

The North's Economy:

The Trade Union View

A report for the Northern TUC

September 2002

By

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Trade Unions and Regional Economic Development

Introduction

Economics has often been referred to as ‘the dismal science’ and it is certain that the story of the Northern Region’s economy has made for dismal reading for many years now. This report is not intended primarily to reproduce economic data that is familiar and available elsewhere although it will refer to it where necessary¹. Nor is it the job of the report to present policy options that are the necessary outcome of debates in other forums. Rather, the Report was commissioned by the North Regional TUC to inform its own analysis and argument by drawing on the knowledge and experience of senior trade unionists to examine their perceptions of the key economic problems and the strategies necessary to transform the Regional economy.

As the TUC has suggested nationally in relation to Regional economic problems:

The solution is not to try to make every regional economy like those of south eastern England, nor is it to flood the pockets of poverty with make-work schemes. The solution is complex, multifaceted and involves the redistribution of resources and a genuine transfer of power.

TUC (July 2002) Half the World Away

Trade unions remain the single largest voluntary group in the UK and they have the most immediate access to the country’s working people. Their view of economic policy is not confined to the ‘dismal’ statistics but is focussed on the broader concerns of the implications of that data for those they represent. Three important points emerge from this. Firstly, and most obviously, that different unions will interpret developments in the Regional economy differently and have demands and priorities that reflect the particular needs of their membership base. Secondly, that economic strategies reflect and are shaped by political and social policies. The centrality of the ‘Social Dimension’ is recognised at the European level and is critical for national and regional policy development. The trade unions are key social partners in this process and their exclusion undermines and devalues successful policy development and implementation. Thirdly, that perceptions of reality and the views and attitudes they produce can be as important to economic development as the data that provides the ‘real’ evidence.

In effect, the Report argues, with its respondents, that economic decisions are public policy decisions and that public policy in relation to employment and Regional regeneration requires the input from those closest to those in and out of work. Social inclusion and political inclusion are intertwined with economic inclusion and Regional development that neglects this will perpetuate decline. In the same way, the growth and development of the Region is dependant on the individual development of its people and the role of the Union Learning representative at the workplace is already having a critical role to play in this respect.

¹ This Report draws its data largely from Stone, I. and Braidford, P. (2002) North East Labour Market Study 2002, Northern Economic Research Unit, Northumbria University.

This Report draws together the views of respondents from 11 interviews of trade union officials in the major unions in the Northern Region² that took place in July 2002. It draws on data from both public and private sector unions representing members across the whole of the Regional economy. The report follows the responses to the interview questionnaire and interleaves respondents' comments with some background statistical data. For this report, it is the voice of the Regional trade union officials that is important and, whether they have agreed or disagreed, we have largely let them speak for themselves. The report is divided into eight main areas and each main section leads with an opening question responded to by the interviewees.

² The respondents were from AMICUS (AEEU & MSF), GMB, PCS, TGWU, Unifi, Unison and USDAW

Regional performance

1. There is a general picture of the regional economy performing poorly over a number of years. Is that a view you share in relation to those sectors of the economy where you have members?

Not surprisingly over two thirds of unions agreed with the statement with regard to their members, although some noted that their differing sector membership made a firm answer difficult. The overall findings in relation to the question of a declining regional economy generally reflected a public/private split

'Yes, particularly in manufacturing where we have the greatest density of membership and following the national trend. Like all areas where the economy is dependent on a manufacturing base we feel it more than most' (AMICUS).

All those who agreed were of the same opinion that manufacturing was the hardest hit sector and that *'we've still got to service, provide and protect the interests of the manufacturing sector'* (T&G). One official also noted the declining conditions of his membership in a local council, *'we have less people doing more work'* (T&G).

USDAW generally agreed that the regional economy was performing poorly but noted that with regard to members in manufacturing *'the industry was falling through the floor whilst retailing is booming'*. The GMB cast some doubt on the regional performance indicators *'I have a real problem over how productivity is measured it is too generalised and only seemingly based on engineering. There is no comparison of like to like'*. Although, there was agreement that

'when you look at the other measures around we are less productive than other parts of the UK. So there is at least a problem of perception as we're seen as a low wage, under performing regional economy'

Even those that were not witnessing poor performance noted problems with regard to members. UNISON identified the poor conditions of staff who worked for private companies following council contracting out of work, for example in care homes whilst UNIFI, identified the apparent contradiction between a successfully performing sector which relied on lowering members' conditions such as in financial services and the banking sub sector. This had seen a massive rise in profits engineered through restructuring but this has also meant the closure of high street banks with membership redundancies and new large-scale employment in often low wage call centres. The last word, though, goes to a GMB official who argued that *'we've been managing decline rather than investing for the future'*.

2. What are the main reasons for poor performance?

Three main reasons were given:

- *Lack of investment*; a number of unions felt that this was a major factor: *'there's been a clear lack of investment and innovation'* and *'if companies aren't going to re-invest and aren't given any assistance to we are going to lose them altogether'* (AMICUS).

- *Global factors; ‘the sad thing is a huge proportion of our manufacturing base is not indigenous and there’s been a distinct lack of investment from global players’ (T&G). This interviewee also noted the tenuous nature of global investment:*

‘if you go to the 15,000 direct chemical jobs there is no UK player. If the shares of a US company plummet we’re going to get a whack in the gob over here and you can’t control that. There aren’t those political mechanisms in place to do that’

AMICUS also noted that the continued failure to join the single European currency would ‘damage’ our economy, particularly manufacturing. The GMB also echoed concerns about global investment, *‘I’ve always been cautious about inward investment because you’re competing for mobile jobs’*.

- *Lack of government support;*

‘there has been little support from successive governments for manufacturing and the present government exacerbated the two-speed economy by their reluctance to give direct support to manufacturing in their first term of office, while interest rates and inflation were brought under control’ (AMICUS).

The T&G argued that in addition to this *‘the governments criteria for supporting investments through RSA funding is very restrictive and depends on new jobs being created’*. This is clearly an important point when the ‘managing decline’ rather than ‘investing for the future’ comment is taken into account.

