of Northumberland's coal. This dependence on outside users of its raw material meant that the whole economy was vulnerable if coal declined as there were few other indigenous industry around which to base new employment and promote diversification. Because of this the area was dependent upon inward investment to create new jobs, as diversification within existing employment sector was not an option because they were either too small or dependent upon the NCB for their markets.

iv) The period under study incorporates the core period of the Northumberland County Development Plan when a number of assumptions were made as to the nature of the economy that had to be radically re-drawn in the 20 year period covered by the plan. The research looks at how the County Council draw up the plan and then how it coped with making the enforced changes that had not been foreseen.

### Nature and method of analysis

This thesis uses South East Northumberland as a locality case study to analyse the development of national economic policy and its effect upon a local economy. To achieve this the policies adopted, their background and the basis for their adoption have been placed in a national and international context. Only by an analysis that explores these issues can the failure of government to respond to local economic problems and the outcome of local action be evaluated. In the local context these national and international trends also influenced the extent to which the policies initiated locally could tackle local economic problems. In South East Northumberland the County Council did not succeed in compensating for the loss of mining employment. Therefore, was failure due to their policies or wider trends that made it unlikely that they would have succeeded even with additional resources? An analysis of Council policy in Northumberland in isolation can not answer this question.

In analysis this the following core material has been used:

i) Northumberland County Council Planning Committee Minutes 1940-1974.

- ii) Northumberland County Development Plan 1952.
- iii) Northumberland County Development Plan draft Review 1963.
- iv) Local Town Plans Written Analysis 1960 - 1965.
- v) NCB Annual Accounts 1947 - 1971/72.
- vi) Written correspondence on economic development covering Blyth, Bedlington, Ashington and Seaton Valley.
- vii) Files, reports and Committee Minutes on the development of Cramlington.
- viii) The Minutes of relevant Urban and Borough Councils covering the coalfield.
- ix) Information on the period after 1974 is drawn from NOMIS and County Council documents covering South East Northumberland.

These records are all paper based and held at the Northumberland County Council Records Office in Morpeth.

Because of the recent nature of the study, it would have been possible to have spoken directly to officers employed by the County Council during part of the period under study. However, within the confines imposed this method of research was not used. The study is not primarily an analysis of events in South East Northumberland but how the changing economic circumstances affected the policies of a local authority. As a result most of the information required for an MA thesis were available in hard copy. If there had been omissions in the data available the author may have resorted to this method of research. Account was also taken of the fact that officer interpretations of policy development later do not necessarily correspond to what is on file. For example, a 1967 briefing note for a meeting with the Minister for the North East, Fred Lee MP,

said plans to tackle a decline in mining employment were laid during the 1950's. What stands out during the early and mid-1950's was the complete absence of any record, or commentary, upon the state of the coal industry, let alone any plans to address any decline. To look into the contradictions of what the individuals recalled of events and what was published by the County Council is outside of the scope of a thesis of this length and over the historical time period covered.

As a result it has not been the intention of this study to develop the thesis laid out by Duncan and Goodwin (1) and explain the actions of Northumberland County Council in relation to its political structures and culture. The study provides the basis for a further study of this nature. Due to the thesis using written policy, in the form of County Council reports and Committee Minutes and resulting action as the source material it is not possible to establish the political motivation and the range of alternatives considered in reaching the decisions made. To do some would have required a greater depth of analysis than it is possible to detail in a thesis of this length. Rather the study seeks to place the changing economic priorities of national government into the context of a local area where the impact of these changing policies were acutely felt.

### The responsibility for planning in Northumberland

The structure of local government changed on a number of occasions prior to 1945 when this study begins. These changes affected the services that Local Authorities were able to provide. The County Council in Northumberland was created in 1888 by the Local Government Act. These new Authorities had elected members similar to the existing

**Borough Councils.** Other legislation allowed for the creation of County Borough Councils so as to make a distinction between urban areas and the larger rural areas surrounding them. Newcastle City was made a County Borough in 1898 and Tynemouth in 1904.

Below the County Council level the Local Government Act of 1894 sought to revive parish councils as instruments of democratic government (2) by grouping parishes outside of County Boroughs into urban or rural district councils. For the area under study this meant 9 urban or rural district councils, reduced to 6 in 1935.

Planning was not an issue that local government dealt with very effectively until after the second world war. The first Act in this area was the 1909 Town Planning Act which was the subject of increasing attention in the 1930's because of uncontrolled development outside of towns. This led to the Town and Country Planning Act of 1932 that resulted in the establishment of the joint Planning Committee for the County of Northumberland. The work of this committee was frustrated by the war.

Under the Town and Country Planning Act of 1947 the County Council became the planning authority within those parts of Northumberland outside of the County Boroughs. Within Northumberland the County Council then reached agreements with the UDCs and RDCs to delegate specific powers available to them under the 1947 Act. These delegated powers were over issues of specific local significance eg local planning applications. The County's Planning Committee had 32 members/councillors: 18 from the County Council, 2 from the Municipal Boroughs, 5 from the Urban Districts, 4 from



the Rural Districts and 3 co-opted members. Therefore, the decisions that were reached by the Committee should have been representative of opinion across Northumberland and reflect differing political interests.

The Urban and Rural district councils in Northumberland had a committee structure that looks similar to that of the County. For example, Ashington had a Planning and a Highways Committee, but the emphasis of these was local and they provided an opportunity to feed information into the County Council and respond to its proposals rather than take strategic decisions in these areas.

As the Planning Authority the Town and Country Planning Act laid down that Northumberland County Council should (3):

"carry out a survey of the area... and submit to the Minister a report of the survey, together with a plan (called a Development Plan) indicating the manner in which they propose that land be used... and the stages in which any development should be carried out."

It is the actions in relation to this development plan that are the subject of analysis in this study. The Town and Country Planning Act made the County Council responsible for providing the strategic overview of the economy and to propose any necessary changes. This is in clear distinction from the urban or rural districts.

The Development Plan had to be presented to the Minister by the early 1950's and a

further 17 urban and rural area plans covering Northumberland submitted as and when they were prepared. The Development Plan would cover a period of 20 years and had to show the proposed developments to take place in the County and highlighting when changes would be put into effect. As a result the work that was undertaken in this period provides the base line data and the subsequent changes that were forced upon the County Council have been used to shape this thesis. The County's Development Plan was drafted in 1951 and got Ministerial approval in 1956, was reviewed in 1963, with updated projections through to 1981, with a new County Structure Plan being prepared for the new County area in 1976.

### The Political Balance of Northumberland County Council

Political control of Northumberland County Council was split between the main political parties in the years under study. On the back of the sweeping national Labour victory in 1945 the Labour Party gained a majority on the County Council in 1946. As Labour's national fortunes declined so they did locally with Labour losing control in 1949. This remained so until 1952 when the Labour Party regained and held control until 1967, when with Labour's popularity falling nationally as a result of devaluation they lost control and the Conservatives remained in control thereafter until 1979 (3). Thus during the period when coal started to decline there was a Labour controlled County Council and a Conservative Government. For the years 1967-70 there was a Labour Government and a Conservative County Council.

Until 1979 the Chairman of the County Council was the leader of the largest party and

thus also the Council Leader. During the period under study there were only four Chairmen: Smith and Garrow for Labour and successive Viscount Riddleys. The election of the Labour party to power in 1946 initiated a period when the County Council acted more along party political lines, although the political affiliation of a candidate could not be entered onto the ballot paper until 1970 (4). The Labour Party was better organised than the other groups, with most of the non-Labour candidates classing themselves as Independent or Moderate. Labour's organisation was greatly assisted by the introduction of payment for loss of earnings as a result of council business in 1946.

Having said that the period after 1946 was more politicised Taylor, in her history of the County Council written in 1989, argues that this did not affect the operation and running of the County Council. No-one party dominated the Council throughout the period under study, though there was a long period of Labour and then Conservative control. Viscount Ridley said in 1968, and again when the County Council was abolished, that the business of the County Council had been conducted without political rancour. This is reflected in the Council papers that have been used in this thesis, rarely do the Committee Reports and Minutes reveal political divisions on the Council.

### The Economic Situation

The economic structure of South East Northumberland was very vulnerable to economic dislocation. The 1930's had seen high unemployment and special government assistance to assist the economy. During wartime planning for peace, the County Council wanted to see policies developed that would encourage diversification to ensure this situation did

not return. With peace such proposals for diversification were shelved as the economy was fully employed by the high demand for coal. The only gap in employment provision was a lack of opportunities for women. Local Authority policies concentrated upon this and had some success in relation to clothing and electronic engineering. In both these industries South East Northumberland benefited from recruitment problems the firms concerned faced in their traditional factory locations.

The post war economic outlook for Northumberland foresaw a stable coal industry - with internal changes in the structure and concentration of the industry - and, on the margin, the gradual development of female employment. Government, in turn, saw coal as a central plank in achieving its wider economic goals of currency stability, a trade balance and the rebuilding export of earnings. While these commitments remained intact South East Northumberland's economy was stable. Through most of the 1950's the area's unemployment was below the regional average and the male labour market was saturated.

However, wider international pressures upon government bore heavily from the late 1950's and its policies and priorities changed. The decline in coal employment began earlier than expected and so the County Council was unprepared and slow to react. Because of this and local need to find alternative employment the County Council became very critical of Central Government economic policy. Behind the criticism was the County Council's basic belief that only the Government could transform the local economy and replace lost employment.

**This thesis will look at the following issues that stem from the development of policies that addressed the consequences of enforced economic change:**

- i) How the Local Authority responded to the decline of coal;**
- ii) How the Local Authority sought to affect the changes that came about;**
- iii) The influence of Government policy and that of a major nationalised industry, upon the area's transformation;**
- iv) The extent to which it is possible for a Local Authority to influence the shape and direction of its local economy.**
- v) What changes are required in the development of policy if area's like South East Northumberland are to see a return to stable and secure employment.**

**This is achieved by means of chapters that explore the following issues:**

- i) An overview of economic development within South East Northumberland the planning assumptions adopted and how these were severely disrupted after 1958;**
- ii) The national and international context within which developments in South East Northumberland took place. Particularly highlighted are the constraints imposed by the central tenet of policy adopted by governments after 1945 that the primary focus for policy should be the external position of the Britain in the world economy. Consequently, there was a failure to recognise the decline in Britain's role in the world economy and its changing position in the international division of labour. This had an adverse effect upon internal economic change and restricted government policy making;**
- iii) The influence of the NCB and the location of coal reserves in County development**

and settlement policies. Coal was nationalised in 1947 but managed in a way that blocked economic change and contributed to the de-industrialisation of South East Northumberland from which it has yet to recover. Government policy directly influenced both of these changes;

iv) The settlement policies adopted by the County Council and its attempts to diversify the employment base. This will look in detail at Cramlington and how it was transformed from a settlement primarily to provide a housing overspill for Tyneside to be the central focus of economic regeneration for the coalfield.

### Notes and References

1. S Duncan and M Goodwin The Local State and Uneven Development (Polity Press 1988)
2. J.M. Taylor England's Border County - A History of Northumberland County Council 1889-1989 (Northumberland CC 1989) p10/11
3. J.M. Taylor England's Border County - A History of Northumberland County Council 1889-1989 (Northumberland CC 1989) p 128
4. J.M. Taylor England's Border County - A History of Northumberland County Council 1889-1989 (Northumberland CC 1989) Annex 1
5. J.M. Taylor England's Border County - A History of Northumberland County Council 1889-1989 (Northumberland CC 1989) p 182/4

## Chapter One

### **DEPRESSION, WAR AND THE POLICY AFTERMATH**

#### **Introduction**

In this chapter the development of early post second world war economic policy is examined and the policies being developed in South East Northumberland put into their national context. In this it provides a snapshot of what impact the war had upon economic thinking in the period of the first majority Labour Government.

The second world war brought about a fundamental crisis in economic practice from that which had existed in the years preceding its outbreak. Because of the nature of the war that had been fought it was not possible to simply revert back to the pre-war policies and to maintain complacency in terms of the position of the UK in the world economy. As Hutton (1) has argued in a recent article, the 1940's was an example of a period in history where "there was a conflation of economic, social and political crises which forced the decaying network of institutions to admit new demands for inclusion and participation." This required a re-think in the role of the state that questioned pre-war assumptions and challenged the notion that the state had no role in shaping the country's economic fortunes.

It was in this period the foundations were laid for the next 25 years of economic planning



in South East Northumberland. The coal industry was assumed to be central to the economic well-being of the nation and, therefore, that policies should not be adopted that would threaten the ability to mine coal. This meant that employment could not be created to draw labour away from mining as there was already a shortage of labour that undermined achieving optimum production. This is the starting point for the post war South East Northumberland economy that is summarised at the end of this chapter and provides the backdrop to developments that took place over the period covered by this thesis.

### War and the shaping of national policy

The Treasury and liberal free market ideology dominated economic policy in the 1920's and 1930's. Government policies sought to achieve a balanced budget, and by that, maintain a sound currency. By so doing the market would work effectively to maximise economic returns, including the general economic health of manufacturing and thereby regional economies. The government did not have to adopt regional policies but simply to ensure the free market could operate, by so doing it would rectify any economic problems. Government believed that a sound and stable currency would stimulate market confidence, encourage trade and investment. The maintenance of free trade in the world and the alignment of currencies within the Gold Standard were seen as essential elements in achieving economic stability. This Treasury-led analysis meant unemployment could not be tackled by Government intervention as this would result in budget deficits and currency instability, pushing up inflation, adversely affecting the wider economy and thus proving counter productive.

Inter war policy on unemployment and the regions fell to the Ministry of Labour (2); unemployment was seen as a welfare and social problem, not an economic one. The responsibility was transferred to the Board of Trade during the second world war. This move signified a wider revision of government attitudes to, and relationships with, industry. A long period of mass unemployment, albeit reducing between 1936 and 1938, gave way to full employment with the onset of war. The war forced Departments, besides the Treasury, to become involved in economic matters. This served to weaken the grip of HM Treasury over economic policy (3). The government took emergency powers over private industry, even closing plants to ensure efficient use of available resources (4). The Ministry of Labour kept detailed records of the location of available labour and had emergency powers to direct workers to take jobs in industries essential to the war effort. In addition, the Board of Trade ensured that work contracts were placed with firms located in areas where workers were available. As a result the government was forced to acknowledge that fundamental problems existed in some regional economies, particularly the older industrial areas in the north. This was particularly the case with factory space, and where the government was obliged to build its own due to their unavailability in the required locations (5). Such intervention proved that physical planning could have quick results; it suggested that economic management by government was possible and practical (6) given the political will to do so.

The management of the war economy provided many important lessons that influenced post war economic policies. Without the war experience Tomlinson argued, Keynesian ideas, developed during the 1930's, could not have come to dominate economic thinking.

The war created a new political environment in which new economic ideas could be considered (7). Thus, the two major outcomes of the war were:

i) The realisation that the government could influence and direct the national economy, and through this, local economies. The Labour Government of 1929/31 had tried, but failed, partly because the percentage of GDP made up by government expenditure was not great enough to make a significant economic impact in tackling unemployment. The war changed this. In the post war years there was no return to 1930's political ideology.

Instead the idea evolved of the intervening state in which expenditure remained high because of the need for reform in health, education, industry etc. Armstrong and Taylor (8) argued that the war convinced government that it had both the power and the responsibility to avoid economic disaster. This was in contrast to the aftermath of the First World War when the government attempted to remove war controls and expenditure quickly and return to the market economy.

ii) The lack of factory space in some regions was recognised. Parsons argued that this resulted directly from the war as government needed to locate industry near labour (9).

The discovery ensured that factory space and its availability were central to government regional policy, and explicit in the issuing of Industrial Development Certificates (IDCs).

This was a victory for physical planning, allowing politicians to argue that once industrial facilities were provided capitalists would invest. The experiences of war and economic direction highlighted the success of directing industry towards labour and not labour to industry. The government itself acknowledged the impact it could have upon company location (10) when it released its own factories before other war time restrictions were

lifted. Because of the need to satisfy pent-up demand and the poor investment opportunities (11) from 1900 to 1950, this action directed investment to the areas of inter-war high unemployment.

Before new economic ideas could influence policy the political environment had to change. The Labour Movement was represented in the War Cabinets and constituencies with high unemployment elected Labour MPs. This was important in order to change long held attitudes. Because of the effect of laissez-faire policies upon the regions, Dalton opposed them. He wanted the post war government to commit itself to avoiding the unemployment that dominated the 1930's. In turn, Bevin aimed to develop policies that would prevent the re-emergence of 'depressed regions' by influencing the distribution of industry (12). However, neither saw this as part of a wider strategy to end unbalanced growth. The commitment was a widely held aversion to the social impact of unemployment as graphically shown in the 1930's, not a commitment to a balanced economy.

By 1945, Lereuz argued (13), Britain had seen ideas on the nature of the state change. Because of the war, Government was no longer seen as neutral but as able to intervene in industrial and economic matters. A commitment to full employment was combined with new a social security system, maintenance of high 'war' taxes and moves to democratise the education system. This was all very different from the pre-1939 liberal 'neutral' state. The policy of 1945 was more the outcome of war than of economic theory, it made politicians realise that they could do something to increase economic activity (14). Post war policy was a recognition of a new political agenda adopted by all

political parties. This was recognised in the 1944 White Paper which made a commitment to full employment. Cairncross (15) argued that the White Paper was little more than an objective. He believed that the achievement of the White Paper was that it "avoided [formal] approval of unbalancing the budget as a weapon of demand management" ie it made it politically acceptable. This removed actions that would unbalance the budget from becoming issues of political debate. The major achievement of the Conservative Governments over the last 15 years has been to overturn this post-war consensus and make the achievement of a balanced budget and tax cutting the central economic debate rather than focus discussion on the policies to be pursued. The 1944 White Paper had five major government objectives (16) to:

- (i) Influence the location of industry;
- (ii) Build factories;
- (iii) Prioritise factory building in depressed regions;
- (iv) Provide assistance for the establishment of new businesses;
- (v) Practice contract preference towards regions with higher unemployment.

Several quotations from the White Paper, as it relates to the issues being developed in this thesis, highlight its intentions:

"It will be an object of government policy to secure a balanced industrial development in areas which have in the past been unduly dependent on industries specially vulnerable to unemployment" (17).

**"The Government accept as one of their primary aims and responsibilities the maintenance of a high and stable level of employment after the war" (18).**

**"There may be small and isolated villages, especially in mining areas, which, owing to permanent changes in industrial conditions, offer no hope of sound economic revival" (19).**

**This policy, as stated in the White Paper, conflicted with many issues raised in the Barlow Report of 1940. Barlow called for the development of regional policies that sought to achieve a better balance in geographical distribution of population and industry across the country as a whole. He recommended six objectives to government policy makers (20):**

- (i) Reduce unemployment where it was high;**
- (ii) Reduce the pressure of population growth in congested areas;**
- (iii) Increase the utilisation of national resources;**
- (iv) Reduce inter-regional differences in demand and thus inflationary pressure;**
- (v) Preserve and strengthen regional cultures and identities;**
- (vi) Achieve a better balance of population and the environment.**

**This would have resulted in very different policies than the 1944 White Paper as the policies envisaged would apply equally to those regions not experiencing high unemployment and tackling their problems was a central part of decreasing unemployment elsewhere.**

Parsons (21) highlighted the way in which, because of war time developments, physical planning was separated from economic planning, contrary to Barlow's recommendations. Beveridge opposed this division of the two aspects of planning. He argued that regional policy would then be based upon employment creation and not on the national distribution and balance of the industrial population. This reveals the extent to which 1945 policy owed less to economic theory and more to the war experience and the desire to avoid mass unemployment. Lereuz emphasised that the Labour government of 1945-47 introduced little that was new, rather it pursued policies developed in, or before, the war (22). Barlow's emphasis upon a national planning system and the need to limit regional overspecialisation - and thus vulnerability - had to wait until the 1960's to be taken up again (23). Parsons (24) argued that post 1945 policies lacked 'intellectual coherence' to justify their continued use after their basic aim - no return to 1930's levels of unemployment - was achieved. This did not mean that unemployment and regional variation should be eliminated but that they should not be as high as in the 1930's. Without the coherence that would have come from accepting the Barlow Report's recommendations it meant other issues could easily take precedence as political issues and debates moved on.

#### Preparation for the peace economy and local policies in South East Northumberland

The Northumberland coalfield suffered high unemployment during the inter-war years. World War Two ended unemployment. Local dependence upon the coal industry increased. The County Council was aware of the consequences should the industry decline. Therefore, planning for the peace time economy began before the war ended.

From 1939 a Joint Planning Committee met for the geographic County of Northumberland. In 1944 the Planning Officer (25) reported that:

"It is obviously a waste of time to plan development upon areas which in the future may be subject to serious subsidence and, as coal is such a great national asset, it would be foolish to sterilise the whole or part of valuable seams... by permitting the erection of buildings in proved areas ... by its very nature coal mining is fixed to certain areas, and by reason of its highly specialised labour needs, the question of providing alternative industries raises difficult and complex problems".

The Planning Committee recognised that it did have a role in identifying potential areas of new employment (26). It coupled this with research into the expected life of pits and the existence of coal reserves. The conclusion of both research projects would allow the Planning Committee to plan for change. It was acknowledged that where coal reserves were declining alternative employment was essential and that its introduction had to be planned. The Committee accepted the Planning Officer's recommendation:

"I suggest that in mining areas where it is known that the mines have a long life (50 years and over) alternative industries to mining should only be introduced and planned for after mature consideration ... without coal none of the light industries can flourish and I therefore suggest it would be against the interests of all concerned if too great an alternative employment was provided in active mining areas."

This limited the extent to which diversification would be pursued by the Authority. It



recognised that in the long term coal would decline, but acknowledged its short term dominance of employment. This reflected Pepler and MacFarlane's Report for the Ministry of Town and Country Planning that proposed a North East Development Area Plan. The existence of such a plan reflected the national concern that a more balanced economy should be encouraged to avoid the unemployment of the 1930's. The report accepted that the North East was vulnerable to recession due to its economic structure but that its industries were of such national economic significance that their dominance should not be undermined. The Report acknowledged the need to diversify the North East's economy but believed this was against the national interest in the short term. Pepler and MacFarlane's conclusion for all mining areas in the North East was that (27):

"In areas of stable mining where little diminution of employment is anticipated (particularly in East Durham and South East Northumberland) male employment should be concentrated on mining, and other industries that would compete with mining for available labour should be discouraged."

For South East Northumberland, specifically, they recommended that:

- (i) Any development should provide jobs for the expanding pool of female labour. Unless this was successfully achieved, they believed the population drift to Tyneside would continue.
  
- (ii) There should be a concentration of settlements to improve the area's environment. This should centre on Stakeford and Cramlington, with a quasi-new town at Holywell,

providing employment to replace declining mining opportunities.

(iii) Any male jobs should be in the Blyth and Bedlington areas, where mining would decline first. Wherever possible new jobs introduced should be users of coal, or coal-related.

Underlying all post war debate was an assumption that the coal industry had a long term future. In 1945 and into the 1950's no-one foresaw the changes that would take place. The County Council and Pepler and MacFarlane took for granted that coal employment would remain high until 1990 and only then go into decline. During 1948-52, when the County Development Plan was being written, the County Council did foresee some uncertainty in the coal industry. It expected that employment would not always remain stable, in particular that it would fall because of improved technology and reduced levels of consumption. However, a significant reduction in employment due to pit closures was not expected. Closure would take place only where coal reserves were exhausted.

The County Development Plan included seven major framework points around which the economy should develop:

(i) No substantial change in the economic structure would take place in the foreseeable future. Coal employment would shift towards a greater concentration in the modern Ashington coalfield, although its importance to the wider economy would remain. New industrial development would be in the southern part of the coalfield as coal employment declined.

(ii) The Council would seek to create new employment to absorb the surplus labour.

This covered, initially, the creation of opportunities for women and those men unsuitable for the coal industry.

(iii) The shipbuilding and ship repair industry in Blyth that had suffered during the inter-war years, would decline to its 1938 employment levels. This decline would occur once the post-war boom was over because Blyth could not compete with the larger yards on Tyneside. Therefore, plans had to be made to replace these jobs.

(iv) The large untapped female labour force needed to be utilised. Because of the lack of jobs locally there was increasing evidence of women commuting to Tyneside. To prevent a depopulation of the coalfield the County Council wanted to create enough stable service and manufacturing jobs that prevented the need to commute.

(v) Any male employing industries, at least one being required in Blyth, should be large coal users, eg brick manufacture. The NCB already owned several brickyards around Bedlington.

(vi) In planning any future industrial land development the County Council should first consider the state of underground workings. This was necessary to prevent sterilisation of coal reserves and damage due to subsidence.

(vii) The future settlement policy would be influenced directly by the development of

the coal industry. Any town developments should not sterilise coal reserves.

This policy acknowledged that the coal industry would not survive into the long term. However, it agreed that alternative employment should not be encouraged as this would draw vital labour away from mining. Development should only take place if it was to provide light manufacturing employment for women or where coal employment was declining. The 1952 Development Plan made this clear (28):

"With coal the most precious and urgently needed of industrial raw materials it would be foolhardy to introduce into mining areas an appreciable volume of alternative male employment unless a very definite decline [in coal] was expected."

### Summary

This chapter has brought several points that are developed in later chapters of the thesis:

(i) Because of the war, the view of what government could achieve by economic intervention changed. The liberal ideas of the 1930's were challenged head on by war time experience and shown to be hollow. There was a change in political culture that continued from war into peace; revolving around government having a commitment, and the ability, to prevent unemployment.

(ii) Changes in political views did not come about because of any sudden take-up of Keynesian theories. They were rather a pragmatic response to war time controls that

due to their success continued into peace. Later events show that Parson was right in 1988 when he argued that the policies developed had no intellectual coherence. When the Government faced a choice between protecting the pound and developing a regionally balanced economy, the former won as early as 1947. This proved that when unemployment was not a political issue the government could overlook the more fundamental regional imbalances that remained.

(iii) Except for the return to full coal employment the South East Northumberland economy did not benefit from war time activity. The central nature of coal as a potential earner of foreign currency, both directly for export and indirectly for supplying energy, continued after 1945. This meant coal's dominance of the local economy could not be challenged. Because 1930's unemployment would not return there was no need to prioritise economic diversification.

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## Chapter Two

### AN OVERVIEW OF THE SOUTH EAST NORTHUMBERLAND ECONOMY 1945-74 AND THE FUTURE INHERITANCE

#### Introduction

This chapter provides an overview of the South East Northumberland economy up to 1974. In doing so it provides a summary of the changes that took place during the study years and touches upon the significant changes that occurred in the 20 years thereafter. This provides the author with the backdrop of the major and significant policy decisions that were taken that are developed, explained and analysed in the following chapters before drawing a number of conclusions as to the experience of economic change in a coalfield economy like South East Northumberland.

In 1952 the County Council believed that over the next 20 years there would be no significant change in the coalfield economy and that coal would dominate employment in the interests of the national economy. Change would come about, but not in the period covered by the County Development Plan. This remained true for only 6 years. The years between 1958 and 1974 were ones of large scale economic upheaval. But by 1974 the Planning Committee again believed that it had established the infrastructure that would generate South East Northumberland's economic recovery and provide the basis for future prosperity. This was achieved by overhauling the communications network and embarking upon the establishment of a new settlement pattern for the



coalfield centred on Cramlington as the location for modern housing and greenfield industrial sites. As in 1952 the reality was very different from what was expected.

### Post War Economy

The County Development Plan and the various town analyses produced by Northumberland County Council in the 1950's highlight the structure and prospects for South East Northumberland (1). They were all written on the assumption that coal had a long term future.

