

The Development of the Scottish Industrial Estates.

1936-52.

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Introduction.

Outline of the problem. The industrial estates sponsored by the British government are of interest both as novel measures for dealing with unemployment and as tools of economic planning. Their object before the Second World War was primarily to provide employment in regions which had suffered from prolonged unemployment and underemployment. After the war, as jobs were plentiful, the main emphasis was on the diversification of industry within the areas. It was hoped that future unemployment, which might have arisen from over-dependence of the regions on a small number of industries, would be minimised. Consequently the industrial estates were to play an important role in employment policy and in the planning of industrial location.

The industrial estates were first established in 1936-7, in four regions - South West Scotland, West Cumberland, Durham and Tyneside, and South Wales. Each of these areas had suffered from heavy and prolonged unemployment and from over-dependence on a small number of declining or depressed industries. In times of trade recessions, there had been heavy unemployment in the regions. During the 'Great Depression' of the inter-war years there arose a danger of a permanent unemployment in these problem areas. The situation was serious. Although the cyclical unemployment aggravated the difficulties of the four regions, their main problem was the structural unemployment, which resulted from a permanent de-

cline of the few industries on which these areas depended for their prosperity.

The establishment of the industrial estates could not have been a cure for the cyclical unemployment in the regions at that time. It was envisaged partly as a safeguard which would minimise the local effects of a future recession, but primarily as a measure designed to reduce the existing structural unemployment. No steps however could have been taken to reduce the structural unemployment so long as the economy of the country as a whole remained depressed and there was cyclical unemployment on a national scale. Consequently the attack on the regional problem of ^{unemployment} had to be along two lines. First, general policies were needed to restore the level of economic activity and to reduce cyclical unemployment in the country as a whole. Second, specific measures were required to reduce structural unemployment in the regions which were particularly affected.

To aid the economic recovery, fiscal and monetary policies were available. To bring about an expansionary ~~effect~~ the effect the pattern of consumption, saving and investment could have been altered by varying taxes, national insurance contributions and government expenditure on the one hand, and the supply of money and interest rates on the other. Only when the fall in the economic activity had been counteracted, would specific measures for deal-

ing with regional structural unemployment become feasible.

The problem of structural unemployment is complex. It has two aspects, that of the declining industries and that of the areas dependent on them for their prosperity. The government could seek to solve this problem in three ways - by transferring surplus labour from the depressed areas, by sustaining the declining industries in the areas, and by encouraging the immigration of new industries to the areas.

The transfer of workers from the afflicted areas, if the labour was mobile, was the accepted method of dealing with regional unemployment in the past. It has the advantage of reducing quickly the number of unemployed, provided there are other areas willing and able to absorb the surplus labour. There is however the serious disadvantage that the transfer policy deprives the depressed region, and when the emigration is abroad it deprives the nation, of its younger, more skilled and more enterprising workers. It is they who are most likely to leave. This policy also creates problems in the receiving areas. A sudden influx of population is not an unmixed blessing. The advantage of an increased supply of workers to relieve such shortage of labour as may exist has to be balanced against the disadvantages of overcrowding. From a national point of view the duplication of social investment in roads, drains, houses etc. is not conducive to the most

efficient use of the national resources. There is no problem however of duplication of the social investment if workers are transferred from areas scheduled for slum clearance. The undesirability of the further growth of large industrial centres for strategic, social and economic reasons has also to be taken into account. The main criticism of the transfer policy is that it deals with the symptoms and does not eliminate the root cause of the structural unemployment. The power to reduce structural unemployment and to maintain and create employment lies with the industries of the area. Therefore, either the declining industries have to be maintained or new ones introduced in order to keep stable or to increase the level of economic activity of a region. The decline of industries may be attributed to a fall in purchasing power at home and abroad, to technical changes, changes in taste or to growth of foreign competition. A government can temporarily sustain failing industries and stave off structural unemployment by according them preferential treatment at home and protection from foreign competition. Although a case can be made for subsidy and tariff policies for strategic reasons, interference with and hindrance of the process of economic adjustment cannot be justified as a part of the long term employment policy of a government.