The general conclusion here is that apart from some areas of the public sector, unions believe that the regional economy has performed poorly. Particularly with regard to manufacturing which has been reliant on limited investment, some of which is globally based, and insufficient government intervention. Interviewees were also asked how long they believed this poor performance had gone on, again there was a general feeling that it was long standing dating back to the early Thatcher governments.

Employment growth

3. The share of employment in manufacturing continues to fall in this region. Is the decline in manufacturing a key problem for the region or should we be moving on from that argument?

The statistics behind this question are contained in Tables 1 and 2.

Table 1 Change in employees in employment by broad sector, 1996-2000

Sector	% change	
	North East	Great Britain
Agriculture and fishing	-24.7%	-15.2%
Energy and water	7.7%	-22.6%
Manufacturing	-13.2%	-6.2%
Construction	13.7%	31.3%
Services	12.7%	17.6%
<i>Distribution, hotels and restaurants</i>	16.4%	20.6%
<i>Transport and communications</i>	0.7%	16.4%
<i>Banking, finance and insurance, etc</i>	17.2%	26.0%
<i>Public administration, education & health</i>	9.0%	8.8%
<i>Other services</i>	21.4%	19.6%
Total	6.6%	12.9%

Source: Annual Business Inquiry (2000); Annual Employment Survey (1996)

Table 2 Status of employees by broad sector (% of workforce, 2000; growth 1996-2000)

Sector	Full-time				Part-time			
	Share (%)		Growth (%)		Share (%)		Growth (%)	
	NE	GB	NE	GB	NE	GB	NE	GB
Agriculture and fishing	82.0	80.8	-24.6	-15.2	18.0	19.1	-25.2	-10.2
Energy and water	96.8	95.6	8.9	-22.6	3.2	4.4	-18.9	-23.2
Manufacturing	94.3	92.2	-12.2	-6.2	5.7	7.8	-27.4	-7.2
Construction	92.6	91.3	12.4	31.3	7.4	8.7	30.9	29.8
Distribution, hotels etc.	49.5	54.5	19.7	20.6	50.5	45.5	13.0	17.2
Transport and communications	86.8	88.8	1.3	16.4	13.2	11.2	-3.3	16.6
Banking, finance etc	78.2	75.6	42.8	26.0	21.8	24.4	-28.8	35.8
Public admin, education & health	61.1	58.3	6.1	8.8	38.9	41.7	13.8	1.9
Other services	50.2	60.8	13.8	19.6	49.8	39.2	29.9	21.6
Total	69.8	69.9	6.6	12.9	30.2	30.1	6.5	11.1

Source: ABI 2000, AES 1996

Table one shows a growth in employment overall but that this is well behind the national figure and it also demonstrates the continuing decline of manufacturing which has grown apace both nationally and in the Region. Table 2 shows changes in relation to part time and full time employment. It is clear that manufacturing retains its importance as an employer of full time workers. Its importance for the Region is

widely represented in the following discussion and in TUC and union policies but it is clear that its significance as an employer continues to decline.

The question bought a mixed response, with a number of unions arguing that manufacturing was a key sector. However, those who were cautious about building a strategy based solely around manufacturing came not only from those unions with members in the public sector but also from the private manufacturing sector itself. USDAW suggested that manufacturing was *'very key to the region'* and the argument was supported by the GMB, which also argued that *'manufacturing is the key economic generator'*. This respondent went on to argue that:

'there are indications that there will be growth in this sector and it will continue to be one of the key sectors for this region for some time to come and we need to address our recourses accordingly'.

This union indicated that particular sections of its manufacturing membership were mobile *'there are a number of workers in our union who are working outside of the region and if contracts come here they will return'*.

Two other officials, from separate parts of the same union AMICUS, put a national slant on the question. The first argued *'there is no doubt that as a country we must manufacture to pay our way in the world, so we must continue to make a strong case for manufacturing'*. He further made the point that *'a diverse economy is underpinned by a strong manufacturing industry'* The other was more direct *'for the government to deny that people have to produce and export is to deny that this country exists as a manufacturing nation!'*. However, this second point was to some extent answered by his colleague who argued that:

'there is a renewed emphasis from the government on manufacturing, for example the recent decision of the Bank of England to hold interest rates at 4% to encourage more investment in UK manufacturing. I believe that this is a clear signal that the economic recovery of the UK will be on the back of a rejuvenated manufacturing industry'

Although, a T&G official whose membership was based in an area scared by the branch plant mentality of waves of investment, encouraged by successive governments, argued that:

'we can't adopt the here's more money give us your jobs approach. All that will do it create a huge screwdriver approach, which isn't necessarily associated with high skilled jobs'

Even the public sector's largest trade union UNISON made the point that:

'we need manufacturing jobs, we need to have something for young people to aspire to. The problem is when manufacturing is gone you don't get it back again'

There were further issues related to the sustainability of some 'new employment' that the region had attracted *'we can't have a region relying entirely on call centres!'* A

further note of caution, was added by a manufacturing trade union official who argued that

'yes we would lobby for investment in the area but we clearly see that there isn't such a thing as a job for life anymore. People need to have transferable skills so we have to look to different sectors'

This was taken up by a colleague, quoted earlier with regard to the branch plant economy. He was concerned about the branch plant legacy that had

'made more than one generation think that they can't do anything other than have manufacturing jobs delivered for them. We've relied too much on major organisations like ICI and not had our own entrepreneurs'

This is a concern recognised by regional bodies that are attempting to retain university graduates to help build a more sustainable regional economy.

The last word goes to a regional official who agreed that manufacturing was important but believed that even though *'the northern region was always based on a sound manufacturing base, that's no longer the case'*.

4. The areas forecast for growth in employment over the next ten years are health and social welfare, caring and personal services and sales. How do you see these areas for growth impacting on the regional economy?

The statistics behind this question are given in Table 3. This data projects figures into 2010 and it is clear that if the predicted outcomes are correct (and there is some scepticism from our respondents) then the Region's growth is in the Health and service sectors but it generally lags behind the rest of the UK. There is a significant exception in relation to the percentage growth in health professionals where expansion in the Region is expected to outstrip national developments but the absolute numbers are small. The decline in skilled trades in both engineering and construction remains a feature for concern if there is to be a revival in manufacturing industry.