The table below lists the broad sectors in the South East Northumberland economy in 1948 and gives comparable national information:

Table 1: Employment by Sector

| Great Britain             | Primary | Manufacturing | Services |
|---------------------------|---------|---------------|----------|
| South East Northumberland | 8.9     | 37.5          | 53.5     |
| Northumberland            | 57.6    | 11            | 31.5     |
| Ashington                 | 66.3    | 7.1           | 26.6     |
| Bedlington                | 67.6    | 5.1           | 27.3     |
| Blyth                     | 25.5    | 26.8          | 47.7     |
| Seaton Valley             | 71      | 4.7           | 24.3     |

The table indicates the economic dependence upon the primary sector, largely coal

mining. In the manufacturing sector employment was frequently linked with the primary sector, eg NCB owned brickworks. Only in the Blyth Ministry of Labour Employment Exchange Area did manufacturing employ significant numbers, but even here it was lower, in percentage terms, than in the regional, or national, economy. The table shows very clearly the task ahead for the County Council once coal went into decline.

The County Council summarised the coalfield employment needs as:

Table 2: Employment Need South East Northumberland - 1952

|   | Jobs | Required | Jobs in | Prospect |
|---|------|----------|---------|----------|
|   | Male | Female   | Male    | Female   |
| Increase of working population  | 1250 | 350      |         |          |
| Supply of female labour from untapped sources                           |      | 1000     |         |          |
| Existing unemployment Jan 1952  | 550  | 700      |         |          |
| Redundancies in existing industries                                     | 300  |          |         |          |
| (a)   |      |          |         |          |
| Employment opportunities from approved projects and other known sources |      |          | 400     | 500      |
| Requirements of service industry  |      |          | 500     |          |
| Totals  | 2100 | 2050     | 900     | 500      |
| Totals Male and Female (b)  | 4150 |          | 1400    |          |

notes to Table 2

(a) this relates to the expected loss of jobs in the shipbuilding and ship repair following postwar rebuilding of shipping stock

(b) these figures do not take later coal job losses into account.

### Structure of the Sub-Area Economy

Within South East Northumberland there were clear differences in subarea economic structure, prospects and policies pursued by the County Council. For the preparation of the local maps between 1955 and 1960 South East Northumberland was divided into four subareas. These give a statistical picture of local economies by employment sector. To this are added the results of correspondence and letters on each area recorded on files at the County Records Office and the Minutes of the relevant District Council.

### Ashington

In 1955 the Ashington and Newbiggin areas covered by the map had seven working collieries with further pits operating to the north. Total employment amounted to 12,000 jobs, representing two-thirds of all employment (2):

**Table 3: Main Sectors of Employment - Ashington 1955 (%)**

|  |             |
|--|-------------|
| <b>Agriculture, Forestry and Fishing</b> | <b>1.8</b>  |
| <b>Mining and Quarrying</b>              | <b>66.5</b> |
| <b>Manufacturing</b>                     | <b>6.6</b>  |
| <b>Services</b>                          | <b>24.9</b> |

The area's major employment sectors were:

**Table 4: Chief Industries - Ashington 1952 (%)**

|                                 |             |
|---------------------------------|-------------|
| <b>Coal mining</b>              | <b>66.5</b> |
| <b>Retail distribution</b>      | <b>6.7</b>  |
| <b>Hotel and catering</b>       | <b>2.9</b>  |
| <b>Construction/building</b>    | <b>2.5</b>  |
| <b>Local Government</b>         | <b>2.1</b>  |
| <b>Civil Engineering</b>        | <b>2.0</b>  |
| <b>Bus services</b>             | <b>1.8</b>  |
| <b>Baking and confectionery</b> | <b>1.4</b>  |

These tables make it clear that without coal the Ashington economy would collapse.

With coal representing the majority of employment, it meant that most of the non-coal employment was dependent upon the wealth it generated.

In the period up to 1971 the County Council believed that coal employment would

remain stable; envisaging an increase throughout the district as new shafts were sunk to the north. The southern part of the district expected to lose 1300 coal jobs and, beyond 1971, further heavy losses were anticipated. The overall impact of this was that there would be no need to introduce new male labour employment into the area within the period of the plan. The Highways Committee of Ashington UDC in May 1948 even reported that labour shortages affected the ability of United Automobile Services to fulfil its undertakings (3). In 1955, the County Council assumed that the main reason for job losses would be pit exhaustion. It expected pits closures on the grounds of competitiveness or economic viability. In view of the profit /loss figures produced annually by the NCB some of the later problems could possibly have been foreseen, in that the Government was unlikely to accept continued losses over a long period.

Of all the sub-areas of South East Northumberland Ashington was the one where making provision for industrial land proved most difficult. In a letter of June 1946, to Ashington Urban District Council's Surveyor the Ministry of Town and Country Planning (4) objected to its plans for industrial land:

"As you are aware, the Board of Trade, Ministry of Labour and my own Ministry are very anxious to secure a diversification of industry in Ashington, but this very diversification is built up based on a prosperous basic mining community, and it is this very basis that the colliery interests claim will be seriously imperilled by an extension of the No1 site."

The Ministry did not object to the provision of industrial land but refused permission

where its provision threatened coal. This was shown in earlier correspondence when the UDC sought to develop new sites once existing sites in the town centre were full (5). This was a view endorsed by the local council. At its meeting in June 1946 Ashington UDC's Town and Country Planning Sub-Committee objected to the letter from the Ministry of Town and Country Planning over the proposed expansion of land for light industrial use at Wembly Field in Ashington as the capacity in the existing No 1 site had not been fully used (6).

In the allocation of light industrial land Newbiggin UDC (7), believed it was overlooked. Employment in light industries, it believed, was necessary for both men and women. The closure of a Newbiggin pit would then not result in the transfer of all employment to Lynemouth. In addition, local Councillors believed too many people were being forced to work in Newcastle when it should be available locally. Such jobs could not be found locally because of the lack of industrial land for employers to move onto. What resulted from Newbiggin's letter to the County Council is not recorded.

After these initial letters there were few references to alternative industrial development in Ashington or Newbiggin until the problems of the coal industry became acute. In February 1959 (8) the Morpeth Herald reported that the local MP had met with local authority representatives to discuss job creation for young people as a result of the high number joining the labour market. The conclusions of the Committee concerned were that more light industry was required and that where possible there should be a direct association with the coal industry, or connection to its by-products, in new industries attracted to the area. This clearly continued to assume the long term viability of coal.

One outcome of the strategy was the decision to chose Lynemouth as the location for an ALCAN smelter - an industry where the location of a significant source of power is more important than that of the raw material. The decision to have Northumberland as one of the chosen locations came after government pressure. Phase I of the development cost £65m and once completed would employ 800 and safeguard a further 1000 mining jobs.

Despite the changes taking place in the coal industry the first decision to build any workshops in the town did not occur until September 1965 when Ashington UDC agreed to construct workshops. This had followed the unsuccessful attempts to persuade the Board of Trade to recognise the problems of the Ashington area. Building a factory, the Town Clerk felt, would be a positive sign that the Council saw problems that had to be addressed in the local economy and that an advance factory would allow the increasing number of industrial inquiries being made to be find a factory to meet their needs (9). Later in 1965 when the Board of Trade finally made Ashington a Development District it also agreed to build a similar size advanced unit, 10,000 square feet, as the UDC and agreed to do (10). In 1966 the Board of Trade announced plans to construct a further 26,000 square feet unit in Ashington (11). The Chair of the Planning and Development Committee in 1968 noted that both the UDC's and the Board of Trade's advanced units were let and that other positive things had occurred in relation to attracting new jobs eg agreement to locate ALCAN at Lynemouth (12). However, in November 1968, concerns were being expressed at the urgency with which the Board of Trade was marketing its larger unit as it had remained empty for 18 months (13).

For women, clothing provided a major source of employment in the Ashington area. Hepworths, men's tailors, constructed its factory in 1964 and employed 700 at its peak. In 1971 a tour (14) for the Planning Committee disclosed that Exquisite Knitwear (Courtaulds) had taken 70 acres at North Seaton to build a 500,000 square foot factory.

In 1965 (15) the companies located in Ashington were:

Table 5: Nature and Level of Ashington's Employment

| Company                 | Activity         | Employment | Male/Female |
|-------------------------|------------------|------------|-------------|
| Newbiggin Co-op         | Retail           | 146        | 85/61       |
| Proudlocks Bakery       | Bakery           | 234        | 126/108     |
| Proudlocks Garage       | Gen Engineering  | 20         | 15/5        |
| Milburn Motors          | Sales/Service    | 19         | 13/6        |
| Anderson                | Fruit and Veg    | 19         | 13/6        |
| Bedlington and District | Coaches          | 47         | 38/9        |
| Ramm                    | Scrap            | 4          | 4/0         |
| W Siggens and Son       | Sand/gravel etc  | 51         | 48/3        |
| Donkin                  | Confectionery    | 36         | 15/21       |
| Colpits                 | Bakery goods     | 333        | 30/303      |
| Hepworths (1)           | Clothing         | 458        | 50/408      |
| United Auto Services    | PSV Operators    | 279        | 192/87      |
| Wansbeck Motor Services | Private Hire/bus | 11         | 7/4         |
| Davisons                | Printing         | 11         | 8/3         |
| Ashington Co-op         | Retail           | 548        | 307/241     |
| Aiken Ideal Ices        | Ice Cream        | 6          | 6/0         |
| Hallowell Brothers      | Vehicle bodies   | 16         | 14/2        |
| WH Smith                | Wholesalers      | 7          | 5/2         |
| Reyrolle and Co (2)     | Switchgear       | 400        | 189/211     |



## Notes on Table 5

(1) Expansion will double employment

(2) Expansion depends upon Ashington being made a Development Area, if not this will go to Durham, female labour being the chief attraction.

Ashington did attract new employment into the town. The Planning and Development Committee noted that 1971 was the first year in which mining did not make up the majority of employment (16). This, because it was measuring employees in employment rather than the total workforce, reflected the decrease in male activity between 1961 and 1971 when the total males in employment in Ashington, Bedlington and Newbiggin Employment Exchange Areas fell by 30% (17).

### Blyth

Blyth had a more diverse economy. The town had a port with associated industries such as shipbuilding and ship repair. The development of Blyth as a port made mining possible to the north and provided the facilities to export coal. In Blyth's five active collieries employment increased 15% between 1945 and 1956. This resulted in the NCB requesting that more housing was provided for miners in Blyth (18) and the Council agreed to display conspicuously a poster campaign for miner recruitment (19). Of the active pits Bates was seen to have a long life; one would close in 1955 and the other three by 1974. This decline was anticipated by Pepler and MacFarlane who recommended that a large male-employing, and coal-using, industry should be introduced.

The structure of the Blyth economy was (20):

**Table 6: Main Sectors of Employment - Blyth 1950 (%)**

|                                   |      |
|-----------------------------------|------|
| Agriculture, Forestry and Fishing | 0.5  |
| Mining and Quarrying              | 29.2 |
| Manufacturing                     | 20.9 |
| Services                          | 49.3 |

**Table 7: Chief Industries - Blyth 1956 (%)**

|                                      |      |
|--------------------------------------|------|
| Coal Mining                          | 29.2 |
| Retail distribution                  | 10.0 |
| Shipbuilding and repair              | 8.8  |
| Port, River, Sea and Canal transport | 7.5  |
| Building                             | 5.1  |
| Hotel and Catering                   | 3.9  |
| Education                            | 3.6  |
| Tailoring                            | 3.6  |
| Local Government                     | 3.0  |
| Railways                             | 2.7  |

The information given in these tables is not directly comparable with that obtained in 1948 for the County Development Plan, but some change in the industrial mix can be identified. The importance of coal actually increased as a percentage of local employment while that of manufacturing decreased by 20%. This was a worrying trend in South East Northumberland's most 'balanced' local economy. In March 1948 the Borough Council's General Purposes Committee noted that Morphy Richards had withdrawn from Cowpen Road and it considered how to encourage another light industry

employer to take up the site (21).

The Town Map said that by 1965 coal employment would decline by 1,800 jobs. In addition, it was assumed that shipbuilding would decline once war replacement work was complete. In consequence, the County Council wanted to attract new male employment into the area. The construction before 1939 of the Blyth Industrial Estate by North Eastern Trading Estates Ltd helped Blyth attract new employment and provided a focus for inward investment, particularly by the clothing industry.

In November 1944 the Borough Council wanted to allocate land for future non-coal use (22). It sought to have designated 392 acres for industrial use - two large sites, one at Bebside/New Delaval and one at Bebside/Newsham and four smaller sites. The Ministry of Town and Country Planning approved only one of the two smaller sites totalling 49.5 acres (23). It believed two of the sites were too small and isolated, while the two large ones were too expensive. The opposition was, therefore, not about introducing new competition for labour, as in Ashington, but rather the practicalities of so doing.

Early inward investment enquiries in Blyth came from textile/clothing firms. In March 1949 (24) the Ministry of Town and Country Planning said it had considered siting a firm in Blyth that would employ 1000 women but rejected it as too much for the economy to accommodate. Instead the Board of Trade was arranging for British Celeanese to take the site. They would employ 450, which would leave only 200-300 additional female jobs required in the Borough. This caused problems later when Town Tailors wanted to take over a site in Blyth because of the problems they had experienced in attracting labour

in Leeds. They had a site at Newsham that employed 100 and wanted the new one to employ a further 200 (25), which the government opposed as there was not enough labour available. There was also interest from another clothing producer, Barry Manufacturing.

Soon after the war there was concern within Blyth about the lack of light industry. In January 1946 the General Purposes Committee raised questions as to what the Board of Trade was doing to establish light industries in the borough (26). Later in the year the Blyth Rent and Ratepayers Association wrote expressing its grave concern on the lack of light industry facilities (27). The issue of the provision of light industry in Blyth was clearly a larger issue than for other Local Authorities. The General Purposes Committee in October 1949 noted that the Light Industries Committee would submit a monthly report (28), though there is then only occasional reference to the work of this committee. In 1950, the Light Industries Committee (29) agreed to approach the Board of Trade about releasing vacant land at the dry docks in Blyth for light industrial use and to send a letter to the Co-operative Wholesale Society to inform them of the availability of female labour and to ask if they would like to take advantage by establishing a factory. The Light Industries Committee in January 1950 (30) believed there was still the need for 2-3,000 jobs in the town, a figure significantly higher than the Board of Trade believed could be sustained in the town. Following this meeting there was nothing else recorded on the County Council's Blyth industrial development file until 1958. The only reference in Blyth's Minutes Books is in relation to changes proposed by the County with regards to enlarging the Quayside Industrial Area (31).

The Borough Council accepted the map at Committee in January 1956 on the basis of certain conditions being met in relation to housing, none of them related to economic policies. Later in 1956 the Borough Council opposed any of its area being covered, as proposed, by the North Tyneside Green Belt (32). They believed that because Blyth was a seaport it could extend westwards and so all of the land should be allocated for housing, industrial or recreational use.

Blyth News in December 1958 (33) reported that a committee was being established of MPs and trade unions to look at the local employment situation and the threat to the area due to its dependence on coal. The Committee recorded that it was "perfectly clear" that over the next 20 years the coal industry would greatly contract in size (34):

"If nothing is done there will be an exodus of young people ... if it is not attempted [to find a solution] and [one] is not found well in advance of the problem arising, if plans are not made, you will reach a stage where large scale unemployment will suddenly be dumped in your lap and you will not be able to solve it."

What happened to this committee is not clear, but no further reports on it were evident in the records.

Blyth Borough Council (35) undertook a survey of its companies in February 1968 to determine the additional land requirements and other information for planning purposes. This highlighted the success of these policies: 53% of manufacturing firms had been established since 1963, the majority in light engineering, electrical and clothing. These

new firms tended to be branch plants, but expanded quicker than indigenous firms and gave the economy a more balanced look. The survey's conclusions were:

- i) nine firms had established themselves in Blyth since 1963, for five the principle reason was the availability of labour, for four development grants;
- ii) 75% of manufacturing employment was in textiles/clothing;
- iii) The Co-Operative Society was the largest other employer;
- iv) There was a sex imbalance in new firms of males to females;
- v) Distribution by firms was carried out almost wholly by road, rail being used only for urgent deliveries. The access to Blyth harbour was not an attraction. The poor level of shipments restricted its use. Instead firms used Liverpool, London or Newcastle. This is reflected in the tonnage figures for Blyth. In 1970 2.5m tonnes of coal were exported and only 130,000 tonnes imported - mainly paper, pulp, timber and gravel;
- vi) Of expanding firms only two required more land in the next five years. The additional land requirements in Blyth amounted to 100,000 square feet in 1968-73 and again in 1973-78. This growth would increase the manufacturing employment by 40%;
- vii) Most of the labour available was unsuitable to new industries. As a result many firms preferred school leavers who were cheaper to train than the older unemployed;
- ix) Because of the movement and growth of female employing industries, they were now experiencing recruitment difficulties in clothing. This had resulted in some curtailment of expansion plans. A similar problem was to recur in the mid/late 1980's.

The firms employing more than 10 at the time of the survey in Blyth were:

**Table 8: Nature and Level of Blyth Employment**

| Company                  | Activity                      | Employment | Male/Female |
|--------------------------|-------------------------------|------------|-------------|
| Blyth Harbour Commission | Port Services                 | 197        | 191/6       |
| Colpitts and Co          | Marine Engineer               | 17         | 14/3        |
| Blyth Co-op              | Retail                        | 936        | 511/425     |
| Stephenson and Co        | Farous Metals                 | 16         | 14/2        |
| Electrotechnica Northern | Steel Panels                  | 27         | 24/3        |
| Jackel and Co            | Toiletries                    | 29         | 10/19       |
| Nutress and Co           | Nylon Products                | 16         | 4/7         |
| PB Joinery               | Timber                        | 11         | 10/1        |
| Draeger Normalair        | Gas/medical<br>products       | 85         | 56/29       |
| Shipira                  | Clothing                      | 125        | 4/121       |
| Arrow Construction       | Steel/Engineering<br>Products | 69         | 62/7        |
| Bedford and Co           | Nylon Fibres/<br>Stockings    | 18         | 7/11        |
| Porter                   | Boiler Pipework               | 25         | 23/2        |
| Service Tailoring        | Clothing                      | 850        | 100/750     |
| Wood, Sand and Gravel    | Merchants                     | 22         | 22/0        |
| Pitwood                  | Pit Props                     | 33         | 31/2        |
| Chrono Services          | Electro Plating               | 51         | 24/27       |
| Elliot                   | Flour                         | 13         | 10/3        |
| Redhead and Co           | Confectionery                 | 70         | 15/55       |
| Bilton and Co            | Fabricated Pipes              | 16         | 14/2        |
| Woods Mineral Water      | Mineral Water                 | 16         | 11/5        |

## Bedlingtonshire

Bedlingtonshire had eight pits, employing 6,800. The County Council believed that the number of coal jobs in the area would remain stable until 1975, after which there would be a decline.

The structure of the economy was (36):

Table 9: Main Sectors of Employment - Bedlington 1957 (%)

|                                   |      |
|-----------------------------------|------|
| Agriculture, Forestry and Fishing | 1.2  |
| Mining and Quarrying              | 60.8 |
| Manufacturing                     | 16.4 |
| Services                          | 21.6 |

Table 10: Chief Industries - Bedlington 1957 (%)

|                         |      |
|-------------------------|------|
| Coal Mining             | 60.8 |
| Wireless Apparatus      | 10.2 |
| Building                | 3.4  |
| Hotel and Catering      | 3.5  |
| Retail and Distribution | 3.0  |
| Local Government        | 2.4  |

Coalfield-based industrial estates in Bedlington, Blyth and Ashington proved very effective in attracting industries employing women. This was in line with County Council



policy not to encourage the growth of male-employing industries. It also reflected the fact that employment growth in the consumer industries across the region was largely for women (37).

Bedlington Urban District Council proposed the creation of 430 acres of industrial land on three sites after the war. The Ministry of Town and Country Planning accepted part of two sites near to Bedlington (38) and a further 18 acres at North Sleekburn (39).

Welwyn Electronics was the largest non-coal employer in the district. It had initially opened a branch plant before transferring its whole business to Northumberland. The majority of the jobs involved were for women. The company had substantial expansion plans that resulted in several meetings with the Local Authorities. In April 1954 it wanted a road realignment to allow space to expand its existing site (40). In October 1956 expansion at this site was declared impossible due to subsidence (41). As a result it bought the nearby former Remploy site and intended to increase total employment to 3000. This level of expansion caused problems in that female labour was becoming very scarce. In 1966 (42) the company reported that its expansion plans were restricted by the lack of technical and managerial staff and of women capable of being trained to high skill levels. The latter came about, the company believed, due to pit closures leading to outward migration and the competition from alternative users of female labour. The company felt it would be forced to relocate by 1980 if there was no resolution to these problems. During a meeting in 1956 (43) the company detailed from where it drew its existing staff:

**Table 11: Town of residence of Welwyn Employees**

|  |            |
|--|------------|
| <b>Bedlington and Bedlington Station</b> | <b>108</b> |
| <b>Ashington</b>                         | <b>300</b> |
| <b>Newbiggin</b>                         | <b>50</b>  |
| <b>Blyth</b>                             | <b>200</b> |
| <b>Cambois</b>                           | <b>50</b>  |
| <b>Cramlington</b>                       | <b>30</b>  |
| <b>Newcastle</b>                         | <b>35</b>  |
| <b>Stakeford-Cramlington</b>             | <b>50</b>  |
| <b>Morpeth</b>                           | <b>30</b>  |

Later in August 1958 Bedlington UDC (44) complained about the 'inadequate' provision of land for large scale industrial users. The County Council responded by reserving 150 acres of the 400 available at Cambois for this purpose.

Cambois had proved attractive to chemical companies. In a tour for the Planning Committee in 1971 (45) the Council detailed how Phase I of the investment by Glaxo would create 225 jobs from an investment of £50m, the second phase investment of £20m bringing employment up to 1000.

The companies in Bedlington in 1966 were (46):

Table 12: Company employment in Bedlington

| Company              | Activity              | Employment | Male/Female |
|----------------------|-----------------------|------------|-------------|
| Welwyn Electronics   | Electrical Goods      | 2022       | 534/1488    |
| Sutcliffe (1)        | Gloves                | 134        | 4/130       |
| Thermalite Ytong     | Pulverised fuel ash   | 54         | 53/1        |
| Hughes and Bolkow    | Jobbing Engineers     | 135        | 128/7       |
| Sanderson            | Fruit and Veg packers | 64         | 33/31       |
| Nield and Tyre       | Remoulds              | 4          | 3/1         |
| Robinson and Co      | Printed Paper         | 10         | 4/6         |
| Pioneer Boot         | Shoe Repair           | 11         | 11/0        |
| Gordon               | Plant hire            | 74         | 71/3        |
| Moody Haulage        | Haulage               | 45         | 42/3        |
| Mullen               | Plant Hire            | 19         | 19/0        |
| Remploy              | Motorised Chairs      | 131        | 123/8       |
| Aykroyd              | Clothing              | 139        | 8/131       |
| North East Bricks    | Bricks                | 30         | 29/1        |
| White Stone Products | Pre-cast Concrete     | 30         | 29/1        |

## Seaton Valley

The amount of statistical information available for this area is more limited than for the other districts. Seaton Valley's analysis was the last to be written, and does not include an analysis of the chief economic sectors only broad categories of employment. However, the County Council expected a substantial decline in coal employment as the area's reserves were low. Post war, mining employment peaked at over 10,000 in 1952. By 1961 the County Council believed this figure would fall to 5,000. The difficulties the area's economy faced are clear from the figures for broad sectors of employment (47):

Table 13: Main Sectors of Employment - Seaton Valley 1960 (%)

|                      |    |
|----------------------|----|
| Mining and Quarrying | 70 |
| Manufacturing        | 5  |
| Services             | 25 |

Dependence upon the coal industry was greater than in Ashington, where coal had a long term future, and similar to that in Bedlingtonshire where a slow decline was expected. Levels of manufacturing employment in the Seaton Valley were the lowest on the coalfield. In view of the expected rate of decline in coal employment the County Council approved the building of four industrial estates. The facilities they provided were later supplemented at Cramlington, which was to be the focal point first for the district and then for the whole of South East Northumberland.

Problems of female recruitment in Blyth, Bedlington and Ashington had a knock-on effect outside the area under study. In December 1955 (48) East Chevington and

Hadstone Parish Council, to the north of Ashington, wrote to the County Council to complain that there was not enough female employment. As a result women were having to commute to Ashington/Morpeth, or to Newcastle, to find suitable employment. It wanted more light industry provision in its parish.

### Northumberland Coalfield Report

On nationalisation of the coal industry Northumberland was divided into three areas - Southern, Central and Northern. These were used by the NCB's Annual Accounts for accounting purposes. The Southern and Central areas were merged in 1962 and this with the Northern area in 1967. These mergers reflected the decline in employment and number of pits after 1958.

No definition of these areas is provided. The information available suggests that the Southern area represented the area currently in Tyneside (Wallsend, Backworth, Dinnington and Wideopen), the Central Area around Blyth and Bedlington and the Northern area from Ashington northwards.

Each NCB Annual Accounts listed the number of pits, the level of employment, coal output and the profit/loss for each area. For Northumberland this information was prepared for the Northern, Southern and Central areas. The table below pulls together all the information for Northumberland. Information is only available up to the financial year 1971/72 as the next file contained documents relating to the period after 1971/72 at Morpeth Records Office are classified and not open to public access.

**Table 14: A Statistical history of the Northumberland coalfield 1947 - 1971**

| Year | Number of Pits | Employment (000's) | Output (M tons) | Profit/ (loss) |
|------|----------------|--------------------|-----------------|----------------|
| 1947 | 67             |                    |                 | (757,681)      |
| 1948 | 60             |                    | 11.3            | (706,084)      |
| 1949 | 60             |                    | 11.6            | (800,453)      |
| 1950 | 60             |                    | 12.1            | (829,030)      |
| 1951 | 59             |                    | 12.2            | (1,147,900)    |
| 1952 | 59             | 43.6               | 12.1            | (1,609,030)    |
| 1953 | 61             | 42.6               | 12.1            | (936,130)      |
| 1954 | 60             | 41.1               | 12.1            | (551,514)      |
| 1955 | 59             | 41.5               | 12.2            | (396,677)      |
| 1956 | 59             | 41.7               | 12.5            | 1,989,941      |
| 1957 | 58             | 41.6               | 12.4            | 1,148,076      |
| 1958 | 58             | 40.4               | 12.1            | (888,696)      |
| 1959 | 54             | 37.8               | 11.8            | (1,847,324)    |
| 1960 | 50             | 34.3               | 11.0            | (2,149,901)    |
| 1961 | 45             | 32.1               | 10.9            | (395,701)      |
| 1962 | 41             | 30.8               | 10.9            | 369,076        |
| 1963 | 35             | 28.9               | 11.0            | 1,442,855      |
| 1964 | 34             | 27.6               | 10.8            | 1,257,812      |
| 1965 | 29             | 25.3               | 10.6            | 926,000        |
| 1966 | 25             | 22.8               | 9.2             | 2,070,000      |
| 1967 | 22             | 20.5               | 8.6             | 1,312,000      |
| 1968 | 18             | 16.6               | 7.95            | 1,423,000      |
| 1969 | 16             | 14.1               | 6.85            | 76,000         |
| 1970 | 16             | 13.9               | 6.27            | (1,329,000)    |
| 1971 | 15             | 13.3               | 5.14            | (6,530,000)    |

The information for the above table has been collated from NCB Annual Accounts from the period 1947 and 1971/72.