When the policy of introducing new industries to

the depressed areas was considered two questions had to be answered. First, what types of industry were required. Second, by what methods were they to be steered there. The first question could only be answered after a study of the area had been made. The answer to the latter would depend on whether a coercive or persuasive method would have been acceptable, which in turn depended upon the political organisation of the society. The persuasive method has the advantage that it leaves the maximum number of decisions to the industrialist. The government simply offers inducements to off-set any existing economic disadvantages of the area and to overcome any prejudice which an industrialist may feel against it. These inducements can take different forms such as : direct subsidies to new firms, the encouragement and assistance of private trading estates and the establishment of government sponsored industrial estates.

A direct subsidy is unsatisfactory, because there is no straightforward basis on which it would be possible to determine the length of time over which a subsidy would be needed, nor is there a clear criterion of success available. These objections would be less applicable to a policy of encouraging private trading estates. However ~~as~~ experience has shown this policy to be impracticable because of the unwillingness of investors to finance such ven-

tures in the depressed areas and in Scotland generally. (1)

There remained the third method. In his report the Commissioner for Special Areas wrote, '... it was justifiable in the circumstances to recommend the adoption of of the novel and unorthodox proposal of establishing Trading Estates financed out of Exchequer Funds..' (2) The establishment of industrial estates sponsored by the British government as an integral part of employment policy was a bold experiment. It was an attempt to deal with structural unemployment. The root cause of unemployment, which was the overdependence of certain areas on a small number of declining or depressed industries was attacked. It was realised that by diversification of the industrial structure of the regions their vulnerability to heavy and prolonged unemployment could be reduced. New industries therefore were encouraged to go to these areas by being offered as an inducement the facilities of the industrial estates.

Since the War (1939-45), the establishment of industrial estates as a part of employment policy was coordinated with ^{the} national policy for the distribution of industry. The object of the latter was to secure a balanced

(1) Evidence presented by the Scottish Economic Council to Royal Commission on Distribution of Industrial Population. (15th. Day). Cmd. 6153, (1940) Report.

(2) Cmd. 5090, (1936) sec.1

national and regional structure of industry. Thus the industrial estates are fulfilling the dual function of creating employment and of serving as a tool of the planning of industrial location. Outside Gt. Britain no industrial estates had been established with these objectives. When, in 1934, Special Area Commissioners for Scotland and England(including Wales) were appointed to study regional conditions and to take steps to reduce unemployment the Chancellor of the Exchequer said,

'We are giving the Commissioners a very wide discretion. They must not be afraid of trying to experiment even if their experiments fail.' (1)

Their most important experiment was the establishment of the industrial estates in Scotland, England and Wales.

Purpose of this study. In this study an attempt is made to describe the experiment in Scotland, to assess its results and to evaluate, in economic and social terms, the costs and gains of the policy of establishing government sponsored industrial estates, on the basis of the Scottish experience. A considerable part of this report is of a historical character. 'Historians copy from one another', wrote Anatole France, 'thus they spare themselves trouble and avoid the appearance of being presumptuous'. Unfortunately in this survey no such safe practice could have been adopted as there is little published material on the Scottish Industrial Estates. Information therefore had to be obtained more laboriously by approaching directly the S.I.E.Ltd. , government (1) Chamberlain, Hansard, vol.293,(1933-34), p.1997.

departments, industrialists and local authorities. Furthermore in claiming that an attempt has been made to present an account of the official and industrial points of view, the danger of appearing presumptuous is difficult to avoid.

The general economic conditions and the fiscal and monetary policies which were followed are outlined to give the historical background. In particular the economic conditions in Scotland are examined taking into account the level of unemployment and the industrial structure of the country. Thus an attempt is made to show how the problem of the Special Areas and, in particular, of the Scottish Development Area developed. A summary of the legislation and the measures adopted to deal with the problem follows. The establishment of the Scottish Industrial Estates which was one of these methods is the main theme of this study.