This section attempts to 'move the argument on' and not surprisingly, given the results of the previous section, there was little outright 'disagreement' with the statement above. The clearest support came from public sector unions such as PCS which saw this as being:

'an increasingly important part of the regional economy. We've been relatively successful in getting public sector work into the region which has accelerated over the last few years'

The Regional Secretary of UNISON whilst agreeing that *'if we're going to have a vibrant region, if we're going to succeed, we need a mixed economy'*, argued that an over reliance in the past has meant that the health sector will have to grow *'because of the legacy of ill health that heavy industry has left'*. Even an official whose main membership was in the private sector and who recognised the importance of manufacturing believed that:

'it's a case of searching for where we can influence regional development with those sectors which are not seen as core at the moment. We target these new areas for recruitment, which are springing up all over the place'

Table 3 Projected employment change by occupational subgroup, 1999-2010

	Change 1999-2010				
	1999	2010	NE No.	NE %	UK%
11 Corporate Managers	72,931	72,536	-395	-0.5	8.3
12 Managers / Proprietors in agriculture and services	34,415	29,968	-4,447	-12.9	-15.4
21 Science and Technology Professionals	26,250	29,781	3,531	13.5	28.2
22 Health Professionals	11,484	18,484	7,000	61.0	38.9
23 Teaching and Research Professionals	42,644	45,831	3,187	7.5	21.3
24 Business & Public Service Professionals	18,593	21,910	3,317	17.8	36.7
31 Science and Technology Associate Professionals	15,395	15,183	-212	-1.4	0.3
32 Health and Social Welfare Associate Professionals	36,416	44,835	8,419	23.1	25.0
33 Protective Service Occupations	10,854	11,748	894	8.2	20.3
34 Culture, Media and Sports Occupations	11,261	11,769	508	4.5	29.9
35 Business and Public Service Associate Professionals	36,662	39,814	3,152	8.6	26.1
41 Administrative Occupations	102,131	104,299	2,168	2.1	5.5
42 Secretarial and Related Occupations	30,558	27,601	-2,957	-9.7	-9.1
51 Skilled Agricultural Trades	13,823	13,019	-804	-5.8	-11.7
52 Skilled Metal and Electrical Trades	63,962	58,578	-5,384	-8.4	-7.4
53 Skilled Construction and Building Trades	40,352	37,122	-3,230	-8.0	-6.5
54 Textiles, Printing, Other Skilled Trades	35,173	33,955	-1,218	-3.5	2.3
61 Caring Personal Service Occupations	42,666	56,929	14,263	33.4	45.5
62 Leisure and Other Personal Service Occupations	22,028	27,027	4,999	22.7	31.1
71 Sales Occupations	79,657	86,807	7,150	9.0	10.1
72 Customer Service Occupations	3,447	3,480	33	1.0	5.6
81 Process, Plant and Machine Operatives	73,107	73,654	547	0.7	-8.4
82 Transport and Mobile Machine Drivers and Operatives	38,319	38,014	-305	-0.8	2.4
91 Elementary Occupations: Trades, Plant and Storage related	44,265	43,282	-983	-2.2	-2.2
92 Elementary Occupations: Clerical and Services related	118,451	113,581	-4,870	-4.1	-5.7
Total (25 occupations)	1,026,843	1,061,217	34,374	3.3	7.7

Source: IER/CE estimates, SkillsBase, DfES

The most telling comment came from a manufacturing based union that believed that *'we're not going to have another 25,000 manufacturing jobs in the next 10 years'*.

Other notes of caution, though, were also forthcoming. An AMICUS official whilst acknowledging *'that these are important areas for the economy'*. Argued that:

'we would be concerned about the changing landscape and the ability of manufacturing to survive long term in the region. We strongly subscribe to the view that a successful diverse economy is underpinned by a strong manufacturing base and would suggest that because of manufacturing decline people are moving into the service economy and gaining different skills'

A GMB official agreed that *'manufacturing jobs have gone and that there's been an increase in other areas like call centres but whether they're sustainable, is open to question'*. The GMB Regional Secretary agreed with these sentiments arguing that *'as a region we should be planning for the demise of call centres and other employment that is mobile'*.

However, some unions, such as one official from the GMB, comprehensively disagreed with the statement:

'arguments that believe that health and social welfare and the small business sector are the generators of growth are wrong, it's absolute rubbish! Jobs created in the manufacturing sector lead to major gains in the small business and other sectors. We should concentrate our efforts on supporting manufacturing and the regions major employers because if they do well they not only generate growth for themselves but also the hinterland around them'

One AMICUS official also questioned the accuracy of economists' predictions

'there were predictions of a massive growth in health some 10 years ago but that has not come about. In the finance sector we have found contraction with the amalgamations that have gone on, both of these sectors have not filled the gap'

He also noted that *'when you look at IT they are expanding but membership gains are very difficult because of its individual nature'*. Whilst the USDAW official argued that *'these areas would be marginal to the regional economy'*.

The following three sections, unemployment, earnings and social exclusion discuss the effects regional change has had on trade union memberships.

Unemployment

5. As is well known, the region has high unemployment rates, and new employment is created at a slower rate than it is nationally. It is also true to say that the region has higher levels of individuals who are economically inactive (not seeking work). What is your perception of unemployment levels in the sectors where your members work?

Table 4 indicates the changing pattern of unemployment and shows how the improvements in the North East are still behind the national figures and that the percentage growth in the numbers who are economically inactive is double that for Great Britain.

Table 4 Labour supply in the North East and Great Britain – key statistics

	North East			Great Britain		
	1996	2001	% Change	1996	2001	% Change
Resident population	1,574,000	1,574,000	0.0	34,765,000	35,636,000	2.5
Economically active	1,178,000	1,161,000	-1.4	27,478,000	28,202,000	2.6
Persons in employment	1,064,000	1,080,000	1.5	25,270,000	26,732,000	5.8
ILO unemployed	115,000	82,000	-28.7	2,234,000	1,487,000	-33.4
Economically inactive	396,000	412,000	4.0	7,287,000	7,434,000	2.0

Source: LFS Nov., 1996, Nov. 2001; all figures refer to the working age population.