This table reveals stability in the coal industry from 1947 until 1958. The number of collieries, output and level of employment remained fairly constant. In this period the major variable factor was the rate of profit or loss in each area. This data varies greatly from year to year and shows little consistency. Only in 1956 and 1957 did the area break even. The southern area matched this record, while the central area of the county only broke even once during this period, in 1948, with the northern area breaking even in six of these 12 years. This showed that despite increasing productivity the county's coal industry was not meeting its costs. The profit and loss accounts varied despite a consistent level of output. The Northumberland coalfield appeared to be at the margin of total NCB output. In the short term the NCB was seeking to maximise the output from the County's coal reserves but in the long term the area was unlikely to be an NCB core area. This was acknowledged by the NCB Annual Accounts in which was set out long term strategy to maximise output from existing collieries while investing in key profitable areas that, in the longer term, could produce all future anticipated demand, 200 million tons, and service the investment debt. Northumberland was not one of those key areas.

The table above, therefore, made depressing reading for the County's long term mining interest and, therefore, for the County's economy. The Planning Committee Minutes, however, do not record any reference to the NCB Annual Accounts and the position of the local collieries. The absence of this is surprising, and more so after the decline of

the coal industry had begun and the County Council was receiving so little information from the NCB directly.

The threats to the industry in Northumberland were clear, even on the basis upon which the NCB was operating immediately after nationalisation. Therefore, the implication of any shift in policy was likely to be dramatic.

#### South East Northumberland after 1974

The economic structure in 1974 was markedly different to that in 1952 (49):

Table 1: South East Northumberland Employment by Sector (percentage)

| Year | Primary | Manufacturing | Services |
|------|---------|---------------|----------|
| 1952 | 57.6    | 11            | 31.4     |
| 1974 | 19      | 36            | 45       |

The primary sector, namely mining, had declined by two-thirds, while the manufacturing sector had tripled in proportionate terms. However, in absolute terms during the period when coal declined most there was an overall decline in the number of jobs in parts of South East Northumberland. The figures for the Ashington, Bedlington and Newbiggin Employment Exchange Areas saw a decline of 30% in total male employment between 1961 and 1971. The situation was better in Cramlington because of the new town's relative success in attracting new employers. Employment in the services sector increased its share by half. This still meant, however, that despite the overall decline in coal, it was



over-represented in total employment, while manufacturing and services were under-represented, compared with the national economy.

The 1976 County Structure Plan highlighted the achievements made in South East Northumberland (50). It showed that two-thirds of all manufacturing employment was in firms that had located in the County since 1963. At the same time the manufacturing sector was declining in relative importance. The bulk of this inward investment had located from outside the immediate area and from outside the region, and consisted largely of branch plants. This new manufacturing base was dominated by a few industrial sectors (51). These had shown a high rate of growth in the national economy and were largely modern industries: Chemical and allied industries; Metal manufacture; Electrical engineering; Mechanical engineering; Other metal goods; Textiles, clothing and footwear; and Paper, printing and publishing.

The incoming firms were on average double the size of those established before 1963. This reflected the branch plant investment that was taking place. In Cramlington 3 firms represented 38% of the local employment (52). Throughout the 1960's the changes in the coal industry meant the numbers of male jobs lost consistently exceeded the numbers created. This was reversed during the early 1970's as the speed of job losses in mining slackened following the oil crisis.

The number of male jobs created was an important change in this period. During the period 1961-71 the number of manufacturing jobs created for men equalled those for women. After 1971 the number of male jobs exceeded those for women. Again this

reflected that within Cramlington male employment had always exceeded that for females. On the coalfield the reverse was largely the case. Over the period 1961-75 a gross total of 16,485 jobs were created (53).

The early 1970's optimism was hit by the dislocation in the world economy, as stability gave way to uncertainty. The table below highlights this by showing that manufacturing employment in Blyth Valley and Wansbeck had fallen, by 1991, by a third in percentage terms to 22%, on top of which mining fell by a further 50%. The only sector to see a continued rise in employment and in its share of total employment was the service industry, but this has typically been for women, part time and low paid. This sector now more closely corresponds to the situation in the national economy. What is worrying for the local economy is that the decline in manufacturing employment 1973-1991 has been greater in absolute terms than in mining.

The 1976 Structure Plan (54) estimated that coal would continue to decline, but that manufacturing and services would expand. It estimated that:

- i) Coal would continue its decline and by 1991 there would be only two deepmine pits employing 3,500.
- ii) Manufacturing employment should aim to provide between 43,000 and 63,000 jobs (approximately 45 - 66% of total employment)
- iii) The service sector should aim to provide between 28,000 and 30,500 jobs by 1991 (approximately 33% of the total employment).

To achieve these targets the County Council recognised the necessity for inward investment. Over the period 1976-91 if no new inward investment took place total employment in Northumberland would decline by 8,000. This suggested that the necessary self-sustained growth by existing firms identified as essential by Parr (55) had not occurred in South East Northumberland and was unlikely to do so.

The County Council still saw a number of problems that had to be tackled:

- i) widening the restricted range and availability of employment in the County. High unemployment and uncertainty in the remaining coal industry had an adverse effect upon the wider economy;
- ii) the area's poor environmental quality, despite the investment that had already taken place;
- iii) although service based employment had increased, it was largely female and public sector-led that would not increase in the long term.

A report in 1980 (56) noted that between 1975 and 1991 the area needed to create 15,000 manufacturing jobs, equal to the 1961-75 success, but in a world market that was more uncertain. The 1979 Structure Plan put this into clear focus when it forecast that there would be a possible fall in manufacturing employment of 3,200 from firms that had been established since 1975. In 1981 the County Council noted that (57):

"Employment prospects are bleaker now than at any time in the recent past."

In the period 1977 to 1981 5,600 manufacturing jobs were lost - representing 25% of the sector's total employment. Complete plant closures accounted for 2,100 of the jobs lost and were, therefore, lost for ever, rather than the result of companies making short term lay-offs with the jobs returning once the economy improved. The losses occurred in many of the new sectors brought into the area: mechanical and electrical engineering; metal goods; ship breaking; textiles; and furniture. However, simultaneously there were gains in employment: chemicals and pharmaceuticals; mechanical engineering; clothing; and paper and metal manufacturing.

The Clothing industry in South East Northumberland highlights the problems now facing this and similar areas in that during the 1980's three trends were evident (58):

- i) The recession during the early 1980's led to a labour surplus;
- ii) In the consumer boom of 1983-87 the industry expanded rapidly to the point of labour shortage;
- iii) The late 1980's recession has severely hit clothing employment with plant closures taking place.

These trends make it difficult for public authorities to effectively plan economic policy. The authorities in South East Northumberland sought to develop a policy for the clothing industry in the late 1980's to overcome the industry's labour shortage. But before much could be achieved the problem became one of coping with clothing industry unemployment.

In 1979 the County Council summarised the four ways in which it planned to assist the economy (59):

- i) Provide serviced industrial land for inward investment and indigenous growth. The private sector would not supply this land because of the economic risks involved;
- ii) Provide advanced units for expanding and locating firms. This again was an area where the private sector could not see an economic rate of return;
- iii) Provide financial assistance to firms established in the area to reduce initial start-up costs;
- iv) Provide information and advice to companies on land, labour availability, etc. This sought to influence location decisions.

These options were based upon the choice the County Council had to make: whether to replace anticipated losses in employment, or to reverse the decline that had taken place. Today most Local Authorities face the same basic choices.

### Summary

The brief outline above of the employment situation on the coalfield highlights the extent of the area's economic problems once coal went into decline. This was not an option that was seriously considered would happen until the 1980's. It shows a very heavy dependence upon the coal industry that, in the immediate postwar period central and local government did not wish to see challenged. In the County Development Plan the Council attempted to foresee the changes necessary for future economic well-being. The

Plan was not seen as a blueprint covering matters in minute detail but (60) was:

"an adjustable framework within which detailed decisions may be made as detailed problems arise"

The County Council was aware that in the long term the coal industry would decline and that alternative employment was necessary. However, the decline was not seen as likely within the period covered by the Plan; a credible view when it was prepared in 1948/52.

The period 1949-52 was one of expansion, new shafts were expected in the Ashington area while pits in Blyth and Bedlington recruited new staff. The decline in the southern area of the coalfield would be compensated for by expansion elsewhere. The general prosperity generated would result in female and male job opportunities widening. It is significant that throughout the period covered by Planning Committee Minutes from June 1950 to March 1953 nothing that would affect the economy of the area was noted; even then, until May 1955, Committee meetings concentrated on the discussion of the local area plans. Thus it can be assumed that, locally, the economy was felt to be prosperous; unemployment was low, and mining employment stable. Because of this there was no need to consider the adoption of policies that would seek to alter the economic balance.

However, problems did arise in the late 1950's and drastically changed the discussions taking place at the Planning Committee. For most of the 1950's there was no discussion of the area's future economy and no start made upon any planning for change. This was forced upon the Planning Committee when large scale pit closures were announced after

1958 and has gone on ever since. In considering the most appropriate policies for the local economy the County Council found itself opposing much of government policy because central government had no answers to local problems. This is true regardless of whether the County Council was Labour or Conservative controlled and the opposite nationally.

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Northumberland 1987

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## Chapter Three

### ECONOMIC DEVELOPMENT AND POLICY IMPLICATIONS TO 1974

#### Introduction

This chapter will indicate how government priorities changed from a commitment to full employment to attempting to safeguard Britain's position in the world economy. This change directly affected those regions attempting to come to terms with enforced economic transformation. Regions seeking to diversify their economies were forced to do so simultaneously with changes in the direction and emphasis of government policy that worked against their interests and affected their chances of success.

Northumberland County Council acknowledged that the central determinant upon the shape and direction of its local economy was the activity of central government. During the years 1945 to 1958 this meant that it accepted the vulnerability of the local economy in the interests of the national economy because the area had the invaluable supply of coal essential for electricity generation. In the years after 1958 the Council criticised government policy not to make political capital but in a way that demanded action at the local level to assist the economy. In the period 1958-64 Northumberland County Council was Labour controlled, with a Conservative Government, and the reverse was the case in 1967-70. However, there was little difference in the case being made than in the period 1964-67 or 1970-74 when the

County Council and Government were controlled by the same party.

Because of the influence that national macro-economic policy had upon the local coalfield economy it is important to place the local economy of South East Northumberland into the context of the priorities and outlook of national government.

This showed that while the Government was committed on paper to developing policies that would maintain full employment, a change from pre-war economic ideas, that the policy shift was not as great as first sight would indicate. A closer analysis of events would suggest that the full employment came about despite, rather than because of, government policies and that when a choice had to be made the priority was not ensuring the continuation of full employment but rather the level of the exchange rate, the balance of trade and a balanced budget.

This ensured that once the needs of the local economy diverged from the policy objectives of central government that there was increasing conflict between central and local government. This occurred regardless of the political colour of the respective parties.

To highlight the case being made as to the determining influence of the national government and the importance attached to government action to assist the local economy, a case study at the end of the chapter looks at the issues around the development of the coalfield transport infrastructure. This was an area that the County Council saw as fundamental to the coalfield's restructuring, but one where the direction and financing came from central government.

## Policy Objectives

The 1944 White Paper is often seen as the high point of Keynesianism and set the scene for government economic policy in future years. It said that Government would use its economic power and influence to ensure the maintenance of full employment. However, Tomlinson (1), acknowledging the commitment to full employment in the White Paper, points to the assertions that full employment was only possible with a stable exchange rate. This harked back to the views of HM Treasury, and its dominance over policy during the inter-war years. Stable exchange rates resulted, said the White Paper, from a balance in both foreign trade and in government budgets. After the war the achievement of a balanced budget was not central to government policy, it was invariably in surplus as Matthews (2) has shown. A trade balance was more difficult to achieve. Therefore, it can be argued that the long term policy implemented by the government, although seeking to avoid any return to the depression of the inter-war years, was not much changed and that the liberal views of the Treasury remained dominant if not to the fore. When other factors and influences worked against the government, the commitment to full employment slid down the policy agenda.

To understand why this occurred it is important to place the British economy into the international division of labour. This requires a brief comment on the seeds of Britain's long term economic decline and how the main political parties refused to recognise new realities. From the 1880's the British economy was under threat from more efficient and productive powers; a threat it could ignore because of large foreign investment holdings and Imperial Preference. These factors allowed the government to believe that Britain

was the dominant world economic power. This belief, accepted by all political parties from the late nineteenth century, ensured that the comparative decline in the British home economy went unrecognised. Throughout this relative decline the City of London remained the world financial centre, which helped to confirm assumptions about UK economic strength, in which played a bigger role in shaping economic policy than the country's manufacturing base.

The Second World War brought the economic reality of the UK's position into sharp relief because it could not defeat the Axis Powers alone and was dependent upon American support. By 1945 Britain was no longer the premier manufacturing or financial power in the world. A revolution took place in its balance of payments that, post war, was heavily in deficit because of:

- (i) The sale of overseas investments and consequential loss of income;
- (ii) The acquisition of new debt to meet war expenditure and the cost of peacetime recovery.

This new situation required a fundamental rethink about Britain's world position. However, none of the political parties acknowledged the new situation and the changed economic environment. Both Labour and Conservative leaders had two major political objectives (3):

- (i) To resume Britain's perceived rightful place in the world economy;
- (ii) To recover the influence of the City of London as the world's financial centre.

Britain did not have the economic power to achieve either of these objectives (4). This did not stop political leaders seeking to reestablish the UK's 'place' in the world. Overbeck (5) argued that the starting point in Britain's post war policy was to maintain the world standing its political leaders believed the country deserved. In consequence, the post war British economy was dominated by two main policy objectives:

- (i) The need to export to earn currency to repay debts, allow the replacement of foreign investments and re-establish the City of London's former influence;
- (ii) The restoration and improvement of the trade balance. This objective was clearly related to, and a consequence of, the first in that exports would defend the exchange rate by increasing the value of the pound as an exchange and reserve currency and thus benefit the City of London.

Concentration on these two objectives ensured that other objectives could not take prominence. Once inter-war levels of unemployment did not recur, the Government could concentrate its attention elsewhere. When unemployment did not reach inter-war levels Dalton, who had seen regional employment creation as a top priority, declared the Government's regional policy a success (6). Unemployment did not disappear but, as McCrone (7) argued, this was not as important as the fact that unemployment was lower than had been feared. This highlighted the political context in which government operated. Unemployment, though high in some areas, was not a political issue that required a government response because it was not as high as some believed, and expected, it would be.

Wilson (8) pointed out that the abandonment of government regional policy for the 10 years after 1947 was due to balance of payments difficulties, recession and inflation. These issues were to continue their central role of shaping government economic policy until 1973, particularly the balance of payments. After 1947-49 the world economy returned to freer trade, a situation not seen for 60 years. Free trade, despite being the intention of UK policy, worked to increase the economy's problems and to highlight the UK's uncompetitiveness; resulting in more frequent crises. These problems were only compounded by the return to currency convertibility at the rate that 'recognised' Britain's political, not economic, importance.

Internal UK policy objectives were seen as less important when set against ensuring that international policy objectives were met. Harold Wilson at the Board of Trade, 1945-51, assessed the distribution of industry policy not on its effect upon regional economies but upon national export earnings. Therefore, if exports could only be increased by investment in the Midlands and South East then it would be directed to these regions - a balanced regional economy was not the government's priority. The regional policy followed owed more to pre-war ideas and policies. House (9) noted that post war policy was similar to that of pre-1939:

- (i) Building industrial estates to attract industry
- (ii) Priority given to areas with highest unemployment
- (iii) Success in creating jobs for women.

This Parsons (10) argued was an unemployment area policy, not a regional policy. He said of the period up to 1947 (11):

"In reality the policy between 1945-47 was a successful administrative containment of recovery and industrial expansion in prosperous areas".

Gamble (12) noted that although full employment was achieved it was not the result of political action because government policy had actually been trying to dampen high demand to prevent inflation. Tomlinson (13) summarised government policy as more about adjustments around full employment than actually achieving it. Therefore, rather than being the result of direct government policy, full employment was the product of unmet investment 1900-1950, when the world economy had experienced slow growth and protectionism. Tomlinson concluded that the government's central policy objective was not a commitment to full employment but:

- (i) The pound's convertibility;
- (ii) Exchange rate value;
- (iii) The British currency reserve; and
- (iv) Sterling balances.

These policy concerns all revolved around Britain's position in the world economy. Regional integration of the economy was an issue of political rather than economic significance. This is why regional policy dropped down the agenda in 1947. However, despite this it was possible for the government to claim the credit for full employment



and for the absence of mass unemployment citing its interventionist policies as the cause. It was never an economic priority but after 1947 it was of secondary political importance because unacceptable levels of unemployment did not occur, resulting in regional policy being relaxed. Randell (14) noted that the government wound down regional policy during boom times, like the 1950's, just when economically it could have been most effective. Again this emphasis that regional policy was a political policy and not an economic one has to be noted.

### Regional Policy in Operation: a general overview

Chapter 3 of the 1944 White Paper concentrated upon the need to overcome the regional imbalance in economic prosperity. To achieve this end (15) it sought to:

- (i) Increase the economic efficiency of the basic industries so that they would become more competitive and regain export share;
- (ii) Influence the location of industry so that all investment did not take place in economically congested areas;
- (iii) Reduce barriers to labour mobility;
- (iv) Retrain unemployed people and those in declining industries to obtain skills required for the future.

The importance in policy terms was not the White Paper's content but how it was translated into action. The major pieces of legislation upon which the government based its regional policy were:

(i) The Distribution of Industry Act 1945 (modified in 1950 and 1958). This led to the designation of development areas. Together these areas covered about 20% of the country's population. This Act gave the Board of Trade powers to:

- Build factories
- Make loans to industrial estate companies
- Provide basic public services
- Reclaim derelict land
- Provide Treasury grants as a lender of last resort

(ii) The Town and Country Planning Act 1947. This allowed the Ministry of Town and Country Planning to have a direct influence over the location of new buildings and development by using Industrial Development Certificates (IDC's). Companies had to be issued with a certificate of approval for factory building beyond a stated size to enable them to proceed. This gave the government the ability to steer development.

This policy translation of the White Paper was not the product of new economic thinking but modified wartime experience, as both Tomlinson and Parsons have successfully argued. McCrone (16) and House (17) said that the powers available under the 1945 Act were similar to those pursued before 1939. The IDC system under the 1947 Act was a development arising out of the Location of Industry (Restrictions) Order of 1941, which had been deployed during the war to guarantee supplies of essential goods. McCrone (18) argued that although the government had powers under the New Town legislation

to influence development; these were used in urban regeneration not as part of regional policy and as a result were used most extensively in the South East. Parsons (19) argued that the regional policy that developed was an employment creation policy for regions depressed and suffering mass unemployment before 1939. It did not take on-board the ideas developed by Barlow and Beveridge in relation to the distribution and balance of industrial population that would include all regions not just those experiencing problems.

The most successful element of this policy in practice was the system of IDCs, which resulted in investment being directed to Development Areas. McCrone (20) provided details of the levels of total investment going to the Development Areas - for 1945-47 they covered 20% of the national population but received 51.1% of all investment. However, the effectiveness of the policy declined:

Table 1: Percentage of Total Investment going to Development Areas

| Period  | Percent of total investment |
|---------|-----------------------------|
| 1945-47 | 51.1                        |
| 1948-50 | 17.2                        |
| 1951-53 | 21.7                        |
| 1954    | 18.1                        |

The IDC was effective in the early post war years because of pent-up demand that six years of war had added to the low investment since 1900 (21). But even here the part that was actually played by the IDC can be questioned. Wider issues affected the location decisions of private capital after 1945. The government ensured that its

buildings in Development Areas were the first to be released for peacetime use. Jay (22), then a senior civil servant, noted that industry knew of the government's preference for investment in Development Areas and, to avoid unnecessary delays and to take advantage of the economic situation and government factories, directed its investment accordingly. In addition, Luttrell (23) noted that during the war many consumer based industries had lost employees, particularly women, to war production. For example, employment in the clothing and textile industry fell by 40%. When the war ended, these industries were among the first to recover because of their dependence upon consumer demand largely left unfulfilled during the war. Firms found that in their 'traditional' locations they had recruitment difficulties such as the competition for labour. Consequently, they took advantage of the grants and loans available to establish new manufacturing plants in the Development Areas. Luttrell (24) found that between 1945 and mid-1952 141 clothing factories were opened, the majority were branch plants. In the textile industry 100 plants were established in Development Areas to take advantage of easier recruitment. A similar pattern was found in other sectors such as engineering. This trend would not persist long term.

The Board of Trade estimated that the Distribution of Industry Act 1945 would create a total of 185,900 jobs by 1955/56 rising to 201,000 by 1960. This belief in the success of regional policies meant that when other larger economic problems were encountered in 1947, the year of the pound's convertibility, recession and the balance of payment's deficit, regional policy fell down the government's agenda. In 1947 the building of advanced factory units ceased and did not restart until 1959, and the pressure to locate in the Development Areas weakened. The Conservative government of 1951-55

abolished the need for building licences and although the IDC system remained in place it became easy to bypass or ignore (25). Thus, the general assessment of government policy by Parsons was that it sought to persuade, and not direct industry, to Development Areas. Furthermore, the impetus for the implementation of a regional policy proved weak because of the high demand for heavy engineering and primary products, concentrated in the areas with the highest inter-war rates of unemployment.

Parsons (26) argued that the government's regional policy lacked intellectual coherence because once other issues came to the fore regional issues disappeared off the agenda.

This was attributable to the failure to take on board the intellectual ideas proposed by Barlow and Beveridge. Instead policy was the product of expedience and war experience. It failed to take account of the fact that, although not high unemployment remained a significant block upon local economies. Although the absolute levels of 1930's unemployment did not return, their relative levels did when comparing the weakest with the strongest regional economy.

The history of regional policy from the 1950's up to 1974 was very haphazard because of the lack of direction and intellectual coherence of what was being pursued. Consistency in Government policy was prevented by three changes in Government and thus in emphases and direction. The period highlighted that government was responding to social and political pressures as much as to economic ones and policy initiatives triggered by rising unemployment. Government could have had a real influence upon the direction of industry during the boom years of the 1950's because companies would then have been in a position, and been willing, to invest.

## Regional Policy, the North East and South East Northumberland

War ended 1930's mass unemployment in the North East. In South East Northumberland the economic dependence upon the coal industry actually increased from its inter-war peak (27). When the war ended, the region was left as vulnerable to depression as it had been during the 1930's.

Despite this vulnerability Pepler and MacFarlane recommended that alternative sources of employment should not be introduced into mining areas (28). This set the tone for many years. Over the period 1944-55, House argued (29), the prime aim was to increase coal output, especially for export, and to maximise its use as a fuel. Output could not keep up with demand, underproduction occurred from the early to mid 1950's. By the late 1950's overproduction became the norm that exposed coal communities to the harsh consequences of their dependence upon one industry.

There was diversification in the employment base of the North East economy after 1945. Luttrell (30) found that the North East and Wales were the only regions in which the clothing industry was under-represented before the war. After 1945, with recruitment difficulties in more traditional areas, these two regions were the biggest recipients of clothing industry investment, both gaining 25 plants. In the North East these plants employed a total of 6,600 workers, mainly women. For textile factories the North East was the most popular region with 22 plants established employing 5,100. In engineering the region attracted 34 new plants, the third most popular region after Scotland and Wales, employed 12,600 workers in the manufacture of engineering products and

electrical goods. South East Northumberland's most significant inward investor was Welwyn Electronics.

A Newcastle University study of 1964 (31) found diversification within the North East into:

- Light electrical goods
- Plastic goods
- Clothing and textiles
- Motor vehicle components.

Most of these industries were in areas of expanding consumer demand. The most active period of diversification was immediately after the war, after which change became more gradual (32). South East Northumberland received little of this investment because of the perceived need not to create alternative employment to compete with coal, as coal employment was expected to increase. House (33) noted that the North East received the highest percentage of regional aid between 1945-49 - 16/17% of total industrial building completions in Britain.

However, the relatively poor economic situation in the North East was clear:

(i) Between 1954 and 1964 the number of people in work increased by only 5%, the national average was 9.7%. The reason for this, argued the Northern Regional Planning Council (34) was that there was a low representation of expanding industries and a high

one of declining sectors.

(ii) Only nine industrial sectors employed more than 10,000 people, but by 1963 seven of these had shed labour. Fifty-seven sectors increased employment but these only represented about 8% of all regional employment (35).

(iii) A Newcastle University study (36) showed that the North's only real gain was an increase in the number of female jobs and the total increase in employment was half the national rate.

(iv) House (37) argued that during the period 1962-66, when statistics showed an increasing percentage of workers employed in growth industries, that this was in part due to the reduction in total male employees because of the loss of coal jobs rather than growth elsewhere.

(v) Unemployment in the region was at a consistently higher percentage level than that for the whole of Britain. The nearest the region came to convergence with the national rate was in 1958 when it was only 0.2% higher. This was at a time when employment in the traditional industries peaked, from which point it declined rapidly while new employment opportunities increased slowly. Areas slow to develop in the region were the Northumberland coalfield, Cleveland and South East Durham.

(vi) The Northern Regional Strategy Team (NRST) statistics in 1976 (38) revealed the following:



**Table 2: Employment Structure**

|               | Northumberland Coalfield |      | Northern Region |      |
|---------------|--------------------------|------|-----------------|------|
|               | 1961                     | 1971 | 1961            | 1971 |
| Primary       | 50                       | 27   | 14              | 7    |
| Manufacturing | 14                       | 29   | 38              | 41   |
| Services      | 36                       | 44   | 48              | 52   |

These figures demonstrate that even compared with the Northern Region the South East Northumberland area was economically weak because of the continuing dominance of a primary industry in decline, despite manufacturing employment's significantly rise 1961-71, coinciding with Cramlington's development.

(vii) The region's economy became more sensitive to fluctuations in the national economy between 1958 and 1971 (39). It began to react sharply so that when the national economy's rate of growth fluctuated either way by 1% that of the North would do so by 1.5%. The reason was not to be found in the industrial structure but in the fact that industrial capacity in the regional economy was marginal. This resulted from the number of branch plants in the region where the parent company could reduce or increase production as markets demanded.

There were, however, positive gains accruing to South East Northumberland:

(i) South East Northumberland received more inward investment than its population

warranted: 1961-71 12% of relocations to the North went to South East Northumberland and 12.5% 1971-73. NRST believed this was due to the existence of suitable industrial estates, new towns and new roads linked to major routes in and out of the region in Cramlington. This highlighted the success of the policy being followed by the County Council. Firms that moved into the area created jobs for 2,551 females and 198 males during 1961-71 but on the reverse side there were 18,800 mining jobs lost.

(ii) NRST (40) saw the availability of labour and factory space as the major determinant in persuading firms to relocate. Their existence helped the area to attract the pharmaceutical industry that, typically, went to areas where there was an available female labour force. NRST concluded Wearside failed to attract investment because it lacked factory space, Cramlington gained for the reverse reason.

(iii) South East Northumberland gained from intra-regional movement of firms away from Tyneside. A total of 4501 jobs were relocated within the region, of these 3600 were from Tyneside. South East Northumberland received 1530 jobs from these movements. The coalfield sites were attractive to investors, NRST argued, because there was less chance of labour shortage in a period of economic growth, due to higher unemployment.

## Central and Local Government Conflict

In the early post war years the County Council agreed with the aims and direction of central government policy. The government's priority was to encourage the maximum output of coal as an essential national resource required for export earnings and to help rebuild the economy. In South East Northumberland this signified full employment and no return to 1930's overproduction and the consequential unemployment. As a result the policies pursued mirrored the government's and those advanced in the government-commissioned 'North East Development Area Plan' by Pepler and MacFarlane. They recommended for South East Northumberland that:

(i) No further industrial proposals were necessary in the area because mining would provide a stable source of employment and that there was not enough surplus male labour to justify the construction of an industrial estate of any size. Only in Bedlington and Blyth, where coal employment would decline first, should alternative male employment growth take place, but where possible this should be coal related or use coal as a raw material.