The survey of the Scottish Industrial Estates is divided into parts dealing in turn with the history, organisation, powers, finance and functions of the Scottish Industrial Estates Ltd., with the Scottish Industrial Estates and their development, and with the firms and labour on the estates. The effectiveness of the Scottish Industrial Estates in reducing unemployment and introducing new industries to Scotland is discussed. The advantages and disadvantages of the industrial estates are ex-

amined.

In this report an attempt is made to show trends and to draw broad conclusions as information which would have permitted a more detailed study of the Scottish Industrial Estates was not available. The S.I.E.Ltd. and the Treasury have not been in a position to disclose facts about the finance of the company. Such information on this subject, as is presented here, has been extracted from the public records at the office of the Company Registrar, Edinburgh. Data which could be obtained about the firms on the estates from the Board of Trade, or on labour from the Ministry of Labour have been limited by the Factory Statistics Act.

Information about firms on the estates was also obtained from such materials as had been published in S.I.E. Ltd. pamphlets, in newspapers and magazines and from interviews. Here, too, research was handicapped by the fact that a great number of the firms are private companies, under no obligation to disclose their financial position. Also it was impossible to discover in many cases the financial position of branch factories of public companies, as they are not shown in the published accounts. It has however been possible to obtain a considerable amount of general information which is analysed in this survey.

Chapter 1.

The policy of establishing industrial estates in Scotland, as a specific method of dealing with regional unemployment cannot be studied in isolation. The causes of international, national and local unemployment are inter-related. Therefore, any employment policy aimed at reducing unemployment at one level will affect others. Because of the interdependence which exists between direct employment policies and general economic policies there is a need, before undertaking a study of one aspect of employment policy - the establishment of government sponsored industrial estates in Scotland - to give an account of the economic policies which have been pursued in Gt. Britain as a whole, and to describe the events which led to these policies and which followed them. It is in this light that an attempt can be made to answer the questions: Why was there a need for industrial estates; Why were they not established before 1936; What difficulties had to be overcome in developing them, and how did their rapid growth become possible after the Second World War?

This study of measures taken to reduce unemployment in Gt. Britain is confined to the inter-war years during which heavy and prolonged unemployment was experienced. The period began with a feverish boom in 1919, when demand held back during the war burst on the market. Within eighteen months the boom conditions came to an end and

and after the middle of 1920 the level of economic activity declined. By 1921 a depression had developed. It was, however, short-lived. The turning point came in the middle of 1922, followed by a general improvement particularly in the industries supplying the home market, The export and heavy industries remained depressed. Slow recovery continued. During 1924 sterling appreciated and the London on New York exchange rate improved. Gradually the way was paved for the return to the gold standard which was made in 1925. It was decided to return to the old parity, partly for the sake of prestige, with the unfortunate result that the pound was over-valued. This added to the difficulties of the principal British export industries and contributed^{to} the trouble in the coal industry and the general strike in 1926. By 1927 there were signs of recovery and in 1928 a record number of new issues was floated on the London market. This boom coincided with^{the} speculative boom on Wall Street which ended with the 1929 crisis. The consequent slump soon reached Britain and affected the whole world. In Britain the rock bottom of depression was reached in 1931-32. For this country the international crisis had two serious consequences. In 1931 the U.K. abandoned the gold standard, and after the Ottawa conference of the same year, emerged as a fully fledged protectionist country. During the next few years

there was slight improvement but it was not until the re-
armament period that stimuli were given to economic acti-
vity. From 1936 to the outbreak of the war there was an
improvement in the economic conditions.

Looking at the unemployment problem in retrospect, it
is relatively easy to criticise the governments of the day
for being ineffective. But one has to remember the com-
plexity of the problem and the high level of unemployment
which faced them. Cyclical unemployment was particularly
heavy in 1921-22 and in 1931-32, while the export and
heavy industries experienced structural unemployment
throughout the period. The governments' task of reducing
unemployment was difficult because the main cause, the
world wide depression, was outside its control and re-
quired measures not on a national but on an internation-
al scale. At home the belief in the orthodox theory of
'sound finance' made it impossible to use fiscal and mo-
netary policies as a tool for counteracting the cyclical
movements.