As might be expected discussion of this issue again revolved around manufacturing, although most unions did not believe that unemployment levels were excessively high. Unions were more concerned about the changing nature of the regional economy and what this might mean in the future. As one official stated *'there's definitely a declining manufacturing workforce in the North East and we are losing skills from the industry day after day'*. This was confirmed by a T&G official who said *'we're trying to hold on in manufacturing but it's against a tide we can't economically control'* The USDAW official agreed noting that in manufacturing there was high unemployment but made the point that with regard to his membership this was sector based *'as retailing had low unemployment but because of low retention rates was a fragile sector'*.

A GMB official, through, returning to his earlier point about mobility noted that:

'my perception is different to what the statistics tell us. For example a rapid response retraining project was set-up for 6,000 offshore workers who had lost their jobs. But only 60 registered because they had 'mobile' skills that are transferable to other yards throughout Europe'

The official went on to note that his union's statistics indicated that the union had a low 8% turnover rate in membership and of those only a third became unemployed. His Regional Secretary agreed with this arguing that it was sub-sector based *'it's parts of manufacturing, for example engineering rather than the sector as a whole'*.

In the public sector officials reported that union membership had been steadily increasing as employment grew with some problems of casualisation in the civil service. Whilst discussing membership one of the private sector unions noted that they had *'managed in the last two years to sustain a level of membership'*. Although the UNIFI official noted the organising problems associated with the move to large banking contact call centres and that *'the recognition legislation had been of little help'*.

The T&G argued that, even although unemployment was low, there were major problems with socially excluded communities. He stated that:

'my perception as an education officer is that in certain northern areas the literacy rates are terrible. Consequently people are becoming marginalised and unemployable in a globalised economy, a new changing economy of technology'.

The general perception was that unemployment levels were not *'out of control'*, however, employment was volatile in certain sectors such as manufacturing. Unions were also aware that even though employment levels might be 'good' there were major problems with communities that were becoming increasingly 'unemployable' in a technologically advanced economy.

Earnings

6. Average weekly earnings are lower in the region and growing more slowly than they are nationally. Would you say that low pay is a key issue for your members?

Table 5 gives some basic figures on earnings to illustrate this point. Wage growth for each category in the North East is below that nationally except for manual workers where it is less than one per cent ahead. In 1997 an average wage in the North East of £367.6 was 89 per cent of the national average; in the four years to 2001 the North East average had grown to £380.8 but had fallen to 86 per cent of the national figure. A declining Regional wage packet is not an attractive incentive for inward migration of qualified workers or the retention of those born in the Region. However, the average wage is a crude measure and respondents were also concerned to focus on issues of low paid occupations and their prevalence in the Region.

Table 5 Average weekly full-time adult earnings

		1997 (£)	2001 (£)	% Growth
North East	Manual	288.1	335.6	16.5
	Non-manual	356.3	407.3	14.3
	Male	360.1	418.6	16.2
	Female	269	318.4	18.4
	All	327.6	380.8	16.2
Great Britain	Manual	292.9	338.9	15.7
	Non-manual	406.8	492.8	21.1
	Male	408.7	490.5	20.0
	Female	297.2	366.8	23.4
	All	367.6	444.3	20.9

Source: New Earnings Survey

There was general agreement that wage levels were low in the region, as the GMB argued *'if you reside in a low wage region it becomes a habit. Certain people have*

used that as a selling point which is a mistake'. An AMICUS official also agreed that:

'pay and conditions are obviously key issues for our members, as is job security. Some employers have treated our members very shabbily and have attacked conditions not to survive, but to maximise shareholder value and profits'

Another official from the same union also recognised that *'earnings have drifted back'* but argued *'it is not of major importance'*. A T&G official believed that *'we're only holding the line at the moment'*. The UNIFI official noted that some of the comparatively new sectors of the regional economy had compounded the situation *'the large call centres have come to our area because of low pay'*. USDAW also believed that *'low pay is a key issue'* but reported that:

'over the last five years Tesco had moved wages up. The minimum wage has also been helpful in putting a floor under the worst excesses and we've negotiated on the back of this'

One public sector official from UNISON firmly agreed that *'low pay is an issue'*. They drew attention to the national one-day strike recently undertaken which had low pay as a key issue. Although the PCS official concurred with the earlier comments of the USDAW official he reported that the minimum wage legislation *'had been used to help us crank-up the civil service minimum wage levels'*. He also made the interesting point that the union had negotiated excellent wages and conditions for their inland revenue call centre at Peterlee because they argued that retention is very good in the North East and skills are high.

The GMB argued, with regard to earnings, that because there had been a transfer of knowledge and skills to the south east *'we've got to sort out the basic skills problem and that will raise peoples expectations and that in itself will create greater opportunity'*. Respondents also discussed how partnership deals and global pressures had meant some lowering of conditions:

'many of our members have had to take very difficult decisions in terms of streamlining their conditions and constraining their pay rises just so that companies can survive. This has happened in a number of sites where there has been a constructive dialogue with the company, a sharing of information process or a good partnership arrangement' (AMICUS).

The GMB argued that:

'Earnings are lower now because we have had to recognise that the industry was changing and that there wasn't as much work. We've had to be more competitive to win overseas contracts'.

A T&G official also noted that areas of manufacturing which had relied on global investment and won excellent conditions over time

'now had to realise that these conditions were a blockage for further investment as productivity has fallen in comparison to other European regions. There's some stark choices, some very clear arguments and I think security is more important now'

Social exclusion

7. It is generally the case that women, disabled workers and ethnic minority groups remain excluded from economic development or generally do less well (for example in terms of skills or earnings). Is this a major issue for your members?

The data for this question is contained in an earlier TUC Northern Regional Report: Tackling the Barriers to Skills and Learning. Its extensive statistical data presented clear evidence to support this question and showed just how far excluded groups suffered in terms of access to training, employment, career development and income.