(ii) Economic development should be encouraged to absorb a potential supply of female labour that had been untapped during the war and was estimated in the 1952 County Development Plan at 2050. In addition the provision of local jobs for women would help to stem a population drift to Tyneside.

(iii) Seaton Valley should look to Tyneside to gain new employment opportunities, particularly for women.

For South East Northumberland this meant the Local Authority should do little to attract new employment other than at the margin. Pepler and MacFarlane's report was written in 1948/49 and, therefore, at a time when coal's long term prosperity seemed guaranteed. This was at the root of their recommendation that male employment in new firms should not be encouraged because it would attract labour away from coal; unacceptable because coal production was essential for national prosperity and should therefore not have to compete for workers. The 1952 County Development Plan accepted the main thrust of Pepler and MacFarlane's argument but was aware that as a result the local economy was vulnerable to depression. Economic vulnerability was accepted knowing that the area's economy would be prosperous to 1971. The expected decline from then onwards, it was thought, would be ameliorated by a process of gradual introduction of new forms of employment. The Planning Committee's ultimate aim was to diversify the economic base, but they saw it as unrealistic in the short and medium terms. The County Development Plan said that (41) diversity would be:

"intended not so much to offer choice of work for miners in general as to provide some variety of employment primarily for female labour... and for men unsuitable to work in the pits"

Consequently, the County Council had few criticisms of the 1950's government policy. It decided not to seek the importation of job opportunities for men but to rely very much

upon the continued prosperity of coal. From 1958 onwards, however, it became increasingly critical because of the changing priorities in the government's management of the nationalised industries and energy policies. Recession and overproduction affected the coal industry in 1958, at the same time as proposals were made for rationalisation in the 1958 Plan for Coal. This Plan was prepared before the full extent of the problems facing the industry were acknowledged. Policies were, therefore, implemented in a shorter space of time.

Rapid decline in coal employment meant that there was no longer any long term guarantee of economic prosperity or full employment in the area. The County Council realised that assumptions made in the County Development Plan were no longer valid and that new job creation measures were needed. From this time the Planning Committee was to take a more active interest in government regional policy. This led to conflict. Although the need to plan for the eventual decline of the coal industry had been recognised in the late 1940's little had been actually done.

Planning Committee disagreement with the Government policy occurred first over the designation of Development Areas in 1958. The government based it upon levels of unemployment. The Planning Committee believed that unemployment could not be the sole factor considered in the award of Development Area status. In March 1958 the Planning Committee noted the possibility that the North East would be de-scheduled as a Development Area because its unemployment was not high enough to qualify for assistance. The Planning Committee (42) argued that:

"full employment has to some extent obscured the fundamental problems in the economy of Great Britain, particularly in certain areas."

The Planning Committee produced four arguments against de-scheduling the North East:

- (i) The region remained dependent upon basic industries and was, therefore, vulnerable to trade cycles. This dependence had not been tackled;
- (ii) There was no long term future for the coal industry except in the Ashington area, and therefore, plans for alternative industries had to be made before pit closures occurred;
- (iii) The level of employment among women was low. In 1945 only 21% of the total insured working population were women; nationally it was 35%. In consequence, scheduled status could, and had, been used to increase female economic activity;
- (iv) There was continuing evidence of out migration, possibly due to lack of employment variety, which could only be halted by Development Area status.

The Planning Committee criticised the Local Employment Bill in 1960. The Bill allowed the designation of areas according to their levels of unemployment and removal of designation if unemployment fell. This would add flexibility to regional policy, argued the government, and help achieve a better targeting of resources. The Planning Committee (43) argued that the provisions of the Local Employment Bill ignored the fundamental difficulties faced by regions which had experienced a serious loss of coal and shipbuilding jobs. They argued that regional policy ignored the large scale environmental damage due to coal dumping and mine subsidence. Before new industry could be

attracted to the area this had to be rectified using government money. This could not be done within existing policies that used unemployment levels as the basis of designation and so did not take account of the complex range of issues affecting economies.

However, the government rejected the claims (44), saying, in response to Commons questions to the Board of Trade, that it was not convinced that South East Northumberland qualified for designation as its unemployment was not 'high and persistent' enough. Those who lost their jobs could either transfer to pits in Ashington or commute to Tyneside argued the government.

The County Council criticised the government's 'wait and see' policy because it sought only to tackle a problem when it became severe and yet this was identical to the policy the County Council had itself adopted during the 1950's. The County Council now wanted to plan for the future of Northumberland but felt itself prevented from doing so by Board of Trade policy. This situation begged several questions about why the County Council waited until acute problems arose before tackling the area's economic weaknesses and highlighted its feeling that it could not tackle them unaided. It believed that the active support of government was central to the regeneration of the local economy. This issue was taken up at the December 1961 meeting of the County's Industrial Sub-Committee when it was said (45):

"the lack of government help is particularly serious as there is an obligation upon the Board of Trade to steer industry to Development Districts, that is to say, to exclude South East Northumberland from the locations for new industry."

At the same meeting the Planning Committee reported that the government had announced that Blyth and Seaton Delaval would be designated Development Districts. This followed three years of County Council lobbying. However, the Committee remained critical. If the economy of the two areas improved, their designated status would be lost although their basic problems would not necessarily have been overcome. The Planning Committee believed that the new system of assessment using unemployment criteria would not provide the stability required to address fundamental local issues.

In June 1963 the Board of Trade announced the designation of the whole of Seaton Valley as a Development District (46). Again, the Planning Committee was unhappy because it felt Ashington and Bedlington should also be designated since their levels of unemployment were only marginally lower than those in Seaton Valley. The Committee observed that:

"It is wrong to wait [for] the employment crisis before taking action, as has been done up to now."

In this the County Council followed Bedlington UDC which passed a motion at the General Purposes Committee in March 1963 that said:

"that the Committee ... approach the President of the Board of Trade to schedule the Urban District Council area as a redevelopment area in view of the level of



unemployment now operating in the area and particularly because of the imminent threat of further unemployment in the mining industry" (47).

There was no similar move from Ashington UDC. Cramlington's development, believed the Committee, proved the County's commitment to regenerate the area, something which had not been matched by government.

In 1962 the government recognised that specific action was required to resolve the problems of the North East. The government asked Lord Hailsham to propose an economic plan for the North East. He produced a report that sought to identify the objectives and direction of government policy. The report introduced the idea of 'growth zones' which were areas where resources could be concentrated and result in inward investment having the maximum multiplier effect upon neighbouring areas. This idea was similar in its likely outcome to the policy initiatives taken by the County Council regarding the development of Cramlington. It had argued that Cramlington would benefit the whole of South East Northumberland by attracting inward investment whose employment effect would be felt in the old mining communities. In the light of the criticisms of government policy previously made by the Planning Committee one would have assumed its approval of Hailsham's proposals. Instead, the committee was critical (48). It provided a detailed response listing several matters for concern (49):

(i) The proposed growth zone did not include the area north of Blyth. This area had not been designated a Development District under the Local Employment Act 1960. This made it the only declining area in the region uncovered by either arrangement;

(ii) Hailsham had assumed that the population of Northumberland County would remain stable. The County Council believed without industrial development it would decline as was evidently happening;

(iii) Old mining areas had problems in adjusting and adapting. The essential task in the transitional phase was to rid the area of scars left by the industry: derelict land, slag heaps and mine subsidence. This could only be achieved with government aid. Local authorities did not possess sufficient resources to fund the work. Government grants of the size necessary were available only to Development Districts;

(iv) Hailsham saw the need for government to develop 300,000 square feet of factory space. Despite the scale of development taking place at Cramlington and Killingworth only 23,000 was planned for South East Northumberland. This, the County Council believed, was inadequate and would not encourage inward investment. The Planning Committee believed the government was favouring its own funded new towns at Peterlee and Washington at Northumberland's expense when they should be seen as complementary;

(v) Road schemes proposed in the report would not help South East Northumberland. A modern road communication network was, the committee believed, vital to future regeneration. Hailsham's recommendations did not envisage the upgrading of the A1 and A69 to motorway standard and a western bypass around Newcastle as sought by the County Council;

(vi) Hailsham gave particular attention to the problems of the Teesside-Darlington area. The Committee felt the emphasis was too great and would not help achieve a regional balance in development. It did not deny the extent of problems but felt that South East Northumberland's problems would worsen unless they received immediate attention.

The District Councils in Ashington, Blyth and Bedlington made no formal response to the proposals made by Hailsham.

Northumberland County Council took up these themes in its Review of the County Development Plan in 1963. This Review was pessimistic about employment prospects in the County. It stressed that big changes had to occur if South East Northumberland's economy was to survive. Coal would not provide a long term future on which the area could rely. The Council acknowledged that in 1951, when the first Development Plan was written, the policy of restraint on alternative employment was understandable, given the importance of coal to the national economy. However, the consequence was that by 1963 South East Northumberland had missed the diversification of employment evident elsewhere. This assessment of the local economy was endorsed by the UDCs in the area when they considered the draft review.

The local economy had insufficient expanding industrial sectors to take up either the number leaving the coal industry or unable to enter it. This meant that South East Northumberland had to attract new investment, but in a very competitive market. Therefore, the infrastructural issues had to be addressed to make the area attractive to potential investors. Cramlington was, therefore, the focus of attention. The Review summarised the position on the coalfield (50) thus:

"When coal mining declines nothing is left in the area on which to build a new economy. Industrial buildings are non-existent, the population is dispersed in small settlements,

the road pattern is antiquated and derelict land deters development."

This summarises the Council's economic priorities. However, the Review acknowledged that regeneration was dependent upon a favourable national economic situation. Without this the chances were slim especially when there were many other areas in a very similar situation.

The Review proposed to government a six-point plan to improve Northumberland's economy. In this it accepted, but without officially acknowledging it, that little could be done without government assistance (51):

(i) The Southward drift in the national economy should be halted and policies adopted to foster growth in the north. The Council believed government policy worked to the advantage of the South. The Planning Committee was critical of the government's plan for the South East of England because it sought to reduce congestion when this could best be achieved by promoting growth elsewhere. The Planning Committee believed such a policy would reduce or stop population migration from the poorer regions and, therefore, cure the South East's problems.

(ii) The national road plan should take account of the need to assist economic growth in industrial areas. Roads were developed, the County Council observed, in a radial pattern from London. This served to reinforce the concentration of facilities and investment in the London-Midlands area. Therefore, while road links with London required modernisation they needed to be built between regions. Few of the regions of

Britain traded directly with each other because, the County Council argued, of the inadequate nature of road communications. To change this pattern priority had to be given to motorways between the major provincial centres, for example, between the North East and the North West or Scotland.

(iii) There was a need for a comprehensive national resource plan applicable to sea and airports and the railways. This would require all Committees to take account of the effect development would have upon other regions. For example, when investment was planned in a southern port the likely effect upon northern ports should be considered, not just local issues. Furthermore, investment in airports should be directed towards regional facilities and not concentrated upon sites in the South East.

(iv) Specific assistance should be provided for areas of high unemployment and location of industry policy aimed at growth points. When considering these issues the Planning Committee wanted the long term requirement of an area considered and not the short term palliatives provided under existing government policy. This would ensure that any development would promote a balanced regional economy.

(v) Location of industry policy should take account of the whole labour market situation in an area and not just its current level of unemployment.

(vi) The decline of a coalfield should be a matter for action at national level and not be left to the Local Authority. In the past, the County Council had shelved diversification proposals to meet the needs of the national economy. This subordination of local

interests had led to vulnerability in the economy. National priorities had changed and coal was no longer fundamental to the country's economic fortunes and so the interests of coal producing areas were forgotten. The County Council called for help; recognising that left alone a Local Authority did not have the capacity or finance to tackle such a fundamental economic dislocation. If pit closures had been planned and phased, remedial action by the Local Authority was possible but decline on the scale envisaged demanded large government assistance.

This six-point plan questioned the whole basis of regional policy, how it was drawn up and how it was implemented. It went beyond what had previously been the objective of government action, calling for a regional policy to become the central focus of government economic thinking and not an afterthought. In all government decisions the regional economic impact should be a key determinant of action. However, the precise purpose of the plan was not explained in Committee reports and no response from the government to it was reported to the Planning Committee.

The Plan's central themes were integrated into the 1967 'South East Northumberland Reconstruction' document (52). This argued that the 1965 National Plan was recognition by the government of the policies proposed by the Council since 1961. The National Plan accepted the fundamental principle that it was economically inefficient to have an area with under-utilised resources while others suffered from congestion but the Plan was defacto abandoned due to the currency and balance of payments crisis.

Ashington UDC picked up a similar theme to the County Council in 1969 in its response

to the publication by the Northern Economic Planning Council's report 'An Outline Strategy for Development'. The Clerk reported that this contained nothing new or nothing that had not been discussed by the Council. He believed that what was necessary was more than grants from the Board of Trade. If an area was to be designated as a Special Development Area there needed to be a greater commitment from the Government to addressing the problems of these areas that had to be reflected in the policies of all government departments to assist action to improve the area and attract industrialists. This meant that the Board of Trade would continue to provide assistance to industrial land and services, that the Ministry of Transport would tackle problems of road links as a priority, that the Ministry of Housing would increase loan sanctions, that the Ministry of Education and Science would assess the educational needs and the Department of Economic Affairs assess the future prospects of the area. Combined action of this nature would ensure that there was immediate relief (53).

This line of argument is one that has been developed by many commentators on regional policy who have highlighted that the most effective form of regional policy was not that of the DTI, but rather the large spending departments like the MoD or the DHSS.

Designating the whole of the County under the Industrial Development Act of 1966 was welcomed by the County Council; a decision based upon a consideration of wider criteria than just unemployment. In this respect it tackled problems the Local Employment Act 1960 did not. The Planning Committee (54) said:

"the limitations of the Act to unemployment problems alone is not the full measure of

the problem even in industrial areas because it omits, for example, the use of labour resources, the need to diversify the employment in areas dominated by vulnerable basic industries and the need to deal with migration to already congested areas."

The Planning Committee believed that the National Plan would allow it to plan for the changes it knew would be required as the coal industry declined. However, its optimism remained guarded. The Planning Committee in June 1966 (55) wanted to wait and see the reaction of the Board of Trade to the new Act before passing final judgement. In part, this stemmed from South East Northumberland not being the only area made a Development Area. All other heavy industry areas were designated, representing considerable competition for limited inward investment. This latter problem was partially tackled when the Government announced the creation of Special Development Areas in the wake of the 1967 Government White Paper on Fuel Policy. This gave the SDAs greater levels of assistance than all other areas. A study undertaken for Northumberland County Council, and part funded by Ashington UDC, argued that SDA status was an important factor in the success of the South East Northumberland coalfield attracting industry after 1967 (56). Their studies showed that the Northumberland coalfield had large increases in expected employment in the periods 1963-66 and 1967-70. The first of these was to be expected as the national economy was growing and unemployment falling. This meant that companies looking to invest gravitated towards the Development Areas because of the assistance available. The success in the period 1967-70 is more positive as it occurred when the national economy was facing increased unemployment. In this success Northumberland went against what was occurring elsewhere in the region. The researchers at Newcastle University believed a clear factor in this success was



Cramlington, though clearly the availability of further grant aid as an SDA contributed. After 1970 the situation turned against Northumberland. This the Newcastle University survey concluded was because of the large number of SDAs created by the new Conservative Government. At the same time the Government weakened the assistance available in SDAs and cut back the rolling programme of factory building that had been successfully used by Ashington UDC to build advanced factory units. By these cuts the Government almost eliminated the SDA advantage.

### Transport Infrastructure - A case study

The County Council's policy on transport infrastructure provides a useful case study of the development of the County's economic thinking. A modernised transport infrastructure, was seen by the County Council, as essential to the area's future economic well-being. In this government had the instrumental role. The area's transport system was typical of a coal based economy; most coal being moved by rail and roads being used largely for the movement of people. The settlement structure was one of dispersed villages with few major road links. This structure served the coal economy well but was inappropriate to the needs of the light manufacturing industry that sought to produce goods and take them to consumers by road. This issue was first raised by the County Council during the Second World War. The Joint Planning Committee in April 1944 (57) noted that the Regional Technical Sub-Committee was to discuss transport issues and that the major areas of interest for the County's representatives were the need for:

(i) a tunnel under the Tyne at Jarrow



(ii) a new bridge at Scotswood.

The first of these developments was supported by the Government in 1946 when the Tyne Tunnel Bill got consent in 1946. The actual financing and building work took a lot longer as the government was forced to reduce public expenditure. This meant that the first shafts were not sunk until October 1961, with completion in 1967. The Planning Committee (58), in 1945, also expressed the need for a Western Bypass of Newcastle due to congestion in the City centre. The Planning Committee wanted new roads to improve access to the coalfield and therefore enhance the attractiveness of the area to investors, this they believed a bypass would do. This was a typical approach by the County - that the public sector should provide the infrastructure that would facilitate private sector investment.

The early discussions did not look at the coalfields' internal communications. This continued into the post war period. The Planning Committee, notably, played down the issue of road links within the coalfield because it was optimistic about the future of the coal industry; assuming that coal would dominate employment for at least 25 years. It believed that anything likely to threaten this dominance should be discouraged. Any major road construction in the area would sterilise coal reserves.

The whole question of communications, like economic diversification, did not figure on the Planning Committee's agenda during most of the 1950's. From 1958 onwards both became central issues. The 1958 'Policy Statement on South East Northumberland' was in part the County Council's response to the changed situation

and emphasised the importance of communications investment to economic regeneration.

The Planning Committee prepared the policy statement for three reasons:

- (i) The North Tyneside District Town Map and its influence upon South East Northumberland;
- (ii) The Tyne Tunnel would necessitate adaptation of the road network both north and south of the river;
- (iii) The existence of proposals for the new town development at Cramlington and the view that this would be the best way of attracting industry and employment to the whole of South East Northumberland.

The internal road network on the coalfield could only be assessed when coal went into decline. Central to this was a 'spine road' linking Ashington and Newcastle with a connection to the Tyne Tunnel approach road. This road was constructed in phases while the exact line was finalised, the last of which was completed during the late 1980's. The Planning Committee anticipated the construction of east-west road links from this spine road, connecting all the principal towns within the coalfield. The area's accessibility to investors would be increased by the spine road having direct links to the new industrial estates. Today, the spine road links major industrial facilities at Cramlington, Blyth, Cambois and Lynemouth. The building of this road was seen by the District Councils as essential to their future economic wellbeing. In their response to the Ashington and District Town Map review Ashington UDC instructed the Clerk to push very hard for the commencement of work on the Spine Road to be brought forward from 1973 (59). This was again referred to in June 1967 when the Council received a response

from the Ministry of Transport who wished to see the road's development remain in the early 1970's (60). In 1968 the Council was informed that the spine road work was to be brought forward to start in 1970 as opposed to 1973 (61).

However, briefing papers (70) to the representatives attending a 1967 meeting with Fred Lee MP, Minister with special responsibility for the north east, and a note attached to a letter to the Department of the Environment on Special Development Areas revealed some of the problems experienced in constructing the Spine road. The cost was, the County Council believed, a burden on the rates. Government would provide a 75% grant, with additional assistance available from the Rate Support Grant (RSG). But this still meant the Authority having to find money from the rates at a time when expenditure on other infrastructure projects was very high. The Authority believed the road was so important to its economic future that the government should provide a 100% grant. The cost of the Spine road and other investments reveals the County Council's concern:

Table 3: Spine Road Costs

| Spine Road section           | Cost £ |
|------------------------------|--------|
| Newcastle to Annitsford      | 1.5m   |
| Annitsford to Kitty Brewster | 3.3m   |
| Kitty Brewster to Ashington  | 1.25m  |

On to this was added links from the spine road to towns:

Table 4: Cost of Spine Road Links

|                 |          |
|-----------------|----------|
| Bedlington Link | £200,000 |
| Cambois Link    | £100,000 |
| Ashington Link  | £250,000 |

This at a time when other commitments included:

Table 5: Cost of other large capital projects

| Project                         | Cost                     |
|---------------------------------|--------------------------|
| Cramlington New Town            | £7,500,000               |
| Blyth road and town centre work | £625,000                 |
| Morpeth to Ashington Road       | £250,000                 |
| Tyne Tunnel Approach            | £3,700,000               |
| Derelict land requirements      | £300,000 pa for 10 years |

The only solution, if 100% grants were not forthcoming was to spread the cost, and thus the development, over a longer period. This ran against the area's acute need for immediate job returns from investment.

The Planning Committee sent a critical memorandum to the government after the 1963 Hailsham Report as its road building proposals would have no impact upon Northumberland's problems. It was particularly concerned about:

(i) The failure to link the proposed western bypass of Newcastle to the A1 trunk road in Northumberland. This was seen as a major hurdle to the regeneration of the economy. Northumberland was on the periphery of the national economy and was competing with the better connected new towns in County Durham for potential inward investment. Without new road links the area would not attract industry.

(ii) The inadequate provision for linking the north east to Scotland in the north and Lancashire in the west. The Planning Committee requested that both the A69 and the A1 roads be upgraded to motorway standard. Without such improvement South East Northumberland's economy was isolated from all parts of the country. This was acutely felt in relation to Scotland with whom much business activity took place. The County Council believed road improvements would encourage inter-regional trade.

These criticisms were further elaborated upon in June 1965 when the Planning Committee was strongly critical of the Government's national road planning. It (62) believed that too many roads radiated from London, forcing regions to trade through London rather than directly with each other. On the ground there were extensive inter-regional business and economic ties but these were not heeded in the development of national policy. Where the government did improve the road network too much was spent on the western side of the country to the detriment, or exclusion, of the east.

The Planning Committee believed its lobbying had an effect upon the government. In 1971 (63) it felt it would have a modern road network capable of improving the economic fortunes of South East Northumberland by 1974. This forecast resulted from

its work during the 1960's. Between 1961-66 £0.4 million had been spent, but little achieved, in terms of the influencing government policy because of financial constraints, but between 1966-71 £2.5 million was spent and much accomplished in the shape of the Tyne Tunnel approach road, the spine road to Bedlington and some A1 improvements. This increase resulted from commitments made after the Hailsham Plan of 1963 and 'ran out' in 1971. It still fell short of what the Planning Committee considered was necessary. The Newcastle western bypass was only completed in 1991 while improvement and upgrading of the A69 and A1 to motorway standard are still awaited.

There was continuous criticism of government by the Planning Committee 1960-74, during which time a considerable amount of construction was taking place. It complained at civil servant level in 1967 and at Junior Ministerial level in 1970 that not enough resources were being committed to road construction. The Committee believed that such investment was the only means of inducing private capital into the area. The NRST supported this view in relation to Cramlington. It highlighted, in its reports, the success of Cramlington in attracting inward investment relative to its size vis-a-vis the region. Reconstruction of South East Northumberland, the County Council believed (64), would take many years but was hinged upon a new road network.

In this process the County Council believed that the government was an enabler. Limited local financial resources and the need to take a strategic view meant this role could only be played by central government. The Local Authority's role was to ensure government awareness of local concerns, local issues and policies necessary to achieve development goals. Thus the Planning Committee (65) felt it right to comment that the

Government's 'Strategy for the South East of England', meant tackling congestion with increased investment rather than to question whether this was in the best interests of the whole country. This apparent bias towards the South East was occurring at a time of large scale employment loss in the North East and when the region's share of government investment (5.2%) was lower than its proportion of the population (6.1%). The Councils believed that the most appropriate way to tackle the South East's problems was to encourage investment elsewhere, which necessitated infrastructure improvements in areas other than the South East.

It is significant that in all the discussions that took place on transport matters the major issue was road construction. While the Planning Committee was seeking to expand the road network the rail system was being progressively, and steadily, downgraded. The 1960's Beeching Axe, resulted in the closure of eleven stations in South East Northumberland, including Ashington, Blyth and Bedlington. This left only Cramlington. The reduction in rail services drew no criticism from the Planning Committee, reflecting the dominant thinking that the future lay with roads. However, in her history of planning in Northumberland County Council Taylor notes that the County Council vigorously opposed the downgrading of rail services north of Newcastle (66). Rail was seen, by the Planning Committee, as too inflexible to meet new and increasing demand. This reflected a 1968 survey in Blyth that showed most distribution was by road. Rail was only used for urgent deliveries (67).

The Planning Committee, however, did see a positive future for the development of Newcastle Airport, which it believed (68) should be linked directly by road to the



Newcastle western bypass, making it accessible to South East Northumberland. It considered that such a link would enable the area to attract chemical and other high technology industries, which it did with success.

## Summary

Economic policies developed after the war were a response to the political desire not to see a return to the 1930's. The measures adopted tended to draw more from past practice and wartime experience than economic theories of Keynes and the priorities and objectives of the government set by political factors. Because of this government policy did not see regional economic stability as its key objective as long as unemployment was not unacceptable in political terms.

Government's main objective in the immediate post war years was to achieve economic stability, currency stability and a balance in trade. These were the Treasury policies of the UK's imperialist past. All parties agreed that the priority was to reestablish the UK's 'rightful' place in the world economy. This was achieved because the dollar shortage meant the pound became an exchange currency and economic incapacity in Germany and Japan allowed America and the UK to share world trade. The political objective resulted in the £:\$ parity being set too high and later enforced devaluation.

In the fall out from war the government attached great political importance to the coal industry - it would power the recovery and provide export earnings. This ensured that through the 1950's South East Northumberland's unemployment was low and as a result

the County Council did little to promote economic diversification. The County Council acknowledged the importance of doing so, but was pressurised, by government and the NCB, not to promote diversification. It did provide land, along with the urban and borough councils for industrial use. This largely served to accommodate light manufacturing employment, typically for firms taking advantage of the untapped sources of female labour, eg clothing.

South East Northumberland benefited from government support for coal in the 1950's - despite massive financial losses. When policy changed South East Northumberland suffered: it changed in 1958. The recession, coal overproduction and competition from other fuels meant coal was no longer of such strategic economic importance. The NCB's Annual Accounts in the 1950's foresaw this change. This concentrated investment upon the best and most productive collieries, with the implication that unless pits achieved profitability they would receive little investment and would ultimately close. South East Northumberland was on the margins of the NCB's activity.

This steady abandonment of deepmined coal led to tension between the County Council and central government. It did not seem to matter what political party was in control. For example, the 1967 'Reconstruction of South East Northumberland' report prepared when both the County Council and Government were Labour controlled but its essential conclusions were little different to that of the Review of the County Development Plan prepared when the Council was Labour controlled and the Government Conservative. Ironically, despite the criticisms of government policy the County Council believed that ultimately only government action could transform the South East Northumberland

economy. The Planning Committee wanted a change in the direction of government policy. This acknowledged that the local economy could not be regenerated without a prosperous national economy.

Without government policies to help the diversification the County Council took up its own - the development of Cramlington and Killingworth new towns. But in the policies adopted the County Council ran counter to government policy and did not receive the financial grants it saw as necessary, forcing other policies and priorities to be shelved.

The policies implemented proved effective in that the two new towns created upwards of 7,000 jobs in the 1960's. But this, while not insignificant, was only a small contribution when set against the scale of 25,000 job losses in mining.

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## Chapter Four

### **ECONOMIC POLICY AND THE COAL INDUSTRY: THE DECLINE OF THE SOUTH**

#### **EAST NORTHUMBERLAND COALFIELD**

##### **Introduction**

This chapter outlines the decline of the South East Northumberland coalfield which is discussed in the context of changing government policies towards the coal industry. This shift in policies at a time in the late 1950's and early 1960's when the British state was attempting to re-assess its position in the world economy and was facing severe financial constraints inevitably had a major impact upon the South East Northumberland economy. As has been shown in previous chapters in the early post war years the dependence upon the coal industry actually increased in response to government policies to increase coal production to meet the needs of an economy recovering from war and the need to regain lost export currency. This dependence was accepted by the County Council because it was assumed that the Government would not allow the local economy to suffer from its vulnerability as it had done during the 1930's.