Budgetary Policy. The orthodox theory of 'sound
finance', or as it is sometimes called the 'Treasury
view', dictated a policy of balanced budgets, which meant
a fall in expenditure as revenue fell and vice versa.
This limitation reduced greatly the possibilities of de-
creasing unemployment because it made it impossible for

the government to carry out a policy of tax remissions and increased expenditure at the time of a decline in the level of economic activity. The budgetary policy that was followed was unfortunately the opposite of what was required. In 1921 it intensified the fall in demand. Sir Robert Horne balanced the budget and was even able to show a surplus of £230½ million. Not only was the public's purchasing power reduced by high taxation which left smaller disposable incomes, but the government's own expenditure was also reduced. In 1922 the Geddes Committee presented their report urging a retrenchment policy and the government applied the 'Geddes Axe' to prune outlays. Mr. Churchill's expansionary budgets which might have helped to cure the deficiency in demand came too late. Britain was already on the way to recovery. They served as a stimulant when rest should have been prescribed. But the position was again reversed when a serious new recession began. The orthodox policy came back with Mr. Snowden's return to the Exchequer. In his memoirs he wrote, 'the miracle of loaves and fishes was a comparatively little thing compared with what I was supposed to do.' Indeed it would have required a miracle if unemployment were to be reduced when the recommendations of the May Committee were followed. In 1931 a Committee on National Expenditure, known as the May Committee, foresaw a series

of budget deficits and in their report advocated an economy campaign. In 1932 at the height of the slump there was a budget surplus.

Throughout the period when as a result of a low level of economic activity government revenue fell, taxes were kept high and expenditure was reduced. In 1921-22 the standard rate of tax was kept at 6/- and not reduced until 1923, similarly in 1926-27 the rate was maintained at 4/- and raised to 4/6 in 1931 and to 5/- in 1932. Expenditure was cut in 1921-22, 1926-27, and 1931-32, and there was a budget surplus in 1921, 1929, and 1932.

This, however, was in accordance with the principles of the 'sound finance' theory which was the policy a government was expected to pursue. Even a small deviation from it was regarded as dangerous. When the Interim Report of the Unemployment Committee revealed in 1931 that the unemployment fund had been maintained by borrowing, not only did it cause alarm at home but undermined confidence abroad in the soundness of the British finance.

It is not surprising therefore that during the periods of depression when the Treasury was conducting an economy campaign it should try to reduce unemployment by favouring the passive remedy of paying public assistance, rather than the active and more effective one of initiating public works, or establishing industrial estates, which were likely to require a bigger initial outlay. Moreover during the

inter-war period the British central governments' powers to undertake long term investment were limited. What the Treasury could do was to give grants to local authorities for special investment through the Unemployment Grants Committee. This method was not successful in creating employment when required. Instead of offsetting the fall in private business expenditure, local authority outlays tended to follow the same trend, raising with booms and falling with slumps, thereby accentuating the peaks and deepening the depressions of the trade cycle.(1)

(1) Capital Expenditure of Local Authorities in Britain.

(000)

1919-20	£ 29.916	1926-27	£ 145.516
20-21	111.239	27-28	151.655
21-22	153.650	28-29	120.566
22-23	95.476	29-30	123.964
23-24	70.556	30-31	127.882
24-25	93.610	31-32	134.985
25-26	127.367	32-33	101.789

Source: R.F.Bretherton, F.A.Burchardt, R.S.G.Rutherford, Public Investment and Trade Cycle in Great Britain. (1941) p.18.

Period	Phase of the Trade Cycle	Capital Expenditure by Local Authorities
1919-21	Boom	(+)
1921-22	Slump	(-)
1923-28	Recovery	(+)
1929	Slump	(-)
1929-31	Depression	(-)
1932	Depression	(+)
1932 onwards	Recovery	(+)

(+) increase in expenditure
 (-) decrease ,, ,,

Such investment as did take place did not yield the hoped for results owing to the unfortunate timing of the raising and spending of funds. Local authorities' borrowing took place not when interest rates were low and funds easily available, but rather when conditions were exactly the opposite. On the other hand, disbursements coincided with the 'booms'. It was observed that throughout the inter-war period (up to 1936) 'So far as public investment is influential in trade cycles its weight has been thrown into the balance on the wrong side.' (1) The economic history of the period shows that the government's fiscal policy failed to counteract the cyclical movements.