Respondents were also asked how regional changes had impacted on differing groups of their membership. Most agreed that questions of equality and differing conditions of employment were important for their memberships *'labour market changes have left women worse off and the women in our union have suffered in the last few years'*. The GMB official also noted that his union had a growing ethnic minority membership but they were not in well-paid jobs with English as a second language a major problem. His Regional secretary echoed this arguing that social exclusion was a big issue and that *'women have been treated less well throughout all sectors. But the key to this is jobs, the more demand for jobs there is, the less social exclusion there will be'*. An AMICUS official also agreed that:

'this is a major issue for us as we represent a broadening body of members. But I think our structures have advanced to reflect this and both sections of our union are currently very active in the equal pay campaign. We have achieved quite a lot, but not enough yet'

His colleague argued that this *'active'* equal pay campaign would *'mean that issues surrounding ethnic minorities and the disabled will flow naturally from it'*. The UNIFI official noted that *'there are a lot more women managers but it's not good enough yet'*. He also believed that *'call centres have made it easier for people with disabilities'*. USDAW also noted that there were major problems for women but *'employers have become less mean with women over time off at work for domestic responsibilities as the economy has picked up'*. In the public sector the PCS noted that issues of equality *'were handled on a ad hoc basis by the civil service depending on the department and human resources'* but he reported that they have had successes for women with child care (TE PCS). UNISON argued that *'equality was a major issue which we try to bargain our way through'* but noted that *'we still have a lot to learn'*.

However, unions also noted problems with convincing North East members that equality issues existed *'the problem we have here is the workplace reps. They are not convinced that there is inequality'* (AMICUS). One GMB official also stated that it was not an issue for members *'because it's predominantly lads in the yards'*. Another T&G echoed the insular nature of the *'yards'* when he said *'I still have 400 members on the docks and if I wanted to talk about equality, discrimination, and harassment*

that's not the group I talk to about it'. This official also spoke of the serious problem of socially excluded communities:

'the region needs to have a concentrated strategic plan that is bite sized and concentrates on three or four big issues that we can be good at. I think one of those has to be the development of more learning generally in those areas where there is social exclusion. In this way we need to develop learning that goes beyond the workplace, that works through the community. This can help raise aspirations and esteem and will make a fundamental difference in those communities and make people considerably more employable'.

The USDAW official also recognised the problems with socially excluded communities. He gave the example of a deprived area of Durham where USDAW had partnered with Tesco and the local community to facilitate the opening of a new superstore.

'There was self interest here from a number of groups. The local community wanted jobs, Tesco wanted a site for a large store and the trade union wanted Tesco to build a store because when they employ 300 staff we get 250 new members. So it was a win, win situation'

Respondents were also asked if the situation been improving.

There was a mixed response to this with some unions believing it had but others noting continued problems:

'legislation has been getting better. But it doesn't necessarily follow that the situation is getting better, I believe it is in unionised workplaces. But the main concern, as always, is for those who have no trade union representation and thus no access to information about their rights at work' (AMICUS).

Another, from UNIFI, said *'I don't feel there's a whole lot of difference'*.

Skill changes

8. The regional economy is characterised by generally low levels of skills and as many as a third of the North East's jobs require less than a month's learning. By contrast new jobs not requiring qualifications of some sort will fall by other a third. What do you see as the biggest skills problems facing your members?

The data for this question is widely known and tables 6 and 7 are stark reminders. Table 6 shows the generally low skill level in the Region with the second highest population with no qualification at all and the worst figure for degree level qualifications.

Table 6 Population of working age by highest qualification, Spring 2001

	Degree	HE	A Level	GCSE A* - C	Other	None
North East	10.4	7.9	24.9	23.8	13.9	19.1
North West	12.9	8.9	25.8	24.1	11.4	16.9
Yorkshire & the Humber	12.2	8.2	25.0	21.3	14.7	18.6
East Midlands	12.6	7.5	23.9	23.4	14.0	18.6
West Midlands	11.9	8.2	22.2	23.3	14.6	19.8
East	14.4	7.7	24.7	24.8	14.5	14.0
London	25.0	6.0	18.9	17.5	18.0	14.7
South East	17.8	8.1	24.1	23.9	13.8	12.2
South West	15.5	9.2	24.2	25.8	13.4	11.9
United Kingdom	15.2	8.3	24.0	22.3	13.7	16.4

Source: DfES, from LFS (published in *Regional Trends*); includes qualifications equivalent to those listed; 'HE' refers to Higher Education qualifications below degree level

Table 7 is even more depressing reading in that the demand for workers with qualifications is the lowest in the country and this is getting worse. The figures for time taken to learn a job shows that Region has the highest score for jobs taking less than a month to learn and that this is again getting worse. If we take the two figures together then it is possible to argue that the demand from employers for higher skilled employees is low and getting lower and that raises the spectre of developing effective training strategies that train people for jobs that are not there.

Table 7 Broad measures of skill demand by region, 1992-1997

	Qualification needed to get job				Learning time to do the job well			
	None		Degree		<1 month		>2yrs	
	1992	1997	1992	1997	1992	1997	1992	1997
North East	39.4	45.3	7.0	7.2	26.7	35.0	17.9	12.1
North West	34.4	24.8	11.0	13.4	20.2	16.2	22.7	30.5
Yorkshire & Humberside	43.8	42.0	7.8	11.8	17.7	32.0	16.0	13.4
East Midlands	27.8	36.2	17.2	10.5	23.1	26.1	22.0	20.7
West Midlands	33.2	35.2	6.9	12.8	20.1	24.0	21.4	26.7
East	36.8	26.9	10.1	15.2	24.9	21.6	27.8	25.8
London	27.5	21.2	23.2	23.3	17.7	22.7	19.6	22.0
South East	30.1	32.2	19.7	14.4	20.8	17.9	22.1	22.7
South West	40.3	25.6	7.5	14.0	21.4	19.1	25.2	19.1

Source: *Skills in England 2001*, based on Felstead (2001)

This question provoked the most discussion, with unions clearly seeing the question of skills, and the skills agenda, as a critical component not only of regional regeneration but trade union growth, providing an excellent opportunity for the trade unions to influence regional development.