The coal industry on nationalisation was not the commanding height of the economy that some in the trade union and labour movement believed it was. It was an industry that had suffered long term private sector neglect and under-investment. This was compounded in the war by loss of employees. The first priority after the war was to re-

employ miners, and attract to the industry new people to increase output. This immediate problem meant that the industry's fundamental problems could only be tackled more slowly.

The creation of the National Coal Board (NCB) in 1947 was welcomed by Northumberland County Council. It believed it could, in partnership with the NCB, plan the future development of the economy, a process that had been impossible with previous multiple ownership. The relationship that developed was not that foreseen by the Council and was, in many ways, the reverse; the NCB hindered attempts to diversify and adapt the economy. In the early post war years this did not conflict with the priorities of Local Authorities. They shared the desire not to threaten the economy of the area as unemployment rates were below the regional and national average. However, once the decline in the coal industry became evident the obstacles that the NCB put up against development were unhelpful to the generation of new employment. Some of these problems were inevitable as the mining industry, by its nature, does not end when a pit closes, because it undermines land, results in subsidence and creates environmental problems as waste is discarded.

To understand the reasons why the relationship did not develop as the County Council had hoped it is necessary to explore the reasons for the shift in government policy towards the nationalised industries, in particular the coal industry and what impact this had upon a small coalfield like South East Northumberland that was on the margins in terms of profitability. In this analysis it is necessary to look at why the Authorities in the area were slow to recognise the problems that faced them and why they did not monitor



developments in the coal industry more closely because of its dominance of the economy and its resulting vulnerability to policy changes.

### The basis of the post-war coal industry policy

The major decisions on the post-war management of the coal industry were taken before the war ended when the Reid Report was published in 1944. This highlighted the weak state of the industry. Since its peak in 1913 the industry had suffered chronic under-investment. The situation that developed was in stark contrast to that in Germany and the USA, the industry's main international competitors. The industry was not helped by the failure to keep coal employees during the war, with the result that by August 1946 the number employed was only 692,000, nearly the lowest figure then on record (1). This inevitably hit output, it fell from 231m tons in 1939 to 175m in 1945. This decline contributed to fuel shortages. In January 1947, demand exceeded supply by 300,000 tonnes per week.

The NCB's Annual Accounts in 1947 detailed the state of the industry on nationalisation:

"On the vesting date it was clear to the Board that large scale reconstruction and development of the industry (2) [was necessary]... The reshaping of the industry according to a national long term plan will be an immense task involving heavy capital commitments." (3)

This influenced the shape of the new nationalised industry. During the war a guaranteed

coal supply was central to achieving victory, and afterwards it was seen as crucial to peacetime recovery. Coal provided upwards of three-quarters of the energy required to rebuild industry and valuable export earnings to rebuild the country's foreign currency reserves (4). Attlee identified coal and housing as "the two main key anxieties that beset us" in a debate in the House of Commons in August 1945 (5). He went on to say that for the rest of the century no miner would lack employment (6). Output had fallen, productivity declined, routine maintenance had not taken place and the industry was left with an ageing workforce. The need to tackle these problems was incorporated into the Nationalisation Act that said that the NCB must make:

"Supplies of coal available, of such qualities and sizes, of such quantities and at such prices as may seem to them best calculated to further the public interest in all respects" (7)

However, the two problems of coping with the immediate crisis of meeting short term demand and in the longer term to overcome the historical crisis of investment conflicted. This was recognised by the NCB in 1947. The statement quoted above goes on to detail the task ahead and says that the lack of investment resources would hinder attempts to increase the long term efficiency of the industry (8).

The priority in the early years was to maximise production by whatever means. The 1947 Annual Accounts (9) listed the action taken to increase production:

i) improve attendance

- ii) close less productive faces
- iii) change the layout and method of production
- iv) increase use of machinery
- v) absorb new labour

But without the long term plan the NCB believed that (10):

"The effect of these instructions was to focus the attention of colliery managers on short term reorganisation at the expense ... of longer term planning."

But even with these actions the NCB greatly underestimated the growth in coal demand - it expected coal gas and electricity requirements to increase by 4%; they actually rose by 10%. Despite efforts to increase the labour force it actually fell in 1946 (11). The government, particularly the Ministry of Fuel, did not realise the extent of the industry's problems, eg the December 1946 established Coal Committee saw transport of coal as the problem not the lack of labour (12). Added to all this was the longest and most severe winter weather for 100 years in 1947.

In Northumberland, the outcome was an increase in mining employment as the best available means of maximising output; capital investment in new, more efficient machinery not being possible due to a shortage of investment capital, though work was planned at 19 pits in the Northumberland, Durham and Cumberland areas and new shafts at Ashington to increase output (13). These problems facing the national economy were reflected locally when Ashington UDC Highways Committee in January 1948 noted

a Department of Transport Circular that called for a substantial decrease in new road construction and improvements and maintenance to release men for export and import-saving industries (14). This meant where production could be increased by employing more labour than it would be.

The industry's later problems were evident in 1947 but remained hidden because for the next 10 years the priority was to maximise production. The industry's problems in the Northern Region were clear as the increase in output was well below the national average, production was at the second highest cost per ton for any region (15) and productivity increases were below the national average (16). But despite these facts published by the NCB no comments were made at County Council meetings expressing concern. In 1949 the NCB recorded that:

"Almost everywhere in the northern coalfields big changes are needed to raise the efficiency of collieries" (17).

In 1950 it noted that (18):

"the southern part of the [Northumberland] coalfield is old and much of the coal which remains cannot be mined economically."

Though having said this, to the:

"coast to the north are reserves of coal which will be among the easiest to mine of any

in the country."

The only constraint was surface development and sea depth. The combination of these factors would reduce the average cost per ton, the NCB believed, to near the national average.

The Board of Trade decided that the output of coal was to have priority for the sake of the national economy. Alternative sources of employment for coalfield areas that challenged the NCB's labour market monopoly were actively discouraged.

Hudson (19) noted that the NCB's reaction to the fuel shortages of 1947 was to increase the labour force rather than capital investment. As Hudson (20) and House (21) noted the primary objective was to maximise output and not to undertake the fundamental restructuring that was necessary. The coal industry had suffered 30 years of private sector neglect and under-investment. The failure to modernise was at the root of many of the industry's later problems. When the government imposed stricter commercial targets upon the industry in terms of returns on investment, it inevitably came off badly, particularly the areas that had received a low proportion of the available investment capital.

The national policy for coal was mirrored locally. The Planning Committee (22) in April 1944 laid down what became the County Council's policy for the next 15 years. It agreed that in making planning decisions the needs of the national economy must come first. The views of Government Ministers, Pepler and MacFarlane and the County

Planning Officer revealed little variation in emphasis or intent. This subordination of local, to national, needs was written into the 1952 County Development Plan in which a long term future was foreseen for the coal industry in the area, based on the national demand for coal. Any decision to close a colliery would be taken on grounds of exhaustion and not its economic viability. The County Development Plan expressed a wish, in the long term, to see diversification and a more balanced economy. However, because of national demand for coal, employment would be stable in the area until after 1971 and so a decline would be beyond the period covered by the plan and, therefore, decisions on adaptation of the economy could be delayed. The County Council agreed with Pepler and MacFarlane that (23):

'no substantial change in the present economic structure is possible in the foreseeable future'.

The Plan stated (24):

'There is no reason to expect an extensive decline in coal mining in the area as a whole in the sense of seams being worked out and pits being closed during the period of the plan'.

The County Council visualised development during the plan period only taking place where workers were not required in mining, principally women. Such development did take place, Welwyn Electronics at Bedlington Station Industrial Estate and the Great Universal Stores (GUS) in Blyth. Both took pre-1939 English Estates factory space and

largely employed women. Having agreed its policy the County Council only gradually became aware of adverse trends and developments taking place in the coal industry and the wider economy that would force it to change its policies. However, questions need to be asked about why it took so long to realise the problems that hit the coal industry. The information was available to question the Council's complacency. The 1949 NCB Annual Accounts stated that "the rapid exhaustion of coal reserves in Northumberland" looms larger as time goes on (25).

This report received no note or comment in the Planning Committee minutes.

### Government and the Nationalised Industries

The Labour Party from 1919 had called for the nationalisation of the 'commanding heights of the economy'. Such control was achieved during World War Two as it was impracticable to wage war without it. This experience contributed to the coal nationalisation programme pursued by the 1945-51 Labour Government meeting little opposition. The coal industry, under private ownership, was not highly regarded and the owners themselves had little support among the public. The industry's prosperity and importance peaked in 1913 when it was one of the major industries contributing to the development of British capitalism. The period after the First World War was one of continual bitterness and strife as the private owners attempted to increase profits from mines in which they had failed to invest when profits were high. This industrial unrest culminated in strikes in 1921 and 1926 and a prolonged slump in both employment and profits from which the industry was only to emerge on the outbreak of World War Two.

In consequence, both the Conservative and Labour Parties supported the nationalisation of coal (26), but for different reasons. Private capitalists were quite happy to see the industry nationalised because, in reality, it was not a 'commanding height' but an industry suffering from under-investment and technological backwardness requiring modernisation and rationalisation. Solving either of these problems under private ownership would have been prohibitively expensive and extremely difficult where there was little base for agreement between ownerships.

Having taken the mines over, the government did not allow the NCB to pursue policies that would overcome its problems. Indeed, in the immediate post war years there was a demand for cheap raw materials for private capital to rebuild the economy and to reclaim export markets. In this rebuilding mining was not a priority for investment because the supply of coal could be guaranteed by increasing the size of the labour force, though this ignored its effect upon productivity, which fell 5%. Inevitably, problems were stored up for those areas of the country dependent upon the coal industry that were, and remained, largely untackled by the government. In South East Northumberland an expansion of coal employment in the Blyth area occurred but at the same time total output fell, with the result that overall productivity fell.

The 'Plan for Coal' in 1950, revised in 1956 and 1959, foresaw greater efficiency in the industry and a slow reduction in the labour force due to technological developments. As part of this plan the NCB foresaw between 350 and 400 of the 950 pits being closed or merged across the UK. In 1959 the NCB believed that its target output of 200-215 million tonnes could be met from new and/or reconstructed pits that were most



efficient (27). This expected reduction of pits was never reported to the Committee. Northumberland County Council's County Development Plan recognised that although employment would remain stable it could foresee a shift because of job losses due to increases in productivity and efficiency and colliery closures in the south being countered by expansion in the north (28). The County Council does not seem to have taken on-board the conclusions that could be drawn from the NCB's Annual Accounts that unless the local pits were among those receiving major investment, which they were not, then closures were inevitable. Instead the Council did not re-assess their belief on closures until the NCB closed pits.

In the late 1950's recession the government was forced to take stock of the nationalised industries as part of its wider attempts to reduce government expenditure. In 1958 consumption fell by 6%, the first fall since 1945 (29). This led the NCB to bring forward the planned closure of 36 pits that though not exhausted would be in the near future (30). In the 1950's the coal industry had been expected to cover its costs from income, a situation that could not continue because no account was being taken of the need to invest. The 1956 Herbert Report recommended that the nationalised industries should be run in an economic manner (31) to finance investment and make profits. The 1961 White Paper on the 'Financial and Economic Obligations of the Nationalised Industries' (32) sought to review their operation and the changes the government felt it had to introduce. It concluded that the task of the government with regard to these industries was to achieve two main objectives:

- (i) ensure that they were organised and administered efficiently and economically;

(ii) ensure that they had national and non-commercial objectives to ensure supply eg in wartime, and to consider the work forces concerned because of their geographical isolation in communities with narrowly based economies.

The second objective, however, was not to override the first. This meant the industries could not be viewed as social services. To achieve the first objective the industries, therefore, had to be placed on a stable economic and financial footing that allowed for planning and investment. This would enable them, over a five year period, to break even, allowing for interest charges, depreciation, redemption of capital, the provision of reserves as well as actual running costs. However, the White Paper did not address the issues of investment and pricing which were the subject of a further White Paper in 1967.

The most significant policy change in the 1961 White Paper, for the purposes of this study, was that towards the coal industry. In 1945 the prevailing view was that coal output should be maximised, at whatever cost, in the interests of the national economy. By the 1961 White Paper, it was made clear that unless its recommendations were taken up there would be damage to the whole economy caused by:

- higher taxes to meet the cost of inefficiency;
- inadequate capital being available to replace and upgrade existing equipment.

In other words, the national interest was served in 1945 by supporting the coalfield economies but by 1961 was threatened by continuing to do so. The political parties had

come to realise that although Britain had had high rates of growth those achieved by other competing economies were higher; putting political pressure on them to find ways of increasing the efficiency of the British economy. The coal industry, as the major energy provider, was an obvious candidate for an efficiency drive that could have positive effects upon the competitiveness of the whole economy. However, the government still recognised that there was a social element to the operation of the nationalised industries but believed this could be funded from their ability to borrow at government rather than market rates of interest.

The 1967 White Paper on Fuel Policy (33) showed that government thinking on the nationalised industries had turned full circle. The 1961 White Paper had sought to clarify how their capital requirements were to be met and set them a number of financial targets. The 1967 White Paper gave attention to pricing and investment. The government wanted to see an 8% rate of return on capital invested as a guide for all nationalised industries. Where it was possible to identify the costs incurred by an industry they should be passed on to the consumer. The government's aim was to strengthen the British economy and because of their importance, the nationalised industries were to be at the forefront in achieving it. They, and especially the coal industry, had to increase their levels of productivity and become less labour intensive.

New targets set by government would ensure that account was taken of:

- return on new investment
- sound pricing policy
- social objectives not met by subsidies

- efficient operation
- national prices and income's policy

In Northumberland, up to 1960, the southern area had only twice made an operating surplus, the central area once and the northern area six times (34); this would have devastating consequences. This was recognised in the White Paper. The future labour market requirements in Northumberland and Durham would fall over the period until 1980 in the following way:

1967 - 74,900

1971 - 40,000

1975 - 26,000

1980 - 6,500

However, the government clearly recognised that it still had some social responsibilities towards the affected communities. The NCB should make a contribution, which was to stem from regional policy, towards assisting diversification. In 1960 the NCB stated (35)

"The Board have [sic] approached government departments to site new factories in the places where the jobs are required as a result of colliery closures."

But the predominant attitude of the government was evident in the White Paper (36) when it said that excessive protection of the coal industry could only:

"lead to a misallocation of manpower ... to the detriment of the economy as a whole [and] we can not afford to penalise our competitive standing as a nation by adding unnecessarily to our energy costs"

This came after a period, 1947-56, in which the NCB had seen the price of coal kept below market level, resulting in an inability to build up reserves for future investment (37). Despite these difficulties investment had taken place. Between 1946 and 1960 288 projects involving major reconstruction or new pits had been announced costing £636 million, with 160 complete.

The government did give the NCB freedom to plan, but within heavy financial constraints. But because it took 10 years to plan and execute investments the government had often changed the rules by the time the investment was complete:

"Investment in productive capacity in the early 1950's had been designed with the full encouragement of successive governments to meet a level of demand substantially higher than now seems likely." (38)

The NCB had worked to an assumed output target of 200 million tonnes per year. The government's White Paper on Fuel Policy saw Britain move from being a two-fuel economy based on coal to a four-fuel economy with coal taking an increasingly secondary role (39). This foresaw an output of 120 million tonnes by 1970, below the level required by the NCB to spread the burden of heavy standing charges and thus ensuring

it was unable to compete (40). The NCB called upon the government not to take irreversible decisions without a full evaluation of the costs, direct and indirect, of alternative fuels. If this was not undertaken, the government was reducing coal demand, despite how competitive the fuel could become (41).

The need for such a breakdown was made evident by the local Labour MP, Eddie Milne, in a motion and question in parliament in May 1968 showing that the Government was moving away from coal without weighing up the costs of alternative fuels. The issue was the location of aluminium smelters in the UK. During the early discussions on potential sites the government seemed to favour nuclear power generated smelters. But a comparison of costs, according to Milne, showed that coal was 30% cheaper even after being transported 200 miles to a proposed site in central Scotland. The reason for the smelter's final location was revealed in British Industry Week in October 1967 when it said of the choice of locations for smelters in the UK:

"Politics rather than economics dominates the whole question. Expediency rather than principle will decide the outcome." (42)

The National Plan of 1965 suggested that resources should be committed to the diversification of economies in mining areas. This view was echoed in a Ministry of Power statement made in July 1965. Diversification would come about because of special funds being made available to accelerate the rate of closure of uneconomic pits and the provision of alternative employment; with assistance being given to ameliorate the consequent social and human costs. The Board of Trade was given powers to

'expedite the bringing of new industries to those areas so that there is no fall in employment.'

The new commitments entered upon by government were fine on paper but produced little of positive gain because so much of the country was made a Development Area and because of an external balance of payments crisis and currency devaluation, earlier commitments to the regions were not fulfilled. The effect was that government policy, in relation to the nationalised industries, was followed but the regional policies aimed at mitigating its consequences were shelved to reduce public expenditure. The government believed it had to take advantage of cheap gas and nuclear power. Investment in the coal industry to make it more efficient was discounted or often the investment that did take place was wasted due to closure soon after reconstruction work. Instead, government policy saw the industry as a major constraint upon the achievement of cheap energy that in turn depended upon the speed with which it could be contracted.

The government put the shift in policy direction contained in the 1967 White Paper down to changing consumer requirements forcing government to revise its energy planning. This shift was evident between the publication of the 1965 White Paper and the Fuel Policy White Paper in 1967; the former envisaging a slower decline in coal output than the latter, which estimated demand declining by 100 million tons between 1957 and 1975. The discussion here points yet again to the theme of previous chapters about the priority accorded by government to the needs of the national economy over those of the regions. In 1945 the national economy required support for the coal industry at the expense of areas that, in consequence, were unable to proceed with

diversification of narrowly based local economies dependent upon it. In the 1960's the national interest required the use of cheaper and more competitive energy sources than coal at the expense of the coal industry itself and of the local economies. The coal industry was an inefficient provider of energy because it had suffered many years of under-investment, but this fact was ignored or passed over in government thinking and policy formation.

The NCB, in its own defence, pointed to weaknesses in the government's arguments; believing that no account had been taken by government to measure the direct and indirect costs of its policies. In consequence, the NCB wanted a full and independent technical and financial investigation into the nuclear industry. As is now clear the nuclear industry was - and is - only competitive because of government subsidies (43). The NCB argued that the government's output and demand forecast would wreck industrial relations in the industry because, inevitably it would entail numerous pit closures and heavy employment loss. Yet the government had provided no firm evidence to show that the nuclear industry was more competitive than efficiently produced coal.



## Northumberland County Council and the NCB

Shifts in government policy and the actions of the NCB influenced County Council policies as Northumberland was affected by the new emphasis given to profitability. The following table illustrates the problem faced by the Northumberland coalfield (44):

Table 1: Operating profit/(loss) of coal per ton

| Area                     | 1959    | 1960    | 1961   |
|--------------------------|---------|---------|--------|
| Southern (Seaton Valley) | (2s0d)  | (1s11d) | (1s9d) |
| Central (Bedlington)     | (6s10d) | (8s2d)  | (6s3d) |
| Northern (Ashington)     | (0s6d)  | (1s9d)  | 4s10d  |
| Midlands                 | 7s10d   | 9s8d    | 11s6d  |
| GB Average               | 1s20d   | 1s8d    | 2s6d   |

These figures demonstrate the extent to which the Northumberland coalfield was at a competitive disadvantage as against regions like the Midlands. The most profitable parts of the coalfield managed to produce a profit of only 4s per ton as compared with 13s per ton in the most productive coalfields.

Before any detailed discussion of the decline of the coal industry in South East Northumberland, it is important to consider the relationship between the Council and the NCB up to the mid-1950's. The Planning Committee welcomed the formation of the NCB. Local planning for industrial change made it necessary to know the probable

life-span of pits. In this the NCB was expected to be more forthcoming than the colliery companies.

In December 1948 (45) the NCB agreed to undertake a survey of the coal industry in South East Northumberland that would:

- (i) Detail proposals for pit closures;
- (ii) Identify areas for more extensive working;
- (iii) Examine ways of redistributing the mining population to avoid sterilisation of reserves.

The results of this survey were never recorded by the Planning Committee. Therefore, it is not clear whether work was ever undertaken once the war had ended.

The NCB said that more intensive working of coal seams would result in increased subsidence and so restrict the Council's ability to build or encourage building. This placed the NCB, at an early stage, in a commanding position regarding planning decisions. Because coal was so important to the national economy the NCB argued that development would restrict access to coal reserves and thus pose a threat to local employment and the national economy. The Council consulted the NCB on all potential developments as to how they would affect underground workings. In this way the County Council provided the NCB with an effective veto over development. Until the late 1950's the County Council did not challenge this veto.

In 1949 (46) the Planning Committee put forward three options for the future management of mining in South East Northumberland:

- (i) Complete sterilisation of coal reserves to allow new building;
- (ii) Partial sterilisation by bord and pillar techniques; or
- (iii) Development off the coalfield and provision of transport to it.

The NCB declared options (1) and (2) unacceptable in the national interest. As a result the County Council had to plan the development of the coalfield towns giving due regard to the position of coal. As late as 1955 in discussion of the Bedlingtonshire District Map, the Planning Officer noted (47):

'it appears likely they there will tend to be a shortage rather than a surplus of both male and female labour for at least 10 years, so that it is considered unnecessary to make provision for sites for large new industries.'

The NCB argued that the town of Ashington should not be developed beyond its existing limits because such expansion would threaten coal reserves; millions of tons of potential output were already sterilised by the town. The County Council, in the early post-war years, had to plan for an expected expansion of the Ashington coalfield. Consequently proposals were made to construct a new settlement, 'Broadlyne', to the north-west of Ashington to house mine employees. This development was planned off the coalfield but the NCB still had difficulty agreeing to it because of the threat it posed to the future extraction of coal reserves. However, the NCB saw the development as the

'least harmful' solution to a housing problem and the site was the only large area the NCB would accept as suitable for alternative use. In 1954 (48) the NCB informed the County Council that Broadlyne's existence would sterilise coal and thus shorten potential pit life in the area, the development of which was its rationale.

Even where coal mining had ceased, development was restricted due to the threat of subsidence eg in Blyth. Large scale re-development in Blyth was, therefore, prevented until after 1960 by which time any likely subsidence would have occurred.

It was recognised that the coal industry in the Seaton Valley area would decline first. However, how and when this decline would take place was unknown and the NCB refused to supply the Council with the necessary information. The 1952 NCB Annual Accounts did note that:

"Few of the collieries in Southern Northumberland have sufficient reserves to justify major reconstruction." (49)

However this did not mean that there would be immediate closures only that they played no part in the NCB's long term strategies that concentrated upon those pits where investment was taking place.

The NCB was consulted on the Council's plans but made little attempt itself to initiate consultation. This left the Planning Committee unable to plan effectively for the area's future economic needs. For future NCB policy the Council was expected to await the

publication of the Board's plans. For example, the NCB announced the closure of 36 pits in March 1959, including pits that the County Council had until then assumed were long term viable. The County Council sought early warning of projected pit closures. At a joint meeting with the Planning Committee in June 1959 the NCB was sympathetic towards this demand, but failed to give any commitment. This was evident at the Planning Committee in October 1959 (50) when the likely economic problems facing the Seaton Valley area could not be addressed because of the NCB's failure to release information on its revised labour requirements; this in the same month as the Revised Plan for Coal was published, soon after which further mine closures were announced.

Following publication of the new Plan for Coal in 1959 the NCB agreed proposals to build three schools that would result in coal sterilisation in Ashington; indicating a changed attitude and the easing of opposition to development. The NCB informed the Planning Committee that (51):

'The use of the three sites for educational purposes would cause some sterilisation of coal but in all the present circumstances it is felt that this is a position which must be faced.'

In Bedlington land was cleared for housing, the NCB having previously opposed any development beyond the old town centre. Clearly, the NCB was then aware that coal reserves in the locality would not be required for exploitation. But no such statement was given formally to the Council. This was a very different attitude to that evident only a few years before. Equally, the implication of this change was not taken up by the

NCB.

The NCB did not oppose the development of Cramlington as it was off the immediate coalfield and it was assumed that any minable coal had already been extracted. However, the NCB, during Cramlington's construction made a planning application to mine opencast coal next to the part finished Windmill Industrial Estate. This led to the suspension of a developer's activity until the application was rejected and led the Planning Officer to comment (52):

"Any such operation in this area would be completely at variance with the whole concept of a new town in attractive surroundings and would seriously prejudice its development and the attraction of new industries."

The NCB's out flow of information did not markedly improve when the coal industry went into decline. In June 1964 the Planning Committee noted (53):

"the extent of the employment problem cannot be assessed precisely as there is no information available on the future labour force in coal mining, which provides nearly half the number of jobs in the area [Ashington and Blyth]."

This statement indicates the difficulties the Council had in developing and pursuing its own policies of regeneration. Even in decline, coal remained the bedrock of employment and would continue to do so for some time. The Council could not threaten these jobs by encouraging inappropriate development. Thus, the County

Council was forced to follow a policy of waiting until coal employment was no longer available before adopting new employment policies.

The decline in the local economy when it happened was rapid. In 1958 (54) the Planning Committee was informed that the coal employment situation was:

Table 2: Coal Employment Prospects by area

| Area          | Employment 1956 | Comments                                 |
|---------------|-----------------|--|
| Ashington     | 11,200          | Stable until 1970                        |
| Bedlington    | 5,900           | Stable to 1970, rapid fall past 1975     |
| Blyth         | 3,600           | Decline 2,000 by 1970                    |
| Seaton Valley | 5,900           | Fall to 2,500 by 1970, majority pre-1965 |

These figures suggested an apparently guaranteed base for the local economy well into the 1970's. Inevitably, there would be some decline in employment because of pit exhaustion and uncompetitive production costs but the basic structure would remain.

In the intervening period, the 1959 Plan for Coal gave a fairly optimistic view of the industry's national prospects, although it referred only to the supply of, and not demand for coal. Pit closure announcements were made after publication of the Plan; radically altering the structure of the industry locally, with 7,000 jobs being lost by the end of 1961. The remaining collieries were divided into three categories: short life, doubtful and to continue; interestingly none were classified as long life. In Northumberland, categorisation indicated:

- (i) 12 short life pits employing 8,000
- (ii) 8 doubtful pits employing 9,000
- (iii) 12 continuing pits employing 10,000

The list of pits to continue contained none in the Bedlingtonshire area where the Council had assumed production would continue into the 1990's. Ashington pits were now doubtful having previously been long life. Previous investment patterns seemed to play little part in deciding a pit's category; four pits on the doubtful list had recently received reconstruction investment. The Council believed that all areas except Seaton Valley, already hit by earlier announcements, would be adversely affected.

The 1959 Revised Plan for Coal spoke nationally of a "necessary adjustment ... not a radical run-down". In Northumberland the latter occurred, a 27% fall in employment took place 1957-1964; a loss of 10,000 jobs and the closure or merger of 20 pits. A further announcement in 1965 led to employment falling an additional 30% due over a 3 to 4 year period. In reality, the time scale for closures was shortened and took place over a 2 to 3 year period. By 1970 a further 18 pits had shut or merged, representing over 50% of the 1964 industry in Northumberland and employment halved from 27,600 to 13,900. Thus, in ten years employment fell by 63% and the number of pits by 70%. Nothing that the County Council could initiate would compensate for this scale of decline. All this took place when as late as 1958 the NCB anticipated a fall of 4,500 by 1970.