Monetary Policy. Like the fiscal policy, the monetary policy, until the beginning of the 'cheap money' phase, exerted its influence in the wrong direction. The monetary policy was enforced by the Bank of England through variations of the bank rate and by the Treasury through its public debt policy. Throughout the inter-war years of depression the bank rate was high; in 1921 it averaged 6%, in 1926 5%, and on 21st. September 1931 it was raised to 6%. (2) The effect of the bank rate was reinforced by the public debt policy. Until 1931 the Treasury was preoccupied with debt repayment by means of Sinking Funds, and with the funding of the short term and the floating debt. It is possi -

(1) U. Hicks, British Government Finance 1920-36, (1938) p. 128
 (2) In 1932 the bank rate was reduced to 2%.

ble that the interest rates were pushed up as a result of the Treasury's competition in the money market. Whether the Treasury had in fact to compete for funds is by no means certain, for in the inter-war years, when a low level of economic activity persisted through the greater part of the period, the number of private business borrowers was likely to be small. The question of competition may therefore not have arisen. The harm was done in so far as the debt repayment was made out of the proceeds of taxation. This reduced the purchasing power of the taxpayers and accentuated the underconsumption tendency. The debt repayment also reduced the purchasing power of the holders of the government securities as they ceased to receive income in the form of interest on their gilt-edgeds and in view of the economic prospects many were not prepared to invest in industrials. They held idle balances which did not earn income.

Partly

The Employment Policy-Inter-war Period. Because of the failure on the government's part in the earlier phases of the inter-war period to realise the potentialities of fiscal and monetary policy, cyclical unemployment in the country was not reduced. Consequently it was difficult to take measures to reduce structural unemployment in certain areas. A prerequisite of a direct employment policy in the form of ^{the} transfer of surplus workers from, and encouragement of ^{the} movement of new industries to, a depressed area

is economic revival in the country as a whole. Therefore no attempt could have been made by the government to introduce new industries to the declining regions until such a revival had taken place, and when businesses became prepared to entertain ideas of starting or expanding production, as they did in 1934. That year marked the beginning of a direct employment policy embodied in legislation which made the establishment of government-sponsored industrial estates possible.

Post-war Period, (1945-52). The economic conditions prevailing since the Second World War have been in marked contrast to those before the war. Whereas the inter-war period on the whole was one of a prolonged depression, the post-war period, apart from minor relapses, has been one of continuing prosperity. During the inter-war years the government was faced with the problem of reducing unemployment during a depression, after the war it has been considering measures to be adopted to prevent unemployment from developing, should there be a recession. Thus the unemployment policy changed into an employment policy. There was also another change. The problem of employment ceased to be seen in isolation and as after the war some degree of economic planning became acceptable in this country, the employment policy was co-ordinated with a policy for the balanced distribution of industry.

The original statement of the British post-war em-

ployment policy is to be found in the Employment White Paper.(1) Taught by the sad experience after the First World War, the government was determined that history should not repeat itself, and a year before the Second World War was over it prepared the post-war employment policy embodied in the White Paper which was published in 1944. 'The Employment Policy' is a significant document. For the first time in Britain a government pledged itself to maintain a high level of employment.(2) 'The Government accept as one of their primary aims and responsibilities the maintenance of a high and stable level of employment after the war'.(3) The authors of the White Paper believed this could only be done by maintaining an effective demand. The general policy which the government pledged itself to follow was divided into two parts, the long term aim of maintaining the total expenditure on a national scale through fiscal and monetary policies and the measures which would be taken to check the development of localised unemployment in particular areas. A promise

(1) 'Employment Policy', Cmd. 6527, (1944).