Most unions agreed that the type of training predominantly on offer was *'more short-term training as opposed to the four or five year apprenticeships'* (GMB). Unions blamed a lack of resources for the poor training response of employers. *'Employers simply do not have the resources in the region to invest in skills'* (GMB). This official went on to argue that the Government *'needed to be very aggressive'* in the way it dealt with skills and other regional problems. An AMICUS official echoed this when he stated that *'a significant number of companies are not investing enough in skill development and bringing fresh talent into manufacturing'*. He continued that *'a significant number of our members will face great problems transferring their skills into new areas as the employment demographics of the Region change'*. The GMB noted that engineering was lacking apprenticeships and that, because of the nature of shipbuilding at present, it was difficult to get employers to take on four-year apprentices. He did note, though, that recently five adult apprentices had been employed for the first time and they hoped to build on this.

In the banking sector the UNIFI official reported that technology had de-skilled *'large numbers of my membership'*. It is interesting to note that those on managerial grades had seen their occupations *'up-skilled'*. Importantly he drew attention again to the problems with company principal *'decision-making'* locations. He argued that *'we are trying to get employers to embrace the learning agenda but they have problems as employer decision making is nationally based'*. Although, the GMB went further and argued that:

'there is a strong perception in the regional economy that some people don't need training at all because their jobs are so low level. So there is no vision about what they could be doing, how we could nurture them'.

However, in the public sector the PCS noted that because the wages and conditions of civil servants were generally good they have a highly qualified workforce. This is continually built on through recruitment when too many people typically apply for jobs, allowing the highest qualified or skilled to be chosen. He stated *'I don't think the civil service has a problem with skill shortages'* but added that IT training had become an important issue.

Interestingly an AMICUS official also argued that:

'we don't have a major skill problem. I would dispute that comment as the North East has a very high level of skill, we've gone through 20 years of re-education and have an adaptable workforce'

Moving this argument on he reported that their members were now putting the *'issue of development and training as individuals first rather than wages'*, which relates to the earlier issue of transferable skills. He also noted that the union was finding that:

'skilled workers are leaving manufacturing and going into the NHS even though these jobs may not be as well paid because they are secure. When manufacturing jobs return we can't get them back in'.

In contrast to the above both the GMB and a T&G official discussed the 'meagre' regional skills base.

'Our skills base does not match the demand in our existing industries but also we're losing out in attracting new industries because the skills base in the region is extremely poor'

The T&G official added that:

'it's not just the skills agenda and delivering, it's also the willingness of groups of workers to re-skill. This has an impact on how global decision makers see their North East businesses and where they finally then choose to invest'.

Moving on, unions also gave a flavour of the type of skills agenda that they felt the region needed to develop and it was quite clear that all unions endorsed the key skills learning agenda. As a GMB official reported *'when Dewhurst closed over 40% of the workers did not have the basic skills to work in a call centre! Which is frightening'* The Regional Secretary agreed arguing that:

'key skills are vital, without them we can't start. There are people in employment without these so we can't give them further training without the basics. This is passed on in families, so if we can help parents then the children will come into the workforce better prepared'

Key skills were seen as particularly important by UNISON, which argued that *'they are hugely important and this is a really big issue for the region'*. The Regional Secretary argued that this would allow 'career progression' for many members that did not have the basic skills. The T&G echoed this when discussing the problems of whole communities that have difficulty with basic literacy and numeracy and USDAW argued that *'access to learning'* through key skills was important.

Unions also believed that higher level skills were needed and this was demonstrated by a T&G official who argued that:

'in Tees Valley those with transferable skills have been able to find like paid jobs when made redundant. Anyone with NVQ level 3 qualifications have been able to secure jobs, those who didn't have them didn't get jobs'

The GMB official quoted earlier was in agreement with this stating that (*'high value added skills levels are a key target for us'*). The differing levels of UNISON membership was demonstrated when it was noted that *'for all of our members it's having the right qualifications at the right time and some members need to develop higher levels of skill'*. In the 'yards' it was argued that *'we need apprentices to keep the high levels of skill in place'*.

Importantly, a T&G official felt that:

'we need to develop an ethos with training so that it's not something that's done to workers but something workers can see benefit from, then we'll take an important stride. All too often now training is done to make people work sharper, the company gets more money and the members feel that they've been shafted'.

It is clear from the above that a major problem exists with skill development and provision. Unions were next asked what evidence was available that these problems were being challenged.

9. What evidence is there that Regional skills problems are being tackled?

Unions were positive that initiatives were being put into place to begin to tackle skills problems. A number of them cited the introduction of learning reps as a positive move with AMICUS being particularly supportive. An official argued that:

'learning representatives are a key imitative, they are quickly impacting on workplace learning and personal development in the same manner as the Health and Safety Reps improved workplace health and safety in the Seventies and eighties'

He went onto argue that 'anecdotal evidence' was reaching him that these reps were facilitating the development of new skills and improving members employment prospects. He reported that:

'we have recently received £1.1 million from the Union Learning Fund and this money will be invested in building a national network of learning representatives who will be assisted by regional learning co-ordinators'.

Another AMICUS official noted that the network mentioned above:

'will be extend into the workplace to bring people into training, development of knowledge and life long learning. The unions boundaries are changing, we're moving into line with that idea of people wanting to expand their knowledge and skills'

The USDAW official also argued that;

'we're committed to learning reps. USDAW as a union are going to mainstream lifelong learning. We have a dedicated life long learning worker and at the moment have a number of pilot projects concentrated in the mail order sector. These have been very successful and we have over 200 learning reps. nationally with around 12 in the North East across four or five companies'

Building on this theme of union training facilitators and widening its scope a GMB official noted that:

'there is a basic region wide understanding of what needs to be done about the basic skills problem but all agencies are finding it difficult to do anything about it. What's

interesting is that it's recognised that the trade unions are recognised as the key driver informing the basic skills problem'