The speed of the decline meant that the industry had to release or make miners



redundant rather than transfer them to other collieries. House and Knight (55) noted the percentage of miners released were:

Table 3: Percentage of miners released by NCB

|         |       |
|---------|-------|
| 1958    | 16.8% |
| 1961    | 03.3% |
| 1963/64 | 39.6% |
| 1964/65 | 25.0% |

Of those made redundant 78% were over the age of 56; making their future employment prospects remote. Of those that did manage to find employment many took unskilled or semi-skilled work. The biggest single source of new employment in the area was not from new manufacturing industry but government expenditure through the local authorities and health service. These bodies tended to employ women not men. There were one or two large industries investing in the area that did recruit men, eg Alcan. In its attempts to create new employment and development the Council remained constrained by the NCB, especially because past working had made land unsuitable for development. In September 1965 (56) the NCB informed the County Council that land stability was:

- (i) Ashington - land unstable around the town and especially to the north-west and in the area between Ashington and Newbiggen;
- (ii) Bedlington - only land between the town and Bedlington Station was stable enough to be developed;
- (iii) Blyth - had few restrictions on land use as subsidence was anticipated only until

1960, other than on the south side, where production centred on Bates Colliery was continuing.

### Recognition of Coal's Decline

The table below illustrates the decline of Northumberland's coal employment between 1947 and 1982:

Table 4: Coal Mining and Output - South East Northumberland

| Year | Nos of pits | Employment<br>(000s) | Output in<br>M tons |
|------|-------------|----------------------|---------------------|
| 1947 | 67          | 40.4                 | 10.7                |
| 1959 | 50          | 37.7                 | 11.8                |
| 1965 | 34          | 27.6                 | 10.8                |
| 1970 | 16          | 14.01                | 6.9                 |
| 1982 | 6           | 7.7                  | 4.2                 |

The full implication of what was happening to the coal industry was only slowly realised by the County Council. It knew that coal had little long term future. After 1945 the authority believed there would be little overall change until the late 1960's, although there would be local pit closures. In view of this, the main aim of the 1952 County Development Plan was to see a gradual diversification of the economy, recognising that little progress could be made while the coal industry required a substantial percentage of the available labour force.

Changes resulting from the government's White Paper and the new Plan for Coal took time to filter down to the local economy. The Industrial Sub-Committee noted in December 1960 (57) that announcements of pit closures in Seaton Valley were part of a 'very serious process of decline in basic industry'. However, a review of County Development policy was not proposed because the planning assumptions of 1952 had not been substantially altered. However, the adverse economic factors affecting the coal industry made a review essential. The District Councils did not seek a review of the County Development Plan but when decline began in their local economy they sought to have additional industrial land allocation in their areas. The problems were compounded by the release of declining population figures. These showed that nationally the total male labour force had risen 4% while in Northumberland it had fallen by 1%. This reflected the lack of job opportunities that caused workers to migrate.

The recognition of the problems that the local economy faced seems to have been acknowledged earlier in Ashington. The General Purposes Committee in August 1958 reported that the Youth Employment Officer of the Employment Exchange had requested a meeting to discuss with employers the future school leaver problem that faced the area (58). The reason for this problem became clear at the next meeting in September where it was reported that it resulted from the large number of youths coming into the labour market as a result of a school leaver bulge and that serious thought had to be given to how they would be absorbed into the labour market (59). The meeting felt that the solution was an increase in the provision for light industry. But the Officers of the Council believed that it would be difficult getting Ministerial consent

for such a move. Because of this they agreed to involve the local MP, William Owen.

The situation had moved on by the time of the first General Purposes Committee of 1959 when it was noted that (60):

"questions were raised regarding the need for taking action to see whether more light industries could be brought into the area in view of the present trend of the coal-mining industry, and the anticipated bulge of school leavers during the next few years for whom, it would appear, there would be no employment."

A meeting took place with William Owen and was reported in the minutes of the Ordinary meeting in March 1959 when he said that there was little chance of getting Ministerial action as unemployment in Ashington was not high enough, but that it was right to take preventative action. He suggested a Development Committee be established that would concentrate upon finding work for females and for males if recession hit mining (61). This was the first recognition in Ashington that coal employment was not as safe as expected. Though the answer as far as Councillors was concerned was to bring in ancillary services to mining as opposed to completely new industries, eg production of smokeless coal.

Over the next few years the minutes of Ashington UDC record that the Council had a number of visits from potential investors in the area. This Council was keen to show them what Ashington had to offer, but there still remained a lack of urgency in the action that was taken. At the General Purposes Committee of August 1962 a discussion

took place concerning letters received from the British Legion about the problems of employment in mining areas and the need to take action. The Chair of the Committee reported that he had been informed at Divisional level that the NCB was quite optimistic about the future of coal in Ashington. One Councillor thought it necessary to take action to advertise the facilities for light industry, but got no seconder in a meeting that included all the UDC's Councillors (62).

The draft County Development Plan Review in 1963 did recognise the fundamental issues affecting the area (63):

'The situation is one in which a fundamental change needs to be made in the economy for the time has long passed when the area could hope to maintain its communities on the basis of old industries like coal, shipbuilding and heavy engineering.'

The Review went on to say:

"When coal mining declines, nothing is left in the area on which to build a new economy, the population is dispersed in small settlements, the road pattern is antiquated and derelict land deters new development."

All of these factors were known in 1945 and yet little attempt was made to change them while coal was the mainstay of the economy. Only when its decline was clear did the County Council look at change. Few blueprints existed in readiness for the decline. The County Council blamed the government for the outcome of national policy in

coalfield areas rather than looking at its own past weaknesses. The Review noted that:

"At the time [1951] ... there was a serious power shortage and it was the view of government that male employing industry should not compete with mining for the available labour. This restraint proved to be particularly unfortunate because in later years Northumberland has had to try and attract new industry at a time when national conditions have been much less favourable for industrial expansion."

In the same year the County Council submitted plans to the UDC to amend the Ashington and District Town Map to extend the land available at the Jubilee Industrial Estate. Ashington UDC approved the change (64). Three years later the Planning and Development Committee recorded the outcome of a meeting with the NCB (65). It noted that land earmarked for expansion of the Jubilee IE would not be free from subsidence until the 1980's at the earliest.

The Government though failed to recognise the problems that were developing in South East Northumberland. The County Council organised an Industrial Development Conference at County Hall in February 1960. This was the first time in the area that the Local Authorities had had to look at how to develop the local economy. Mr Chetwynd of the North East Development Council met Council members in September 1963 and noted that there was no town in the country that was more dependent upon one industry than Ashington. This made diversification necessary. Ashington and Bedlington, he said, were the only areas in the North East that were not in the general Development Area under the 1960 Local Employment Act. This needed to be rectified (66). William Owen

wrote to Hailsham to push for their inclusion in the Development Area. He responded that the town's unemployment was too low for it to be included.

The UDC got the same response in April 1965 when a deputation went to the Board of Trade. They were told that the rates of unemployment in Ashington and Morpeth were substantially below the average prevailing rates in Development Districts and so there was no ground for assistance (67). In October 1965 the Board of Trade announced that Ashington would be in the Development District and that the Government would build an advanced 10,000 square foot factory (68). This was the ultimate recognition that the economy of Ashington was fundamentally weak. There was further recognition, belatedly, by the Government when in the 1967 White Paper on Fuel Policy Ashington became a Special Development Area (69).

However, the ability of the area to effectively tackle the problems that faced it was weakened by the failure of the local councils to co-operate. The Chair of the Planning and Development Committee in July 1968 wanted to see joint action by Local Authorities to provide new jobs regardless of council boundaries as all would ultimately benefit (70). The UDC invited other Districts to a meeting. However, after a few initial meetings the action group was abandoned as the majority of neighbouring Authorities pulled out. There was a fear that Ashington was seeking to poach industry from neighbouring areas; a feeling that was not new and which had been refuted in January 1966 (71). The latter concern was raised after a meeting of all affected Local Authorities with the Department of Economic Affairs to discuss pit closures in South East Northumberland.

## Summary

The post war policies towards the coal industry were directly shaped by war: in the national interest production was maximised. For South East Northumberland this meant full male employment and no return to the 1930's. This the County Council welcomed along with the nationalisation of the coal industry.

However, the coal industry had suffered long term neglect and in 1945 required extensive modernisation and rationalisation. Output maximisation was a short term policy that could not be sustained. The NCB knew that it had a major job to rebuild and reconstruct the industry. In 1948 it recognised (72) that it took 10 years to replace or update a pit, so as a result the old and inefficient pits would not disappear readily or easily. Closing them was against the national interest.

In the immediate post war years coal industry investment was not a priority as investment resources were short. But when they were available it was not good news for the areas that did not benefit. Northumberland was largely one of these. The major investments in mines and power stations took place in the Midlands and Yorkshire close to the richest coal seams. The Northumberland region rarely made a profit and when it did it was partially due to the export of steam coal for which there was a higher price. There were productive pits and investment was taking place eg at Shilbottle, Whittle, Bates, Linton, Havannah, Ashington, Lynemouth and Ellington. But on the whole, as the NCB acknowledged, the industry in Northumberland was old and inefficient. Consequently



once the investment brought a return in the new pits, older ones had to close regardless of any changes in government policy. Even on the NCB's assumption of 200-215 million tonnes demand per year the Board believed that this could be achieved from new or reconstructed pits only. Therefore, the lower the expected output/demand, because of government policies, the longer the closure list would be. This information was readily available from NCB Annual Accounts but was not noted by the Planning Committee.

No policy was developed for the coal industry that sought to guarantee the best interests of local economies dependent upon it. When government policies changed towards the nationalised industries they were typically finance-led. This led to great uncertainty in local communities where planning became almost impossible. The NCB proved as unhelpful and uncommunicative as the private coal owners in informing local planning policies, whether this was the result of an attempt to safeguard their labour monopoly or local ignorance of national policy implications is not clear. In Northumberland NCB policy resulted in pits receiving major investment and then being closed.

The County Council had foreseen a gradual decline in the local industry due to pit exhaustion. When translated into policy, the Council did not foresee the need to find employment for ex-miners, but it did see that as school leavers were required in fewer numbers for the mines alternative employment was required. It was, therefore, unprepared for the rapid decline instigated after 1958 that required a wholesale change in direction, because of the consequentially large number of middle-aged men made redundant. The County Council, with its limited resources, was not in a position to cope with these problems. Government assistance was essential. The Labour Government

of 1964 recognised this fact in the National Plan, which was scrapped due to financial pressures and the pit closures continued.

In addition, the County Council had to manage change while the industry continued to dominate the economy. To protect the remaining coal employment, reserves could not be sterilised by attempts to create alternative employment. The County Council also had to mark time as development was impossible until subsidence had stopped. The process of subsidence could take anything from 10 to 20 years. The County Council was obliged to maintain a delicate balance between protecting existing employment and providing new opportunities calling for a good working relationship with the NCB which, in Northumberland, as elsewhere, failed to develop.

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## POPULATION, ECONOMY AND SETTLEMENT POLICIES

### Introduction

South East Northumberland's settlement pattern was very largely a product of the development of mining. The first large scale development of the Northumberland coalfield stretched from the Tyne to the Wansbeck. Following the development of Blyth harbour further mines were sunk northwards up to and beyond Ashington. The nature of mining development and the dependence villages had upon the mine company for their construction typically meant that they were environmentally damaged and subject to subsidence. In 1949, Pepler and MacFarlane described the towns of South East Northumberland as "grey and monotonous and in need of central redevelopment".

The pattern of development on the coalfield would have to change so as to maximise coal output and surface development had to be restricted to prevent sterilisation of reserves by ad hoc developments. Pepler and MacFarlane also believed that the coalfield settlement pattern was incompatible with the requirements of modern industry and in need of adaptation and change, if the area was to be successfully regenerated following any decline of mining.

Pepler and MacFarlane set the foundation for much of the future settlement policy

applied in South East Northumberland (1). Their 1949 Report called for the development of a quasi-new town to house Tyneside's population overspill and a settlement policy that concentrated villages into larger units. Though not taken up by the County Council at the time, and ultimately not in the way recommended, these issues provided the model for the future development of South East Northumberland.

The fundamental problem facing the planning authorities in Northumberland once coal had begun its decline was how to develop the area so that lost employment could be replaced but at the same time not threaten the remaining coal industry employment by development that sterilised coal reserves. To resolve this Cramlington was created as a new town to provide housing to the south east of the coalfield within Seaton Valley where the first job losses had taken place. As coal closures spread across the area its location off the coalfield, but in a place accessible to the whole of the coalfield, made Cramlington a focal point for the attraction of new industry to provide alternative employment.

This chapter will look at the changes that took place in the settlement policies in Northumberland and how Cramlington increasingly dominated the planning for change on the coalfield. It will look at the development of conflicts between the County Council and affected Districts as to the location of new development and how, in turn, the County Council conflicted with the Government in relation to its settlement development and what the Government sponsored south of the Tyne.

## Restrictions upon Coalfield Development

The South East Northumberland communities were built upon coal. Development of towns and housing resulted in an inevitable sterilisation of coal. Once a mine was closed subsidence occurred or threatened for many years later and thus sterilised land. In the early post war years the NCB's policy was to maximise coal output, and therefore, not to sterilise reserves by surface construction. This resulted in the NCB seeking to block development to preserve coal supplies. For example, Ashington Urban District Council's Surveyor made several proposals for industrial land. The response from the Ministry of Town and Country Planning in June 1946 was typical (2):

"As you are aware, the Board of Trade, the Ministry of Labour, and my own Ministry are very anxious to secure a diversification of industry in Ashington, but this very diversification is built upon the basis of a prosperous basic mining community, and it is this very basis that the colliery interests claim will be seriously imperiled by an extension of the No 1 site."

Sterilisation of coal reserves was a dominant policy issue. The County Council saw that the local economy could not depend upon coal employment and so would require extensive adaptation and modernisation. But at the same time policies that threatened the existing coal employment could not be pursued. There was a general fear of a return to 1930's unemployment. A Northern Industrial Group memorandum (3) to the government on the Employment White Paper in January 1945 believed there would be large scale unemployment as the war economy was run down. Because of this, the



Planning Committee prepared plans that would help diversify the economy.

After the war the perceived threat to coal employment did not materialise and, due to continuing heavy demand, the area's collieries were fully employed. The fact coal remained vital to the local economy clouded issues relating to diversification and caused the postponement of major decisions affecting the area and a loss of impetus behind redevelopment. The overriding importance of coal to the national economy meant that in the short-term its supply could not be threatened while evidently in the long term the industry would cease to exist and so development was required. The Planning Committee agreed the major policy pursued during the period being studied in April 1944 when the Planning Officer reported that (4):

"It is obviously a waste of time to plan development upon areas which in the future may be subject to serious subsidence, and as coal is such a great national asset it would be foolish to sterilise the whole or part of valuable seams."

This meant that there was little local opposition to the obstacles that the NCB put in the County Council's way. The Planning Committee was told in December 1953 (5) that:

"Unfortunately, the NCB advise that the coal position is such that further large scale housing development could only take place in Ashington at the expense of the sterilisation of valuable coal reserves, which would seriously affect the working of the Ashington collieries."

A similar message was relayed to the Committee in March 1958 (6) concerning Bedlingtonshire:

"To safeguard the mining industry which will continue to provide a living for most of the people for a considerable time new building must not take place over valuable deposits of coal."

The NCB, in identifying which areas could be developed, and which could not, severely restricted the planning options around Ashington and Bedlington where, due to expansion plans in the coal industry, any development would threaten mining employment. Beyond this, the area around Blyth was restricted due to the threat of subsidence until 1960; leaving for possible development only Seaton Valley and areas off the coalfield.

This situation led to the County Council supporting two major policies during the 1950's and beyond:

- i) To restrict development on the coalfield and concentrate all new building away from potential coal reserves;
- ii) To remodel dispersed communities

The intention was to fulfil three objectives:

- i) To allow coal industry expansion;

- ii) To start the process that would diversify the economy in preparation for the decline of coal;
- iii) To modernise the coalfield settlement pattern.

Pepler and MacFarlane's Report recommended a concentration of villages around Stakeford and Cramlington by a process of removal and reformation and the development of a quasi-new town at Holywell to house the population overspill from Tyneside. In March 1947 (7) the Planning Committee considered the possibility of creating such a self-contained dormitory town. The advantages would be to (8):

- i) Prevent coal sterilisation
- ii) Preserve good agricultural land from haphazard development
- iii) Even the distribution of the Tyneside population
- iv) House miners required by the NCB.

It is important that at this stage the prime consideration was not to redefine the South East Northumberland economy then or in the future.

The first significant development pressure was how to house the miners necessary for Ashington's mines to expand. This would inevitably cause problems as any such expansion required new housing; which was not possible on the coalfield because of the policies already adopted. Therefore, the Planning Committee noted in March 1949 (9):

"Further surface development in this area [Ashington] should be limited in order to

obtain the first quality coal which cannot be won unless surface development is strictly curtailed."

Therefore, a proposal was made to create a development called Broadlyne between Ashington and Morpeth. At the Planning Committee meeting in December 1955 (10) the Planning Officer noted that Broadlyne was:

"a course taken primarily because of representations made by the NCB."

However, this course of action did not have total NCB or Ashington Urban District Council support. The conflict with Ashington UDC was the first between the two Councils and took place at a time when both were Labour controlled. The NCB saw it as "the least harmful option" (11). Ashington UDC at its Ordinary Meeting in November 1951 noted that the development at Broadlyne was "gigantic" and was concerned about:

- i) the financial implications to the UDC of the development in terms of the provision of housing, water, sewerage etc;
- ii) the likely consequence of its development being a migration from Ashington to Broadlyne; and
- iii) the development sterilising coal.

This was augmented to during the consultation on the Town Map:

- i) the social amenities that would be used by the residents of Broadlyne would be in

Ashington, so if there was to be any new development it should be in Ashington (12).

Broadlyne as it stood was not in the interests of the community (13)

ii) The UDC preferred a gradual expansion of Ashington to all other alternatives (14).

The comparative costs of this to Broadlyne were considerable (15).

iii) The development was contrary to good planning (16).

The UDC saw the question of Broadlyne as a major and fundamental objection to the whole basis of the Ashington and District Town Map proposed by the County Council (17). The UDC employed a counsel and mining expert to support its case against the County Council at the local inquiry. The UDC believed that an alternative site existed in Ashington to the south of Green Lane from which coal could not be fully extracted because of a fault (18). The County Council investigated this possibility but was not given clearance to develop the site (19).

The County Council did not, in the end, pursue the Broadlyne development, because the expected expansion at Ashington did not materialise and miners made redundant in the south commuted into the area, making any new housing development unnecessary.

The County Council, as the strategic planning authority, and in turn the District Councils, had to be prepared to plan for the future of the coalfield when coal did decline. Because it was expected that any decline would only be gradual new developments had to take place in locations that would not sterilise coal but would be accessible to those from the coalfield who could not gain employment in mining.

## Changing Settlement Policies

At this time new policy proposals were being formulated as to how development could take place in one area but benefit neighbouring areas. These were called 'growth pole' policies. One of their early advocates to government was the industry-led Toothill Report which in 1960 (20) called upon the government to concentrated development in those areas that provided the greatest growth potential. This Report influenced the initiatives undertaken in Scotland and the North East in 1962/63; which gave priority to the creation of the conditions in which business could grow. The state's role was to provide the infrastructure and capitalist enterprises' the employment made profitable by this investment.

The County Development Plan committed the Council to restrict development on the immediate coalfield. Instead it was concentrated upon central town areas where coal was already sterilised or off the working coalfield or where subsidence had already taken place. The subsequent decline of the coal industry bore out the Planning Committee's policy. In March 1959 (14) the Planning Committee reported that:

'In the changing circumstances of the coal industry the Committee's policy of concentrating development at selected centres and not permitting the rebuilding of small isolated mining settlements should be maintained.'

The aim of the policy was to remodel the area so that it provided a modern infrastructure, overcoming the environmental problems arising out of previous ad hoc

development. Specific sites, or poles, were selected for major developments. By 1959 these consisted of Ashington, Blyth, Bedlington and Cramlington.

Pepler and MacFarlane recommended a quasi-new town at Holywell. This was rejected by the Planning Committee, not because the concept was inappropriate to the area's needs, but because the site was unsuitable because of subsidence and sterilisation of coal reserves.

The Planning Committee meeting of March 1947 (22) saw any new town development as providing a self-contained satellite or dormitory settlement for Tyneside. The proposed Tyneside green belt restricted the development of housing and light industry to the north and west of Newcastle and encouraged development in Seaton Valley (23). This had to be planned for by the County Council and could only take place via the construction of a new settlement.

Following these initial discussions little action was reported to the Planning Committee on an appropriate site for a new town. It was not until the late 1950's that the earlier ideas resurfaced; when the southern part of the coalfield saw colliery closures and wider assumptions about coal's future were being questioned. The former influenced the decision to choose Cramlington as the site for a new town, it was also a site identified earlier by Pepler and MacFarlane.

The County Council at its Planning Committee meeting in September 1958 (24) gave five major reasons for new town development at Cramlington:

- i) The area to be built upon was discrete from existing towns and provided adequate space for of a town of over 50,000. Its growth would not result in a merging with existing towns, enabling it to remain distinct.
- ii) The area's position relative to other communication points was good. It would have good access to Newcastle Airport, the Tyne Tunnel and the A1 Trunk Road and was on the London-Edinburgh railway line;
- iii) As Cramlington would be a green field site with modern housing and roads it would provide an environment conducive to attracting business investment, unlike the rest of the coalfield that suffered inaccessibility, relative isolation and a poor environment with a small dispersed labour force;
- iv) The Seaton Valley area was the first to be mined and the first to experience pit closures. This resulted in high unemployment. Cramlington would help to create alternative employment;
- v) The area to be occupied by Cramlington was a natural one for expansion to the north east of Newcastle, aided by the green belt provision restricting development in other areas.

These reasons suggested the likely nature of Cramlington's development: to accommodate expanding industry that would take up labour shed in the Seaton Valley area and to provide housing for Tyneside. One year later, in October 1959, when coal's decline was clearer (25), the Planning Committee sought to concentrate development in Cramlington and the area's other new town, Killingworth, and restrict it elsewhere. The Council justified this action on the new towns important role in South East



Northumberland's wider regeneration. In June 1961 (26) the Planning Committee saw Cramlington as central to South East Northumberland's redevelopment:

"With the decline in coal mining in Seaton Valley the proposed new town became important as a centre for the introduction of new industry, so that it is now one of the major proposals in the redevelopment plan of South East Northumberland."

In June 1964 (27) the Planning Committee met the Minister for Housing and Local Government and argued that Cramlington was proposed as a new employment base in response to the decline of coal employment. In these meetings Cramlington was 'one of the major proposals' for redevelopment of the coalfield. By 1967, after large scale coal closures, it was 'fundamental'; the Planning Committee observing that (28):

"none of the other centres were strong enough individually to act as a magnet to growth on the scale required."

This highlights the role that Cramlington and Killingworth would play in achieving the County Council's economic development objectives. These were to make up for the jobs lost by attracting new enterprises, to use the reserve of local female labour and to ensure that the young were not wasted or forced to move away from the County to find employment (29). To achieve its objectives the County had to attract southern based, or foreign firms into the area and so had to have on offer:

i) suitable sites available, with services;

- ii) a skilled labour force;
- iii) satisfactory communications in the area; and
- iv) good housing for staff.

As far as the County Council was concerned none of this was possible within the existing settlements in South East Northumberland. The development of Cramlington and Killingworth provided the base from which Northumberland could achieve a modern balanced economy. In 1973 a report (30) observed that:

"the biggest problem in dealing with old mining areas is that the pattern of physical development left behind is of little value for the future."

The decline of whole industries normally leaves buildings that can be adapted for new uses. Mining leaves little, the workings being underground and the surface under threat of subsidence. In consequence most of the reclamations in Northumberland turned the land over to woodland or agriculture, not to industrial, use. Therefore, Cramlington provided the base around which industry and confidence could grow, with prosperity spreading to the older towns.

The early proposals for Cramlington concentrated upon its perceived role as a development that would house miners, not sterilise coal reserves, house Tyneside's overspill and provide some light industry. The development was a partnership venture between the County and District Council and the private sector. The County Council provided land for industrial and community facilities, while Seaton Valley UDC, Housing

Associations and the private sector provided the housing. The town was not seen as the base for future South East Northumberland economic policy. Instead Northumberland County Council financed Cramlington from powers given to it by the Town and Country Planning Act 1947, the Town Development Act of 1952 and the Housing Act of 1961. At the time that the County Council committed itself to the development of Cramlington and Killingworth the Government was reluctant to sponsor such developments. This meant that they had to be Local Authority sponsored. The Government's attitude to sponsorship changed in future years when as a result of Hailsham's Report the Government designated Peterlee and Washington. The County Council objected to their designation as Cramlington and Killingworth should have had the same funding since they complemented each other, serving south and north Tyneside.

Northumberland County Council, therefore, regarded Cramlington and Killingworth as growth poles within South East Northumberland. Both were within the boundaries of the growth zone later defined by the Hailsham Report. However, a 1967 memorandum for a meeting with Fred Lee MP noted that the growth centre ideas adopted by Northumberland County Council conflicted with government policy (31). This hampered achieving the Council's overall goals, as central government inevitably supplied most of the finance one way or another.

Gazzard (32), talking about Billingham, highlighted a factor crucial to the success of new towns when he argued that the 'best prescription for the successful development of any town is the pre-existence of an established industrial base'. Cramlington did not meet this criterion because its purpose was to create a new economic base and so rejuvenate

employment in an area previously dependent on one industry, making its early development very uncertain.

The conflicting pressures that resulted in the creation of Cramlington were reflected in local debate as to the way in which the town should develop. Initially, the development was to consist of 900 acres of private sector housing, with 65 acres allocated for light industrial use. The latter largely represented the need to find employment for a small number of local workers, most of whom would commute to Tyneside. Coal closures increased the pressure to allocate more land for industrial use at Cramlington, as land elsewhere was not stable enough for development. The Seaton Valley District Map of 1960 (33) suggested that unless this was done Cramlington would become a dormitory town for Tyneside. Instead industry had to be attracted to the town on a large scale. In October 1959 (34) the Planning Committee decided to concentrate all town expansion on Cramlington and Killingworth. This partly reflected the perceived attractions of these sites to inward investors, but also the inability to develop on the scale required on the coalfield without sterilising coal or finding areas not prone to subsidence.

The policy adopted by the County Council in Cramlington clearly achieved its planned aims. Cramlington provided new privately built housing, high quality road communications and 400 acres of serviced industrial land. Once built these proved attractive to many industrial and commercial developers who between them created 7,700 new jobs. However, the first industrial estate was not opened until October 1964 with Wilkinson Sword going into production in May 1965, a significant time after the first wave of coal closures. Even then the gains only partially offset the loss of 31,000 jobs

in coal mining employment between 1957 and 1973.

NRST reports show (35) that in relative terms the Northumberland coalfield was the most effective in the region at attracting new employment, largely because of Cramlington and its location, having:

- suitable labour available locally
- an attractive physical environment
- proximity to major communications corridors.

However, looking beyond these achievements several criticisms have been made about Cramlington and its wider role in regenerating South East Northumberland, and therefore, the policies adopted by Northumberland County Council:

1) The NRST argued in 1976 (36) that the great success of Cramlington, was that it integrated the separate labour markets that had developed due to the nature of mining. The reverse of this meant that the rest of South East Northumberland became a separate labour market. The NRST argued that this served to restrict the potential for economic diversification because of the majority working class population and the lack of an entrepreneurial middle class.