The UNISON Regional Secretary gave an example of this, she reported that they were bolstering their training approach by opening a 'learning centre' in the front of the union regional office in Newcastle. This was being developed in conjunction with the Open University and she argued that it would help them '*reach their members by providing a shop window which would make us more effective*'. One of the AMICUS officials also noted that:

'they would also look to up-skill members at their own facilities by developing a strategy to use government grants and assistance to cover members in all sectors to bring them forward for the labour market'

Interestingly several unions argued that a partnership approach with employers had allowed the development of '*a lot of good will and I think with skill development it's one area where partnership has worked emphatically*' (UNISON). The GMB official representing members in the 'yards' also noted that their '*partnership approach has been very useful when pushing for funding from the Local Learning and Skills Councils (LLSCs) and training bodies*'. An AMICUS official added a word of caution arguing that:

'the government must create the correct environment, although I believe they have made a good start with the University for Industry, the LLSCs, Adult Apprenticeships and hopefully a new version of Individual Learning Accounts. But for the government strategy to produce results it is clear that many of our members will have to be prepared to take control of their own destiny and engage in the learning process'

The most notable findings were that the skills agenda and the development of learning reps was allowing trade unions to gain membership. As a GMB official reported:

'the learning agenda is opening doors to employers who have not engaged with us in the past. We've developed new activists through this as members don't want to be a shop steward but do want to be a learning rep. So it's an organising tool more than anything else and we have employers where we have recognition agreements based on learning projects'

The T&G Education Officer also agreed that there had been membership gains through the skills agenda. Another T&G official also reported that '*we have had membership gains through this*'. Whilst an AMICUS official noted that '*nationally we have examples of the skills agenda helping us to get into non union workplaces but not locally*'. The UNISON Regional Secretary when discussing membership of the LLSCs agreed that '*membership gain is a hidden agenda here and has also increased membership involvement*'.

This section has touched on the involvement of trade unions in regional development through regional decision making forums, the next section discusses what the scope and extent of this has been.

Trade union involvement in regional economic development strategies

10. Trade unions are becoming more involved in organisations (such as Learning and Skills Councils) that shape the regional economy. How is your union and its members involved in these activities?

A number of unions in answering this question felt it important to discuss what could be termed *'the struggle of ideologies'*. This concerns the years when successive governments and waves of economic decline pushed trade unions to the margins, not only in terms of government communication but, more importantly, with workers and employers. As an AMICUS official argued - *'remember for so long we were cut out of this by Thatcher'*. A GMB official also argued that from being completely excluded by all the

'agencies the trade unions and TUC have had a huge job of work to convince the individuals on these that we can do something of value. This works at different levels and the LLSCs do understand that trade unions can do something as part of their objectives. But the RDA are learning slower and Government Office have been the hardest to win over'

He also noted that in the shipbuilding and engineering industries employers had recognised that trade unions were much better at *'finding there way through the bureaucracy'*. The GMB Regional Secretary who has experience of serving on the ONE board echoed these sentiments.

'There's a feeling that trade unions are only tolerated and we have to fight to have a say. We're excluded by definition; we're still not an accepted part of the social fabric. On ONE I surprised people because they did not expect a trade unionist to make a useful contribution'

A T&G official also discussed his practical experience of this with regard to workplace relations. He reported that:

'I went to a recent CBI dinner and the key employment partner at Dickens and Dee was taking T&G packs away to give to employers. This was on the basis of trying to get employers to sit down and talk through the issues rather than having a recourse to the courts all the time'.

The point here is that trade unions are beginning to be recognised again not only by employers, but at the regional decision-making level, as being an important voice but they are not fully accepted yet. Although, an AMICUS official argued that *'many of our senior officers have been involved in the setting up of similar organisations (economic decision making bodies) in a strategic role, at national level'*

The GMB argued that:

'the skills agenda has provided an opportunity for unions to grow through developing workforce strategies with individual employers. Our members and non

members are seeing a positive role that trade unions are playing and membership has increased because of this’.

What, though, was the actual scope and extent of union involvement? It was found that developments were occurring at three main levels, the LLSC, through One North East, and at the workplace. One of the T&G noted that:

‘the LLSCs are the holders of the purse, so the trade unions have to have some involvement here. The LLSC is an important strategic area for trade union involvement’

The UNISON regional secretary stated that they had been very successful in getting members onto the LLSCs after LLSC positions were advertised. A GMB official believed, though, that with regard to the LLSCs *‘the role that we can play in there is undervalued and understated’*. Another GMB argued that they had intervened through their Regional Secretary’s membership of the One North East board and through *‘a large amount of input, at times of crisis, on a sector specific basis’*. An AMICUS official reported that their involvement at an LLSC level is *‘in assisting the LLSCs meet their targets on Modern Apprenticeships’*. He went on to say that this is achieved through *‘actively promoting Modern Apprenticeship policy in the workplace with their members and importantly the decision makers in the management teams’*. The USDAW official also noted that they had no membership of an LLSC but were involved with them through their Education department. He went on to say that *‘we are finding it difficult to find the resources. We will commit resources to the LLSCs and help them develop but we’ve only just begun to mainstream life long learning’*.

A number of other unions noted that they or their unions were actively involved through the regional TUC. The PCS official reported that his involvement has been through *‘an informal route as the vice chair of the regional TUC and at present my position as finance/treasurer officer of the regional TUC’*. The UNIFI official argued that their only input had been through the regional TUC because *‘that’s all we’re going to get! Because of our limited resources as a union I don’t think we can engage effectively at the moment’*. However, an AMICUS official was cautious about their involvement through the regional TUC and noted *‘that there can be a conflict here between TUC policy and what’s best for our members’*.

Several other unions noted problems with the regional structures charged with stimulating regional regeneration. As a GMB official commented *‘ONE has spent three years working out how best to do things and it’s not hard to understand that’*. But he also made the important point that there is a major problem over how the regional skills agenda is being managed.