2) The development of Cramlington by the County Council without direct government assistance was a burden that made it difficult to respond to economic problems. The difficulties that this caused are discussed in internal briefing papers (37), in notes

attached to a letter to the Ministry and Housing and Local Government (38) and a note on Special Development Area status (39). In the briefing the County Council noted that it was hampered from the start in planned redevelopment by:

- Its growth centre policy running against government policy; and
- Not having New Town Act finance and expenditure procedures.

The SDA note revealed that money to finance Cramlington's development was restricted due to the withdrawal of government grants under the 1966 Local Government Act. This increased the County's financial problems that had already been noted in 1964 (40):

"the development of the new towns on the present basis is bound to impose an exceptionally severe burden on the Council's finances".

In Cramlington the County spent £810,000 on industrial estate roads and £1.4m on drainage with a further £3.5m of work to be carried out. For this work, before the 1966 Local Government Act, the authority would have received £1.75m in grant. The Act removed this facility and did not replace it by a higher Rate Support Grant (RSG) settlement. For this reason, the County believed, that other planned expenditure would suffer. The Council expected to spend £7.5m on social and educational facilities that would be reduced or delayed eg a planned health centre and library were deferred. These financial pressures came on top of those discussed in an earlier chapter for road infrastructure investment. The Authority was concerned as it was already one of the highest rated authorities and so could not pay for the additional expenditure by

increasing the rates without the threat of becoming less attractive to inward investors.

The June 1968 (41) letter to the Ministry of Housing and Local Government again revealed the level of local concern about the costs of redevelopment. Until the date of the letter the Authority had received no government grant despite promises that it would be forthcoming. The Council believed that it was entitled to grants under the Town Development Act and the Local Employment Act. It required an early decision if Cramlington was to play its full part in the redevelopment of the north east. If the grant was not given, the work would have to be re-phased over a longer period. The Authority raised the problems that would result from losing grant aid due to changes in government rules. It accepted that roads' expenditure would come from the rates except where specific government grants were available. However, the removal of Classified Road Grants meant the full cost of the work falling upon the rates. RSG would not meet the shortfall because the work being undertaken was additional to and not repair or maintenance of the existing network.

The question of the cost of the development of Killingworth and Cramlington upon other services was raised by the District Councils with the County Council in February 1965. The General Purposes Committee of Ashington UDC reported that a joint meeting of the Councils took place in Whitley Bay at which it was agreed to raise the following issues:

- i) to explain the financial development programme of the two new towns;
- ii) to detail what the likely burden would be on the County rate if the Exchequer grants

were not forthcoming;

iii) to detail what grant aid was being sought from Government.

The County Council was less than open in its replies. It informed the councils that the development of the towns was a policy issue for the Planning Committee of the County Council upon which the UDCs and RDCs were represented. They should therefore be aware of the issues surrounding their development. The burden on the County rate, it was believed, would not be great because the County Council was only meeting the cost of social and educational provision. The other costs in relation to housing were a responsibility of the Districts Councils themselves and the private sector. This view seems to contradict the quotations above on the difficulties that financing the new towns led to.

3) To be successful the new towns had to achieve self-sustained growth, which comes about, according to Parr, in two stages (42):

i) The short to medium term with the employment effects of firms locating in the new towns;

ii) The longer term by the growth of the firms that moved to the town.

Many new towns failed at the second stage, as Townsend has shown (43). Often, the plants established were not central to a firm's production and, therefore, less likely to be fully employed, except at the peak of the economic cycle and more likely to be technologically backward. This made them the first to experience cuts in investment and



output, as occurred in the late 1970's and 1980's.

In May 1975 the NRST observed that (44) the Northumberland economy moved from being insensitive to cyclical fluctuations because of its stable employment to sensitive due to the cyclical demand in the industries which moved to the area. At regional level the NRST argued that increasing sensitivity to the trade cycle among much of new industry in the area had potentially adverse implications for the wider economy:

- i) Eventually business confidence would be adversely affected, thus reducing the ability and willingness of firms to invest and so influencing productivity, wages etc;
- ii) The labour force may become reluctant to accept change because of regular periods of unemployment;
- iii) Greater variations in rates of pay and general income would not help business development;
- iv) Periods of downturn resulted in much movement between industrial sectors that could cause, on the part of workers, a reluctance to train or to leave an area providing moral and family support in times of unemployment.

4) When Cramlington's development was agreed by the County Council there were few other alternative sites. Any area to the north of the working coalfield would not serve Seaton Valley, to the east was the coast, to the south it would merge into Tyneside and/or the green belt. Cramlington, therefore, met little opposition. The Ashington and Bedlington areas put up little opposition because they believed their coal industry had a long term future. Therefore, they could not endorse any development that would

threaten it. Ashington UDC had opposed the proposed Broadlyne development because of the threat it might pose to future coal industry expansion, despite the fact that it would house the industry's employees. Therefore, its location was a choice between Blyth and Seaton Valley. Seaton Valley had experienced the largest decline in coal mining employment due to pit exhaustion and was chosen partly because of this factor. Borough of Blyth Council opposed the plans for both new town developments and the inclusion of any of the borough in the Tyneside Green Belt as proposed by the County Council.

The Borough Council opposed the green belt proposals because they would have meant that all land to the south and west of the town would have restrictions upon its future development. The Council, in 1956, wanted to see this land designated for residential, industrial or recreational use (45). It was particularly concerned about the Gloucester Lodge site's inclusion as it had already been designated for industrial use (46). The only comment that Blyth had on the Seaton Valley Town Map in 1960 was to oppose the green belt proposals as if the principle was established in Seaton Valley then their case would be significantly weakened (47).

The opposition to the green belt clearly links into Blyth's position in relation to the new towns of Killingworth and Cramlington. If the undeveloped areas of Blyth were designated as green belt the town could not grow. The Council argued that Killingworth new town should be located beyond the Tyneside conurbation. It preferred a development further north (48). These views were given to the County Council which responded that the Council would, therefore, welcome the Cramlington development

which was to the north of the conurbation (49). However, Blyth's view was that Cramlington was too much north-east, or rather not within Blyth Borough. When consulted on the proposals Blyth BC expressed concern as to the necessity for the new town and the economics of its development (50). While it approved the proposals for industrial land it believed that the residential provision could be based in Blyth, which had the existing facilities and services, and as a new town the development would have no community interest/identity. Later when it considered the issue further Blyth believed that it could also meet the residential needs in connection with the development of industry (51). After the Ministry of Housing and Local Government gave approval for the development of Cramlington little opposition is recorded in the Council's minutes. When Blyth BC was consulted upon the Cramlington Comprehensive Development Plan they had no comments (52).

The reason for Blyth BC opposition is clearly linked to the expected decline in mining employment, which in the short term was still central to its economy. It is also obvious that Blyth was very keen to develop light industry in the borough. The necessity for such activity was recognised by Pepler and MacFarlane in 1949. However, the County Planning Officer rejected Blyth's objection because the County had carefully considered the location of a new town. It had specifically sought a location off the coalfield that would pose no threat to mining employment. Blyth was at the centre of a mining area and had a colliery expected to continue in production until the 1980's. Blyth could not offer the same prospects as Cramlington. It was environmentally scarred with land liable to subsidence until 1960. Blyth Borough Council remained a lone voice in opposition (53):

"The representatives of the Blyth District Council explained that they felt too much emphasis might be being placed by the County Council on the promotion of industrial estates at Cramlington and Killingworth to the detriment of other areas."

However, as coal closures occurred, opposition increased. The Town Development Sub-Committee of February 1969 (55) noted:

"The Chairman informed the District Councils' representatives that the County Council had been under pressure from the Councils in the Ashington area, where pit closures were now taking place, to put less emphasis on the development of new towns at Cramlington and Killingworth and devote more of their resources to other parts of the County."

These criticisms were again rejected by the County Council which argued that when the choice was made Seaton Valley had the worst level of unemployment in the County. It argued that Cramlington would provide the basis for the wider South East Northumberland economy. Increasing confidence there would spread to the other Districts. In addition, Cramlington and Killingworth were two sites in a wider strategy for the provision of industrial land on the coalfield. The major site for development, other than at Cramlington, was at Cambois, between Bedlington, Blyth and Ashington. A meeting of the Town Development Sub-Committee in 1967 (55) summed up the County Council's position:

"The new towns are only part, though a major part, of the drive to reconstruct and bring new employment to the County."

The push for land at Cambois did, though, seem to come after Bedlington UDC opposed the amount of land that was being designated in the district within the Town Map (56).

5) There is no doubt that Cramlington provided substantial employment. However, it became increasingly clear that many people living in Cramlington did not actually work there but travelled to Tyneside. Cramlington proved an attractive site for inward investment by firms whose employees commuted into the area. In a survey in 1976 the County Council (57) found that 53% of people working in Cramlington lived in Blyth Valley and a further 29% in Ashington or Bedlington. Between 1961 and 1971 there was an increase of 21,500 in the number of people living in Northumberland but working elsewhere. The major development taking place to affect this figure was the construction of Cramlington. The original plan for housing development was for two private builders to create three distinct new housing areas, each with its own services, shops, pubs etc with schools provided by the County Council. This resulted in a far higher level of private home ownership than was evident in the rest of South East Northumberland. The types of firms locating in Cramlington paid wages that would not typically allow employees to become home owners.

As the importance of providing employment alternatives to coal mining increased so did the need for rented and not privately owned housing. In 1964 the Planning Committee (58) noted:

"It now seems probable that the success of the new towns may depend upon the provision of a substantial amount of local authority housing for people working in the factories on the industrial estates."

The Town Development Sub-Committee in 1973 (59) reported that the Cramlington Industrial Group was concerned about the future supply of labour. Its members found labour harder to find because workers were unwilling to travel and there was an inadequate stock of rented housing. This difficulty was confirmed in a survey of Ashington undertaken by Newcastle University in 1973. They found that unemployed people were unwilling to seek employment outside Ashington. The survey report noted that Cramlington had had some positive effect upon the economy of South East Northumberland but that there had been little direct effect upon Ashington's level of unemployment. However, it is significant that the Cramlington Industrial Group saw the solution to its labour shortage as improved transport links with Tyneside and not the rest of South East Northumberland; Cramlington was in the Newcastle Travel-To-Work-Area, unlike the rest of South East Northumberland.

Cramlington had not provided additional housing for residents of South East Northumberland but had as originally planned provided a housing overflow for Tyneside. The Town Development Sub-Committee in 1966 (60) reported a survey that suggested that 54.7% of residents came from Tyneside, only 9% from elsewhere in South East Northumberland and 11% from the Cramlington district itself.

6) As the South East Northumberland economy developed it was significant that most of the higher paid male employment went to Cramlington while the rest of the area received lower skilled employment. Both Cramlington and Ashington received branch plant investment, the former in engineering and the latter in clothing manufacture.

### Summary

The policies adopted by Northumberland County Council in relation to settlement patterns changed as events developed during the period under study. These changes reflected the changing fortunes of South East Northumberland's economy. Initially the policies aimed to house the greater than expected movement of population from Tyneside and the limitations upon development elsewhere due to green belt. Later, what was a population/settlement planning issue became the central feature of policies to transform the economy of South East Northumberland when coal declined.

The South East Northumberland Policy Statement in 1958 resulted from the local plans in Ashington, Blyth and Bedlington failing to anticipate the scale of population movements from Newcastle and the impact of plans for North Tyneside. Migration out of Newcastle occurred at a faster rate than expected in its own local plan and put pressure on the outlying areas, particularly Seaton Valley. This resulted in the initial plans for Cramlington of 900 acres of housing and social facilities and 65 acres of industrial land. This 65 acres corresponded with the likely localised employment needs of a town of 50,000.

After 1958 the County Council had to respond to the rapid downturn in the fortunes of the coal industry. The County Council had not planned for an early decline in coal employment. It believed there would be a redistribution of jobs as pits in the south declined and those in the north expanded. Therefore, the immediate problem was not the creation of new forms of employment for miners but rather on the margins. There was no expectation that the mining industry would make staff redundant. Therefore, employment was required for increasingly economically active women, those unsuitable to work in the coal industry and to take account of the lower numbers of young people that would be taken on as apprentices by the coal industry.

After 1958 its policies had to be rethought. Because the coal industry would dominate employment, even in decline, the Council's could not adopt policies that threatened existing jobs. This forced any development to take place within towns - like the Jubilee Industrial Estate in Ashington or the Kitty Brewster/Cowpen industrial estates in Blyth, or in areas no longer being mined or where subsidence had occurred eg the site chosen for the Alcan smelter at Lynemouth or the power station at Blyth. However, these could not fulfil the demand for new facilities required to replace the number of jobs lost in mining. These sites were typically perceived to be unattractive to inward investors due to their location in old mining areas, with poor facilities and communication links. The only effective way forward was to capitalise upon the development taking place at Cramlington and expand the land available for industrial development.

Accelerating work planned for future years to overcome coal's decline and the increased cost of reclamation as each pit closed put a great financial strain upon the Authorities.



Through the 1960's Northumberland was one of the highest rated Authorities. The County did not receive high levels of government grant. However, the support of government was critical to the success of the policies being pursued. But the growth centre policy being followed by the Council ran against that being pushed by the government. This resulted in several meetings with civil servants and ministers to plead for more assistance. The issue was never fully resolved, although apparently the government was prepared to take over Cramlington as a new town but that the Council preferred to undertake the work itself, with the aid of the private sector. This put pressure upon local resources and made it essential that the Council maximised other government assistance. The reason the Council did not wish to have Cramlington taken over by the government, but was prepared to offer Killingworth, is not clear. The government was not prepared to take over Killingworth. The County Council believed that by 1974 it had laid the foundation for a strong economy. The Planning Committee summarised what it believed it had achieved by 1974 (61):

"The County have successfully embarked on the establishment of a new settlement pattern for South East Northumberland through the creation of an efficient new road system, the development of the new towns at Killingworth and Cramlington as growth centres, as well as building up, through new housing and industrial development, the larger towns of South East Northumberland."

Clearly the County Council saw settlement policies as integrating directly into economic policies to regenerate the area. In 1974 the County Council commented (62):

"A major planning decision had therefore to be taken either to let the whole area run down to a lower level of population in line with the reduction in mining activity or to set about a major reconstruction of the area and to provide it with a new economic base."

By 1974 it believed it had established the basis for recovery. The success of Cramlington, in its early years, proved that once the infrastructure was in place capitalist development would follow, confirming the County Council's belief that its role was to establish the physical conditions for growth, whereupon developers would create employment.

However, Cramlington's role as the central feature of the re-development of South East Northumberland has to be questioned. It is closer to Newcastle than many of the mining settlements for which its industry was to provide employment. In the first draft boundary changes during the review of Local Government in 1972 it was proposed that Cramlington, like Killingworth, should move into the new metropolitan authorities being created on Tyneside, Killingworth going into North Tyneside and Cramlington to Newcastle (63). This was opposed by the County Council, a case the Government accepted. The view still remains, however, that Cramlington is 'really' part of Tyneside. In a 1988 publication on Tyneside Robinson said that (64):

"north of Newcastle is Cramlington new town which is still, after local government reorganisation, in Northumberland, but is without doubt functionally related to Tyneside."

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## CONCLUSION

### Introduction

The preceding chapters detailed the major economic changes affecting South East Northumberland between 1945 and 1974 and the factors that influenced them. In 1974 the County Council believed that it had made the structural changes that would ensure the future prosperity of the economy (1). As the brief summary of the area's subsequent experience highlights this optimism was misplaced, as the area's economy even today remains weak and dependent upon outside assistance. The area has tried, over a 30 year period, to bring about a diversification in the economy that would provide stable employment. This has eluded them. To bring about the necessary change in the local economy now requires a more fundamental appraisal of the area's needs and how change is to be brought about.

Several factors lay behind the failure of the changes introduced by the County Council to achieve all their objectives. This final chapter will seek to examine these factors, place Northumberland County Council's experience of managing economic change into a national context and discuss what real impact a Local Authority can have in shaping its economy. If such impact is at the present time low, it will examine what changes need to be introduced to assist Local Authorities to develop and shape their economies when faced by large scale unemployment.

## Issues affecting South East Northumberland's Economic Development

Five major themes have been identified through the research that related to the activities of Northumberland County Council:

1. The difficulty of planning for an economic decline that will occur in the long term. What should an Authority do in the meantime?
2. Such planning was made more difficult by the fact that coal so dominated the economy that new employment had to be introduced while not itself undermining existing coal based employment.
3. The growing service employment was public sector-led and employment female dominated.
4. Coal left an environmentally scarred landscape that required major investment not available to a Local Authority to bring it back into productive or recreational use.
5. The County Council saw a limited role for itself in shaping the future economy. It believed it could only create the conditions that would encourage inward investment.

To these themes can be added factors that stem from developments in the national and international economy:

6. The decline of the UK economy in the world economy;
7. De-industrialisation;
8. The nature of manufacturing investment.

These points need to be considered in more detail as follows.

### 1. Planning for coal's decline

It was accepted in 1945 that, although the demand for coal was high, and employment would continue at a high level, in the long term it would decline. This meant the area's main employment base would eventually disappear and that a fundamental transformation was necessary to guarantee the area's economic well-being. The 1952 County Development Plan foresaw this decline occurring slowly due to exhaustion and technical advances increasing productivity. This meant that as an Authority the County Council should plan for a gradual change. No major change was expected in the supply of, or demand for, coal. Because of this, and the likely expansion north of Ashington, there would be no requirement to create alternative male employment, other than at the margin, until after 1974 and in Ashington's case not until the early 1980's. Because this fell outside the time scope of the County Development Plan no plans were made in preparation. The only plans made were in relation to the gradual changes in the structure of employment as coal declined in importance in the southern part of the study area where alternative male employment should be gradually introduced, in particular in Seaton Valley and Blyth during the 1960's.

In reality, the foreseen decline occurred with greater rapidity and over a shorter period than was ever expected by the County Council. Even when the picture became clear in the early 1960's, the County Council did not seek to develop a strategy for the transformation of the area's economy. It was not until March 1967 when the County



Council issued "The Reconstruction of South East Northumberland" that any clear strategy developed (2). During the 1960's the County Council critically commented upon government policies as they affected the area, eg its criticisms of the Hailsham Plan (3), and had in the 1963 draft County Map First Review developed a 6-point plan for government adoption that would radically assist the re-generation of the area (4). These plans would enable the Northumberland economy to develop in a way that would promote diversification. They were less a strategic response to the situation being faced than a prescription for what actions the government should take to assist Northumberland.

As a result of this Northumberland County Council was guilty of the very failure for which it had criticised the government - it waited until the coal industry was in terminal decline before it began to plan for the future. In part this is understandable. The County Council was in a 'planning dilemma' during the 1960's. Clearly the coal industry would decline, but meanwhile it remained the bedrock of the area's economy. As a result the Council could not pursue a policy that might threaten the future of the coal employment that remained.

However, this fact does not excuse the Council's failure to undertake any forward planning once it realised the extent of coal's decline. Large areas of the former coalfield could be developed. In the late 1960's a range of potential sites for an aluminium smelter was drawn up; showing those areas where subsidence had occurred and thus where land was stable enough to locate a smelter (5). Many of these sites had not seen mining for 20 to 40 years. There was no systematic attempt, at an earlier stage, to

identify these areas in the material studied, other than immediately following World War Two, but from which nothing came back to the Planning Committee (6), and to promote them as development sites, even if in the short run they would be aimed at businesses likely to employ women. This did result in conflict between the County Council and District Councils covering the coalfield area. Such conflicts centred around the priority given to the development of industrial land in their respective areas that would attract alternative employment. The Districts tended to demand that the County Council should do more in their area. This criticism was not politically motivated as the County Council during the 1960's (until 1967) was Labour controlled, as were the Districts. The criticisms were more a sign of the powerlessness to affect the economy in their area, as the County Council's policies did provide industrial land on the coalfield, as well as in Cramlington. The difficulty was attracting investors to take up the land. The site at Cambois, between Bedlington, Ashington and Blyth, was very large and had a number of inward investors attracted to it, eg chemical processors and producers of metal, but even into the 1990's the land has not been fully let.

The County Council did not have plans instigated and prepared in advance of any decline. As a result, there was an inevitable time lag when unemployment increased before any new employment could be attracted. As Cramlington was to become the basis of this policy it should have been developed when it was first debated in the late 1940's, to replace coal jobs as and when they were lost. The development of Cramlington only started in the early 1960's, with the first company to invest going into production in the mid-1960's. The town would not, however, be completed until the early 1980's, 20 years after coal's decline started.

The County Council was not helped by the government in planning, or phasing coal closures. This made it difficult to initiate policies that would have an instant employment impact as collieries closed. The announcement in November 1992 of the government's intention to cut the coal industry in half indicates that this policy still prevails. It has been practised to varying degrees for 30 years. In other countries the approach is different, as is shown, for example, in TV coverage of Easington, County Durham and its German twin town, Basweiler, or in France, as highlighted by a Financial Times article in November 1992. In Basweiler the colliery closure was announced five years in advance, giving the relevant authorities time to plan and develop initiatives that would replace the employment lost. In France, William Dawkins (7), wrote that the centralised system of French government and planning for the long term meant that the authorities targeted those areas to be affected by closures and gave assistance to build new roads, new business parks and other job creation schemes. When pits were closing in Lorraine 20% of all Government assistance to local economic development went to the area over a five year period. The reverse side of this coin is the UK, when the final list of closures announced in November 1992 was changing by the day before the initial announcement, then withdrawn, and now implemented. The same was true in the period under study as many of the closures were unexpected and followed pit investment. This puts Local Authorities in a very weak position; of largely being unable to respond in any meaningful way to sudden crisis. Changes in the planning assumptions of the order evident in Northumberland require significant time in planning and provision of financial resources to implement. Both were denied to Northumberland County Council.

## 2. Dependence upon a single dominant employer

South East Northumberland was largely dependent upon one dominant economic sector. The coal industry dominated male employment. The service and other manufacturing employment depended on the income it generated, for example, brick works were either owned by the NCB or its suppliers, and even as late as March 1989 (8) of the 1.32 million tons exported from Blyth Harbour 1.25 million were of coal or coke. The County Council was aware of the implications of this dependence. The County Map's First Review (9) observed that once coal declined there remained little infrastructure or economic activity around which to construct new employment. The transport and industrial infrastructure, housing, etc served a coal economy and were unsuitable for modern industrial development. The economic, social and environmental consequences of coal mining, if anything, actually discouraged investment.

South East Northumberland is an area that relies upon inward investment to provide new employment opportunities because of the lack of indigenous industry. In promoting areas to investors local authorities and development agencies lay great emphasis upon the quality of the environment. The coalfield area could not make such claims, which is why the County Council so heavily promoted Cramlington as a greenfield development. Ensuring that environmental problems were addressed required planning for the future economic needs of the area and mitigation of the damaging effects of coal mining. Although the County Council recognised the problems very early it did little to tackle them until coal employment was in decline. But it is difficult to see how it could have done differently as the cost of tackling the environmental problems of a mining area are

beyond the financial resources of a County Council without government assistance. The County Council was not helped in that when it lobbied for greater government assistance coal pit closures were at an historical high and coincidentally the government was seeking to cut expenditure, not increase it, as a result of budgetary problems and a balance of payments deficit leading to devaluation in 1967.

Due to the heavy dependence upon a declining coal sector the County Council had to concentrate new developments off the coalfield. This effectively meant concentrating upon Cramlington, with some development of sites that had already been affected by mining subsidence. Therefore, the number of sites was restricted, resulting in conflict with the relevant District Councils. When pits started to close the District Councils wanted to see immediate action to assist their economies. The County Council was not able to respond in the way demanded. For example, the expansion of the Jubilee Industrial Estate in Ashington was not possible because of mine workings. Therefore, conflict between the County and District Councils was inevitable.

The study by the Institute of Economic Affairs makes clear (10) that regional problems should be tackled when the wider economy is prosperous. For South East Northumberland this was during the 1950's. But this was the time when the County Council was not thinking about the state of its economy, as may be noted by the failure to report any significant economic developments or planning during the early 1950's, or their future direction. The same was also true of the District Councils where there was, if anything, a greater reluctance to threaten existing coal employment by development. The regional policies of Government, which were based more upon statistical triggers to

designate Development Areas, rather than about long term planning, meant that the policies to assist the diversification of a local economy were unlikely to be developed. Vulnerable economies like South East Northumberland were recognised as such by Local Planning Authorities and the Government alike but neither felt in a position to make plans for how the area's economy would be diversified. The indicators used by the Government were subject to a time-lag and took no account of need, which can only come at the end of an assessment of an economy's potential. The Government's regional policy was a continuation of the pre-1939 policy that saw regional problems and unemployment as social not economic problems. This made it very difficult to develop effective economic policies to address needs.

The question remains as to why it took Northumberland County Council so long to tackle the problems it had anticipated would occur 10 years before? This prompts the further questions as to the ability of Authorities to shape their economies. There can be no doubting the desire of the County and District Councils to attract new employment. The County Council's planning policies varied as the situation in the coal industry changed so as to release more land for industrial development, particularly at Cramlington, though not quickly enough for the District Councils. The question is to what extent was the policy an attempt to prove, to the local population, that the problem was being tackled but without having confidence that the instruments adopted could succeed? Murrey said in a 1991 report (11):

"There is a danger that local economic policy maybe merely a form of publicity for local councils ... rather than a significant contribution to the economy"

Cramlington may be a clear example of the problem highlighted by Murrey. When originally designed its development would assist in solving Tyneside's housing problems. To this extent it has been very successful. However, it was less successful in being the development that would diversify the coalfield economy. The County Council was, it could be argued, seeking to initiate a policy that it knew could not succeed in tackling the area's overall problem to ensure that it was not criticised for inactivity. However, it must also be borne in mind that there were few alternatives to Cramlington as it was the only large area that was not subject to subsidence, or coal extraction. Therefore, if development was to take place it had to be at Cramlington, and so the real failure was at a higher level, ie the government's, in not having the policy framework in which to address the coalfield's problems.

### 3. Service Sector job gains

Growth in service sector employment was public sector-led. Service sector employment in South East Northumberland was historically low, served a local market and was dependent upon mining incomes. South East Northumberland at its northern limit is less than 20 miles from Newcastle and thus non-locally based service employment will be drawn to the City and not the coalfield.

Furthermore, what growth took place in South East Northumberland has been government led - due to the expansion in health provision (a new hospital has been built in Ashington), in education (the Technical College in Ashington was expanded, as was pre-16 school provision) and local government (due to local government reorganisation

in 1974). Many of these gains have, during the 1980's, been challenged or rolled back by government policies aimed at reducing the role of the public sector in the economy.

The national expansion of the service sector has been the major 'achievement' of Conservative governments over the last 16 years. For many years Government Ministers claimed that manufacturing would not matter as long as the UK continued to be the major supplier of exported services. But in an economy at the periphery of a region, itself at the periphery of England the service sector could not provide most new jobs. In addition, service sector increases beyond the public sector and local demand are limited because of the proximity of Newcastle. Even if the area had been able to attract new service employment it is not clear whether it would have created local employment or attracted labour from elsewhere. According to a recent radio programme Leeds, during the 1980's, experienced a substantial increase in service sector employment, particularly financial services but that the majority of the jobs were not taken by local unemployed people. South East Northumberland's economy must have a strong manufacturing element at its centre. Government policy and its attitude to manufacturing has changed during the last recession, recognised by the new Prime Minister in 1992. This change in policy should result in a change in attitude, but is as yet hard to see.

The area's relationship to Newcastle raises the question as to what extent an area the size of South East Northumberland can be considered outside its wider economic area? Is it conceivable that South East Northumberland could achieve full employment? Economies are increasingly difficult to localise because labour markets have been opened



up by increased labour mobility and individuals are prepared to travel longer distances to and from their place of work. With the large increase in the numbers of commuters it is possible that the area will become a residential area for Newcastle based employment, as Cramlington was originally envisaged. The last 20 years has seen a large increase in the number of people travelling to Tyneside from South East Northumberland. This, however, will tend to leave a residual of unemployed people who are unable to find stable employment.

#### 4. Cleaning a despoiled environment

There is great difficulty in cleaning up the area of a coal based economy. The scars left behind by the extraction of coal are immense. These included slag heaps, subsidence, redundant buildings and substandard housing stock. In 1954, before large scale pit closures started, the County Council was told that there were 4,000 acres of land needing to be reclaimed. The figures included 1,900 acres of spoil heaps, 1,600 acres of excavations and pits and 500 acres of subsidence-affected land (12). As further mines closed the amount of derelict land in need of reclamation increased as pit heads were made redundant and land covered by slag/spoil heaps became surplus to requirements. A Local Authority could not tackle such an extensive problem with limited resources. Government assistance was available - but only to Assisted Areas, for which, over much of the period, South East Northumberland did not qualify. This again highlights the necessity to plan economic change by a thorough assessment of needs.

Only when the national government has made it a priority have the environmental

problems of old industrial areas and their dereliction been effectively tackled. Current government policies ensure a rapid removal and clean up of coalfield sites. This shows what can be achieved, but only at great cost to the taxpayer and, typically, without the involvement of elected Local Authorities.

The County Council in Northumberland saw cleaning up its scarred coalfield as a high priority as it believed that new employment could not be attracted without doing so. This was one of the reasons why such emphasis was placed upon Cramlington as it was a planned town with good internal communications, had excellent accessibility by road and was in close proximity to Newcastle airport with modern industrial facilities. This contrasted with the main coal towns whose expansion was restricted in the medium term by subsidence and which required substantial investment to improve their environment. The success of the County's policies in attracting investment to Cramlington was highlighted by the NRST which showed the town was one of the most successful areas at attracting inward investment because it had modern industrial estates that were attractive to investors. However, this success was overshadowed by the fact that this in itself could still not replace the jobs lost in coal.

##### 5. The limited role of the County Council in fostering change

The County Council saw a limited role for itself in regenerating the economy. This did not materially affected by whichever party was in political control. Policy stay fairly constant even though it was controlled by the Conservatives for 11 years and Labour for 18 years during the period under study. Both parties were clearly aware of the problems

to be faced but felt that they had few powers that could rectify them. Throughout the period the Council sought central government resources and central government action to tackle them. Central Government did not have the same view as to their responsibility for the regions. Demands by the County Council evolved around the following points:

- Road construction - to modernise the coalfield communication network to make it attractive for modern industrial use;
- Factory Sites - the provision of suitably serviced land for use by inward investors and local industrial growth;
- Housing - to modernise the settlement pattern that would rid the area of its worst housing and provide high quality new homes. The Authority had no direct responsibility for housing and as a result tended to encourage private sector housing development. At Cramlington this was not necessarily appropriate to local need.

When government policy worked in the area's 'favour' - 1945-58 - there were few complaints. After this, the County Council became increasingly critical of Government policies that it believed worked to the 'disadvantage' of South East Northumberland regarding such matters as:

- Decline of the coal industry;
- Changing fuel policy;
- Regional Policy;
- South East England economic bias; and

- The financing of New Towns.

To counter-act this the County Council demanded in the 1963/64 Review of the County Development Strategy and again in 'Reconstruction of South East Northumberland' a wholesale change in the development of government policies that would place the impact of new policies upon the regions high on the list of government considerations in deciding whether to proceed or not.

From what is evident in the County Records Office the County Council had little success in advancing such demands, just as today local councils lobbying for higher levels of government assistance are given a cool response. This was the case regardless of which party controlled the County Council. The most positive response to Government policy after 1958 occurred when the Labour controlled County Council gave a welcome to the Labour Government's 1965 National Plan that it believed took on-board the policies pushed by the County Council in the five years beforehand. However, this welcome was guarded as the Council wished to with-hold judgement until it saw what policies would result from the Government's new commitments. In this the County Council was disappointed as the National Plan was soon sacrificed in the face of a balance of payments crisis.

The above 5 themes have arisen from the analysis of economic change on the coalfield. Three other themes had an influence upon South East Northumberland and stemmed from wider policy issues and developments. These affected the framework in which the Authority operated and thus its chances of success.

## 6. Decline in the UK's international role.

Domination by the UK of the world economy through the nineteenth century resulted from pre-eminent strength in particular sectors: iron, steel, coal, shipbuilding and engineering. These industries exported a large proportion of their total output. When the UK's dominance was threatened so were these industries and the resultant adverse economic effects were concentrated upon particular UK regions (13).

From the 1880's onwards the UK's world economic role was undermined. The protectionism of the 1930's highlighted those areas that would be hit hardest. Northumberland was one of these. The Northumberland coalfield benefited from the Second World War and the peace time economy until 1958. After this the County's coalfield was affected by the wider shift in economic power that was facing the UK and which hit its traditionally strong sectors. Areas where there was a concentration upon coal, steel, shipbuilding and engineering employment have been severely affected by the enforced restructuring of the UK economy as the country sought to adjust to its new position in the world. This adjustment was made harder by the failure of Government to acknowledge its changed position in the world and decline in power. Until this realisation occurred it was unlikely that policies would, or could, be developed to tackle the economic problems that resulted.

## 7. De-industrialisation

This is the trend for manufacturing employment to decline in real and absolute terms; reducing its share in the overall national economy. South East Northumberland needed to diversify when the coal industry declined after 1958. The policies adopted by Northumberland County Council sought to diversify the economy by the introduction of manufacturing employment just as, nationally, de-industrialisation began.

There was increased competition for manufacturing investment partly as a result of de-industrialisation and partly as a result of there being more areas in need of new employment. The increased concentration of the ownership of capital and the centralisation of decision-making makes such competition more acute, as branch plants are readily established and, in turn, closed. Government subsidies reduce the initial investment costs and thus make closures more 'affordable'. Hutton has consistently argued in the Guardian that the process of de-industrialisation is partially a product of the nature of the 'rentier' seventeenth century type state which exists in the UK and it trying to manage capitalism (14). The result has been a process where both political and economic decisions are increasingly centralised. This applies equally to the private and public sectors. Therefore, decisions to build major new roads are taken by the Government as part of negotiation between the Treasury and the Department of Transport, decisions on major private sector loans by banks to business are taken at national as opposed to regional or local level. All of these decisions are taken by "those who have little political, emotional or financial investment in the areas concerned." They are based upon keeping the financial institutions, which invest heavily on the London and

international financial markets, happy, but which in turn may be investing on behalf of those that are being made redundant as a result of the decisions they make or force upon companies. The current take-over bid by Trafalgar House, if successful, will remove from the North East the control of one of its biggest companies and decisions will be made from London in the interests of the holding company, not the region.

The first phase of de-industrialisation, as it affected the North East, was led by Government disinvestment from the nationalised industries (15). The nationalised industries accounted for 80% of the total net job losses in manufacturing and mining in the region. To replace these jobs new multinational branch plants were opened. These in turn provided the second phase of de-industrialisation from the mid 1970's through to the recession of 1979/83 as the new jobs created since 1960 were lost as branch plants were closed or rationalised.

Cooke (16) poses the question as to whether it is possible to talk about a local economy because of the ability of multi-national companies to manipulate capital flows and buck exchange rates. This is crucial in looking at South East Northumberland. Can a relatively small area once dependent on coal realistically replace lost jobs or does it have to be seen as part of a wider regional economy? Cochrane (17) has noted the realisation by Local Authorities that their chances of success are limited unless they form part of a wider national/regional strategy. Successive administrations in Northumberland took this view and instead put the onus upon central government to act with their own role being to flag up the areas in which Government action would have the most beneficial impact. However, central Government has never been happy adopting its new role:

whether it was Labour or Conservatives in power. Instead, what is now increasingly demanded is the creation of regional government structures that put the needs of the region first. All regions of the UK believe that they have been badly treated by Government. This feeling was evident before the last 16 years of Conservative centralising of policy decisions, but is now stronger than ever in most UK regions, but strongest in those areas that have suffered the greatest economic loss, eg Wales, Scotland and the North East.

#### 8. The nature of inward investment.

The Northumberland coalfield was dependent upon inward investment to promote diversification. This meant that as investors were increasingly hard to attract (compared to the 1950's) it had to accept all-comers. There was a trend in companies that did invest to employ women. This was welcomed in South East Northumberland during the 1950's, but from the 1960's there was a male labour surplus that did not benefit from such investment. Hudson (18) indicates that 50% of net manufacturing growth in the North East region was for women. Cramlington's inward investors largely employed men, but their number was not great enough to compensate for coal closures.

The NRST noted that South East Northumberland was transformed from an area that was insensitive to wider economic changes, because coal insulated the economy, to one acutely sensitive to national economic trends because of the nature of inward investment (19). The latter situation means that an area's economic fortunes are out of any local control and increasingly out of national control. The North East has seen extensive



inward investment by American and Japanese companies. These have come to take advantage of the European market, regional policy assistance and the relatively cheap labour. What is now required is to find a new rationale for particular local economies. In a Trade Union Studies Information Unit (20) (TUSIU) report for the coalfield Local Authorities, there is a demand to build upon what is strong in South East Northumberland and develop a level of expertise and specialism that will attract new employment and create clusters of economic activity which in turn will provide more stable and vibrant employment opportunities. The report makes a central point of emphasising that this need not be based upon new industry but can as easily develop around the creation of a new image for existing industries, the area's industries do not have to be classed as sunset, but with the right investment and new development they can become sunrise . The report also highlights the opportunity for such a cluster to be built around power generation and Alcan, indicating the ways in which economic development and environmental concerns are not mutually exclusive. The report's provisions would build upon the region's engineering expertise and promote the development of technology-based industries that would stand out in contrast to the low skilled jobs that come from companies 'parachuted' into the region which have no linkages to the wider economy and no loyalty to the region.

### Diversification and the role of Local Authorities

Having detailed the major economic changes as they affected South East Northumberland, it is important to put this into a wider framework. Analysis of economic change raises questions about the ability of Local Authorities to influence the

future shape of their local economy. If this is limited, and evidence would suggest that it is, then why, for example, did Northumberland County Council initiate the policies it did and what needs to change to make local economic planning more effective?

Northumberland County Council agreed that the influence it could have upon its economy was limited. The constant demand from the Council was for government action. It did not demand greater local spending powers, but wanted government policies that would influence the shape of the national economy and thus the local economy. This recognised that government decisions decided the shape of South East Northumberland's economy:

i) Coal's decline came about as a deliberate policy of government via the NCB. Despite the unprofitability of the Northumberland pits there was employment stability during the 1950's because the government's policy was to maximise output. In turn the government determined both the speed and extent of the rationalisation of the industry; thus contributing to the up-hill struggle that the area faced to replace the jobs lost in consequence;

ii) The location of Blyth Power Station and ALCAN in South East Northumberland was the result of deliberate government policies. These were large male employing firms that were major consumers of coal located there as male jobs were being lost in mining;

iii) The growth of the service sector was partially the product of increasing government expenditure.

Therefore, it was logical that consecutive Conservative and Labour controlled Councils in Northumberland sought to influence and shape government action. Currently, it is Labour controlled Councils that have attracted attention in developing alternative policies to regenerate their economies. In essence their basic belief is the same, that local economies can only be transformed by central government-inspired policies; just as the economic power of Japan and Germany results from the policies adopted by the state. In Northumberland the Local Authority undertook what policies it could within its powers to aid economic development. Most Councils essentially offer the same core policies: industrial land, grants to locating companies, etc. It is those Authorities that are critical of government policies which offer alternative policies in an attempt to either highlight government inactivity or to show that a different emphasis in the policies implemented will have a greater local impact. The policies advanced by such Councils, to be effective, would need to be adopted by central government, or more appropriately, a tier of government between Westminster and Shire/Town halls. Rarely do these local actions provide a blueprint for the successful creation of new employment, as they are very much at the periphery of total economic development expenditure. The audience of such Councils, ultimately, is a political one. They are trying to show that if their policies were adopted nationally their local economy would improve. Parkinson suggests (21) that for some of the new left-wing Labour Councils it is an expression of dissatisfaction with the policies of the last Labour Government as well as the recent and current Conservative ones, and that their policies were an attempt to provide a testing ground for the development of alternative economic strategies.

This, in turn, raises a question about the extent to which even a national government can

shape and influence its economy. The current Conservative administration has maintained that governments cannot direct investment. Instead the role of government is to create the conditions that encourage investment: keeping inflation low, the budget balanced over the medium term, removing constraints upon the labour market and cutting red tape. This policy has not essentially differed from that of other post-war governments which saw their primary economic objective as protecting the UK's international position. The difference is one of degree and the way they have gone about its implementation and the emphasis placed upon privatising nationalised industries.

However, Conservative governments over the last 16 years have practised policies that have influenced the shape and nature of economic development in other ways. Defence provides the clearest example. It is an industry where large profitable companies have benefited and supported significant employment in parts of the South East and South West due to government demand for their products and the Government's desire to promote their exports by providing large export guarantees. These policies have arguably constituted the most effective 'regional policy' adopted by central government in terms of their effect upon the areas that benefitted from the investment. This is demonstrated by the way that the Northern Development Company promoted accessing government contracts, particularly in the defence sector, as one way of promoting the regional economy. Defence proves that the government can, and does, shape the economy by the policies they adopt. The policies that have the most impact on regional economies, however, are not usually called 'regional policies', rather they are the mainstream funding programmes of government. It is possible to point to examples in the defence industry,

the NHS (both directly and through the massive market for medicines that it provides), agriculture, location of government offices, etc. These examples suggest that government can determine the economic fortunes of an area and influence the wider investment that takes place. Therefore, Ashington UDC was right in the late 1960's to demand that mainstream departmental spending by government should be harnessed for the benefit of the area's economy. An example of the negative impact government policy can have is with regard to the nationalised industries. The reductions in coal, steel and shipbuilding employment have come about largely because of government policy.

Northumberland County Council, within the resources available, sought to adopt policies that would bring about diversification of the local economy, but in so doing it was constrained by government economic policy. The government's priority was upon macro-economic indicators and the reaction of the City to its policies on interest rates, the balance of payments and inflation and not upon the effects these policies had upon regional economies. One of the Government's main economic policy objectives has been to maintain the value of the pound. Through most of the post war period, it is now acknowledged, that it was overvalued and partially brought about the balance of payments deficit, which in turn forced the government to adopt deflationary policies. In addition, because UK exports were over-priced the manufacturing base was undermined. Even in recession the UK now has a balance of payment deficit because of the cumulative impact of policies that have undermined the country's manufacturing base.

If governments had recognised soon after the Second World War the change in the UK's position in the world economy, they might have adopted policies such as proposed by the

Barlow Report or those successfully adopted by Germany to build a strong national economy. There is evidence to suggest that had such policies been adopted the economy of South East Northumberland could have performed better. However, there remains a question about whether nation states can, independently, shape their economies in isolation. The power of the UK government to influence the international economy has declined, as it has for all nation states. This has resulted in the formation of trading blocs, for example the European Union, to improve their competitiveness against the American and Japanese economies and against multinational capital itself. Even then the American economy has responded by seeking to create its own open market by creating a trading bloc with Mexico and Canada.

The prospects for the future of South East Northumberland remain bleak unless there is a fundamental shift in the thinking of government. Policies adopted over the last 30 years have failed to provide new prosperity. The number of workers in employment has fallen by over one-third in the last 20 years. This experience is not unique and it is replicated across the North East and other traditionally industrial areas. In areas like Liverpool despite the continued provision of Government assistance in a way not dissimilar to that in Northumberland, but on a larger scale, the problem has got worse in relative terms, so that now Merseyside is among the poorest regions in the EU.

### Towards a brighter future?

It is only in the period since 1960 that major economic upheaval and change has taxed the minds of policy makers. There was an economic problem during the inter-war years

but at the time government saw it as a social one and, therefore, not requiring an economic response. Furthermore, what problems existed were 'solved' by the outbreak of war in 1945. Therefore, the experience of local areas seeking to bring about economic change and diversification in employment is new and a developing area of policy and, as Brunskill argues in a paper for the Institute of Public Policy Research, it is still probably too early to judge many of the initiatives that have been started in the last 15 years when Local Authorities have been on a steep learning curve (22). Until 1976 Government took the 'lead' on economic intervention. But since then, governments have taken a step backwards and passed the initiative both up to the European Commission (Union) and down to local agencies, both public and private sector led. National policies have become more market orientated and where direct government activity is viewed as counter-productive. The secondary source research and the direct experience in South East Northumberland since 1958 detailed in this thesis is that government intervention has not been in the interests of local economies in the face of economic dislocation. The response of government to local economic crises has highlighted the inability of the British State to re-direct its priorities away from its primary focus upon macro-economic policies designed to satisfy the financial markets and short term electoral considerations.

Into the void left by central government have stepped Local Authorities and increasingly since 1974 the European Union who have felt the need to become increasingly active in assisting local economic change by intervention in the local economy (23). Both have been restricted by lack of financial resources to bring about change and Local Authorities in particular argued Parkinson (24), by their lack freedom of manoeuvre because of the financially, economically and politically centralised nature of the State in Britain. The

reason for increased local intervention was a local and regional belief that Government macro-economic policies had dramatically exacerbated the disappearance of the manufacturing base of the UK. The first example of Government policies bringing about economic dislocation, as highlighted by Hudson, is in the nationalised industries, and in particular coal, where the Government set about a major re-structuring of the industry from 1958 onwards. This experience has now affected the steel industry (early 1980's), the coal industry (further decline since 1984), the shipbuilding industry (up to 1990) and now affects the railway industry. The implementation of these Government policies in the last 15 years has been designed to prepare industries for privatisation and has paid little consideration for the areas adversely affected, other than in the creation of government sponsored development companies or the setting up of Enterprise Zones.

Failure of Government policy has highlighted to many Local Authorities the need for a wider political change in the development and implementation of economic policy in the UK. There is an increasing belief that central government macro-economic policy does not work in the interests of the regions, in particular the anti-manufacturing bias in the exchange rate and interest rate policies serve the interests of the financial markets and not manufacturing competitiveness (25). Such policies resulted in an over-valued exchange rate that undermined the export of manufactured goods. Regional economic difficulties in the face of these policies have resulted in demands for the devolvement of power over the direction and shape of economic policy by loosening the controls on Local Authorities to intervene and develop local initiatives. The recent Guardian/Transport and General Workers Union conferences on the German 'Mittelstand' system have exemplified a desire for change in direction and a belief that



the 'system' in the UK is not working. Conservative disinterest in tackling regional economic problems has merely increased the demand for change. Meanwhile the faltering experience of trying to address problems by the methods adopted in South East Northumberland since 1960 has increased the search for alternative models of development, because Local Authorities have become increasingly competitive in their attempts to attract whatever footloose investment is available. The recent events in relation to the location of a £450M investment by Samsung 'won' by Labour-controlled Cleveland and the Northern Development Company, but criticised by Labour politicians in Strathclyde for having out bid their area in the subsidies being offered is but one example. Policy developments at the European level are increasingly seeking to eliminate competition between regions based upon subsidies and more at ensuring that the economic infrastructure and services in a region attract inward investment.

The recent debate, initiated by the Prime Minister, concerning devolving power has indicated that there is increased interest in being able to decide economic priorities and policies at a regional level and to take powers away from the undemocratic government-appointed quangos that are increasingly shaping the economic agenda. Demand for change is coming both from the private and public sector; in the North East there is a 'Campaign for Regional Government' and in the North West locally businesses-based leaders have collaborated to set up 'North-West Business Leaders Forum', both aiming to wrestle power from central government for the regions. In this way the regions believe that a greater level of strategic thinking on priorities will take place which can address the problem, evident in South East Northumberland, that it is increasingly unrealistic to look at sub-regional economies in isolation. However, the level of power

that would be required to effectively tackle local economic problems has not yet been addressed. The demands made by both Northumberland County and Ashington UDC in the late 1960's called for a fundamental change of direction in government policy that would place the interests of the regions high on the agenda when shaping all policies. The British State has been unable to respond and so, it is argued, what is now required is the devolving of powers to the regions themselves (26). This would allow a regional government to plan effectively all the policies that affected its economy in the best interests of that economy. However, because the powers of Local Authorities, and in turn any Regional Government, are laid down by central Government it is hard to see a situation where the necessary range of powers would be devolved. The current Labour Party proposals talk about making locally accountable the work of the Government Offices in the regions where the region itself demands such a change. However, key policy decisions would still be taken in London. This situation would have to change and the interests of the regions safeguarded in any conflict with the centre. This is the situation in Germany where the relationship between the Lander and Federal Government is set down in the constitution and enshrined in the Basic Law of the Federal Republic, which commits the Government to take appropriate measures to reduce regional inequalities (27). The current UK structure of government would make this very difficult and is likely to result in conflict, as was the case in the early 1980's, between the Government and the Metropolitan County Councils, leading to the latter's abolition.

However, having raised these caveats it seems to be evident that the future of economies like South East Northumberland is dependent upon an "overhaul of both British finance

and the structure and role of British government" (28). This will provide the political structures that are evident in Germany, Italy and the economies of South East Asia where there are vigorous small firms sectors which cluster around regions or towns, that generate investment, research and technological development, training, technology transfer, design skills, specialist financial services and shared knowledge of export markets (29). Will Hutton argues that "the key to regional economic success is to get a self reinforcing network of local companies that are made stronger by each other's success" (30). This would mirror the capitalist development that generated the strong clustering of manufacturing around coal, steel and heavy engineering in the North East during the nineteenth century, but which central government policies in the last 30 years have failed to replicate.

Brunskill has argued (31) that the nature of regional assistance has to change. She has shown that in the past the central characteristic of both UK and EC regional policy had been to transfer money from the richer to the poorer regions. This had limited success but is unlikely to be enough in the future as the level of inward investment has declined since the 1960's and 1970's. The quality of the wider services that can be offered in regions, including the skills of the labour force, and the technical and business infrastructure, is increasingly instrumental in locational decisions. The nature of investment has changed so that those investing do less in-house and have a larger number of suppliers and sub-contractor. This requires that local economies should be flexible and responsive and that companies locate close to their suppliers and support services. It demands a very different type of regional policy that can not be shaped and directed from London, but has to be the product of local assessment of needs and

priorities, and where a greater emphasis is placed upon increasing the competitiveness of the indigenous enterprises. Such a strategy has to emphasise the financial, technical and business infrastructures as these have tended to be the key distinction between the economically prosperous and weaker regions across the European Union. This change is now being reflected in the nature of EU structural fund assistance, where there has been a move away from the 'hard' infrastructure of roads and buildings aimed at attracting new investors, towards a greater emphasis upon the 'soft' infrastructure of services to business that serve the indigenous business as much as the investor.

Research by SG Warburg has shown that the UK economy has seen strong sector performances in chemicals, pharmaceuticals, power generation and metal production industries (32). These industrial sectors are strong in the North East and form the basis of the TUSIU report on a future direction for the South East Northumberland economy. Heseltine, at the 1991 CBI conference, bemoaned the fact that the UK had fallen behind Germany and Japan in taking advantage of the 'greening' of business (33). This is an area where South East Northumberland, and the North East, could derive economic benefit but where the enabling mechanisms are not in place because there is not the necessary flexibility and responsiveness in the development and implementation of regional policies.

However, the demand for greater devolution of regional development has, typically, resulted from the failure of national government to tackle local problems and from a belief that if decisions were taken locally the region would gain. Therefore, it is not based upon examples of where such policies have been successfully operated. There are

examples of regions within the European Union and beyond that have been very successful economically and where there has also been demands for greater devolved powers. The demand on behalf of the most powerful regions to divorce themselves from the weaker regions presents a number of disadvantages of moving to a more regional structure of government which may simply perpetuate inequalities. The demand for the independence by the Northern League seems to owe more to a desire to reduce the financial burden of the Italian south to the north than to a desire for more efficient and responsive government capable of acting as a stimulus to growth. Therefore, as Brunskill has argued (34), there needs to be a continuing role for the nation state and the EU in the setting of safeguards in the devolution of powers to assist the weaker regions to improve their economic performance vis-a-vis the more prosperous. This is reflected in the European Union's Structural Fund policies where the rich states (and by implication, their regions) are net contributors to the overall budget and that funds are used to assist the development of the poorest regions. However, the impact of these policies is questionable as the wide inequalities across Europe have not diminished and remain a fundamental issue; the Single European Market is likely to strength the already strong regional economies at the expense of the weaker, less prosperous ones. This is why the EU's Structural Funds were doubled between 1989 and 1993 and will increase substantially between 1994 and 1999 to compensate the weaker regions.

For South East Northumberland its peripheral location raises a further query as to whether greater regional determination of economic priorities would improve its economic fortunes. It is likely that any policy developed within the region would concentrate attention upon the major centres of population and industrial activity,

namely Tyne and Wear and Cleveland. This is exactly what resulted from the Hailsham Plan in the early 1960's; which was criticised by Northumberland County Council because it did not give enough weight to the problems of the Northumberland coalfield. There is no guarantee that any new regional government based in, say Durham, would come up with a different result. The current trend would continue for urban areas to dominate employment and for the surrounding rural hinterlands to become residential. The role originally envisaged for Cramlington was in keeping with such a trend and which is increasingly evident in the much greater numbers of people living in Northumberland but working on Tyneside.

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## Operational Pits in South East Northumberland Since 1900

The following information has been gather from the Northumberland Records Office at Melton Park, Gosforth. The pits are split up into areas. It was unclear as to whether this represented the pattern of ownership of the pits before nationalisation, but from looking at the locations within areas it would suggest this.

### Seaton Delaval area

New Hartley  
Seghill  
Gloria  
Seaton Delaval  
Holywell C pit.

### North Tyneside\*

Seaton Burn  
Coxlodge  
Hazelrigg  
Dinnington  
Havannah  
Dudley  
Burradon  
Killingworth  
Williams  
Weetslade  
Prestwick  
Montague  
Denton  
East Walbottle  
Callerton.

\* a number of these pits are now in either Newcastle of North Tyneside council areas rather than the present day South East Northumberland.

### Blyth Area

New Delaval  
Cowpen  
Mill  
Bates.

### South East Northumberland Area

North Seaton  
Woodhorn  
Newbiggen  
Lynemouth  
Ellington  
Ashington  
Morpeth Moor  
Burnmoor  
Hepscott  
Church  
Dovecot  
Clifton  
Tranwell  
Pegswood  
Bothal  
Longhurst  
Linton  
Ferneybeds  
Stobswood  
Barmoor  
Catchburn  
Widdrington.



Backworth Area\*

East Holywell  
Blue Bell  
Algernon  
Prosperous  
Backworth  
Church.

\* The majority of these pits are in North Tyneside as opposed to present day South East Northumberland.

Bedlington Area

West Sleekburn  
Sleekburn  
Doctor  
Cambois  
Choppington A and B  
Barrington  
Netherton Hall  
Netherton Howard  
Bebside  
Bomarsund.

Cramlington Area

Hartford  
Shankhouse  
West Cramlington  
Lamb  
Ann and Betsy  
Engine  
Nelson.

Alnwick-Edington\*

Stanton  
Chirm  
Hesleyhirst  
Long Framlington  
Framlington  
Whittle  
Newton  
Shilbottle  
Radcliffe  
Hauxley  
Newburgh  
Togston  
Broomhill  
Chevington Drift  
Bullocks Hall  
Tarry.

\* All of these pits are outside of South east Northumberland. However, under the period under study a number of the pits were operational, particularly Whittle into the 1980's.