‘The LLSCs are accountable to a national body but in contrast ONE is engaged in regional economic regeneration. Therefore there’s no veto of the RDA in case the LLSC strategy doesn’t complement what they’re doing’

UNISON also believed that there was a mismatch between the structures:

‘we’ve got the LLSCs who are responsible for coping with education. We’ve got the RDA and they don’t join up! The problem with the LLSC is that we have to meet all

these national targets and what is appropriate for the South East is completely inappropriate here'

Unions also argued that greater control over regional decision-making was needed. Not surprisingly regional government was seen positively, *'in this region we would really benefit from a high profile organisation driving initiatives through and just being relevant to the region'* (UNISON). One T&G official argued strongly that at present:

'you're not able to have a cohesive and coherent economic strategy that fits in with the needs of the region. We're not able to enter into a dialogue with potential investors in the same way as they do in Germany, or Italy, where they have a federation system'

The USDAW official said they were also supportive of regional government. The PCS official also argued that at present the union did not have a regional government policy but he was soon to chair a national committee dealing with regionalism. *'We're keen to have more of a say and influence in this area'*.

An AMICUS official did add a note of caution, as he believed that when regional government comes it will undermine the network of relationships they now have with councillors and other officials. *'So we will have to work out how to establish links again but we want to be involved in a very meaningful way'*.

The final section details what unions would like to see in a trade union regional strategy for economic development.

The future

11. In relation to the issues discussed above what do you think should be the key priorities in a trade union strategy for the regional economy?

Unions gave a number of key priorities for a regional strategy including employment growth, social exclusion and skills development. But it is important to note that unions did not, on the whole, see these as mutually exclusive, but perceived them as complimenting each other.

- ***Employment growth:*** Both AMICUS officials believed that this was important, one argued that it would *'assist in the increase of skill levels and the competitiveness of the regional economy, thus ensuring that the North East remains attractive to inward investment'*. Whilst the other believed that *'if we have more people employed then the economy grows, which opens up opportunities for the socially excluded and generates an ability for all parties to engage, including the trade unions'*. A GMB official echoed this when he argued that *'if we have employment growth then skills, social exclusion etc. would improve'*. Three other officials, the PCS, UNIFI and USDAW respondents, argued succinctly that this was the main driver of the regional economy.

- **Social exclusion and unemployment:** Both T&G officials believed this was important. The Education Officer argued that *'it is very difficult to choose an area but social exclusion is very important for a new membership base'*. The other agreed that this was a 'key area' as did the USDAW official. The GMB Regional Secretary believed that *'social exclusion was very important because if we're looking for stability in our society then social inclusion is very important'*. One of the AMICUS officials also saw this as a key area and stated that:

'to engage with the community would extend us beyond the workplace and tackle in partnership the causes of social exclusion. We work closely with the agencies that are involved in delivering employment, so that we do our utmost to represent people who are out of work as well as in work'.

He also reported that the union had recently launched a *'union charity The Learning Fund with tackling social exclusion central to its aims'*. The two public sector officials, (PCS and UNISON) also saw this as central to a trade union strategy.

- **Skills:** A GMB official argued for higher

'skill levels in the areas where the region is strong, particularly in manufacturing. Also general skill levels in the region so that inward investment is attracted. If these are met then productivity will improve and if we don't we will continue to decline'.

His Regional Secretary agreed but focused more on the individual *'training and development of the individual and their education is important because people need to be educated as well as trained. I think we can work with employers and the government while people are in work and develop that'*

An AMICUS official believed that

'we have to ensure that employers increase their responsibility for the provision of skills within industry. This will also help to breakdown the perceived barriers that exist for our members to engage in learning and skill development'

One of the T&G officials argued that skill attainment *through 'aspirational learning has to be a key part of what we deliver in the region'*. In the public sector UNISON believed that *'skills should be at the heart of a trade union strategy given that that's probably the most we can contribute in terms of our experience'*.

- **Other issues:** three other issues were mentioned by unions. An AMICUS official argued that:

‘we have to look at new and innovative ways of ensuring that our members share in the success of their companies. But without compromising the collective bargaining strength of the union’

Whilst one of the GMB officials believed that *‘employers had to invest more in R&D for the region to thrive’*. The GMB Regional secretary also believed that the pensions issue was vital *‘if we are to have any sort of equality’*

Conclusion

As was indicated at the outset, this Report was commissioned to elicit the views of the Region’s trade unions on economic policy and change not to provide the definitive statistical analysis that is available elsewhere or to offer policy options that are for decision in other forums. What we can conclude is the significant contribution that trade unions can make to the discussion of economic development. There is a clear understanding of the issues and the strength and weaknesses of current policy developments.

There is a clear commitment to supporting manufacturing industry as the basis for a strong mixed economy and a scepticism as to the long term stability of jobs in sectors that can expand and decline rapidly. There is a strong emphasis on the significance of an inclusive social agenda as part of economic strategies. The two are not separate and, for example, extending employment opportunities for the disabled has social and economic benefits, leave aside the personal empowerment for the individual. To ensure these developments also demands an inclusive agenda for trade unions in relation to Regional decision-making. Trade unions have an essential contribution to make as representatives of the Region’s workforce and as informed partners to Regional debates.

In short, the key issues raised by our Regional trade union respondents and the potential implications were:

Trade union involvement at all levels of Regional economic decision-making.

This has implication for training a broader range of trade unionists to support their involvement.

Trade union involvement in encouraging the development of high skilled jobs in the Region through, foreign direct investment, Regional economic development and public investment. This requires participation in appropriate Regional bodies and the involvement of workplace representatives in partnership with employers. In particular, there is an opportunity to utilise Regional European Works Council representatives and unions must seek to identify them and offer support and training.

Continuing trade union support for manufacturing industry following the TUC’s ‘The North Can Make It’ initiative as an integral part of a mixed regional economy. Trade union support and publicity needs to be developed with a higher profile for this area of work.

Support for training at all levels that is focussed on employer demand and supports an upskilled regional economy. Trade unions need to investigate, support

and resource their own provision through learning centres, their partnerships with employers and other Regional education providers and the development and expansion of union learning representatives.

Trade union involvement in economic decision-making that stresses the ‘social dimension’ and that this is not an ‘add-on’ but an integral part of economic policy making and Regional development. Consideration should be given to events such as conferences and seminars that provide a high profile for the social dimension and the union’s role in supporting inclusiveness.