(2) It is of interest to note that throughout the paper the phrase 'high level' of employment and not 'full employment' is used. The term 'full employment' has meaning only if a qualification is made allowing for certain percentage of workers to be unemployed due to frictional or seasonal causes.

(3) Cmd.6527, p. 2.

was made that 'It will be an object of Government policy to secure a balanced industrial development in the areas which have been unduly dependent on industries specially vulnerable to unemployment'.(1) The section of the White Paper dealing with the distribution of industry is the forerunner of the Distribution of Industry Act 1945, which sanctioned the various methods of encouraging the location of new industries in such areas.

The remarkable feature of both the 'Employment Policy' and of the distribution of industry policy is that they have always been outside party politics. The 'Employment Policy' White Paper presented by the Coalition government was a joint pledge of all the parties. Successive Conservative and Socialist governments steered through the Parliament and enforced the legislation on the distribution of industry. With the open stand taken by the government and the change in public opinion towards government intervention and planning, the rapid growth of industrial estates became possible.

The International Employment Policy. Because of the economic interdependence of countries, no domestic employment policy pursued by Britain alone could have met with success. But after the Second World War the need for government action to maintain a high level of employment became internationally accepted, and this conviction was

(1) Cmd.6527, p.11

embodied in the United Nations Charter.(1) As it was realised that a country may not be able to maintain a high level of employment by its own efforts, under Article 56 of the Charter all members pledge themselves to take joint and separate action to prevent unemployment. It was the belief of the authors of the United Nations report on 'National and International Measures for Full Employment' that the 'full employment pledge embodied in the United Nations Charter marks a historic phase in the evolution of the modern conception of the functions and responsibilities of the democratic state.'(2)

(1) Article 55.

(2) United Nations, National and International Measures for Full Employment, (1949), p.5.

Chapter II. The country as a whole and the specific measures

Origin of the Scottish 'Problem Area'.

The success of ^{the} establishment of the government sponsored industrial estates in dealing with the problem of regional unemployment cannot yet be fully determined. A rough assessment can however be attempted. Before, the present measure of success is examined in the light of the Scottish experience, the factors which led to the problem in Scotland and the steps which had to be taken to enable the government to start the experiment of establishing of the estates, have to be considered. First a brief study of the economic conditions in Scotland must be made. Second, the measures which prepared the way and the legislation which brought the estates into being have to be considered. Industrial estates were set up in the West of Scotland, Durham and Tyneside, West Cumberland and South Wales. All these four regions had the same basic problem, namely a lack of balance in their economic development. The overdependence on a small number of industries had resulted in heavy unemployment in the past and rendered the regions vulnerable to future unemployment. Although the trade depression of the 1920's and 1930's affected the whole of Gt. Britain it was in these areas that its effects were most marked and where conditions failed to improve appreciably when recovery began. It was then that the public's attention was drawn to Scotland, Durham and Tyneside, West Cumberland and South Wales as the 'Problem Areas'. It was realised that unemployment there presented a separate although related problem to the employment

problem in the country as a whole and that specific measures were needed to cope with the regional problem which was of a structural rather than cyclical nature. The history of the 'Problem Areas' is told by their successive names. First, they were referred to as the distressed areas, later as depressed, then they were officially acknowledged as Special Areas and finally rechristened Development Areas.

Government policy in respect to these areas falls into two distinct periods- (a) the inter-war period, during which the policy as laid down in the Special Areas Acts was directed towards reducing unemployment and (b) the post-war years, when the policy governed by the Development Areas legislation was largely designed to provide safeguards against future structural unemployment. To achieve these objectives a more balanced regional distribution of industry was needed. But although it is easy to see when a regional economy is unbalanced, to define a balanced economy is difficult. It is impossible to lay down general rules as to the nature and number of industries that have to be brought together to give a proper industrial structure. (1) The best that can be done is to state generally that what is meant by a balanced industrial structure is a diversified combination of industries without overdependence of the economy on one or a small group of industries.

Parts of Scotland became a problem area because of the lack of balance in their general development. Industrial specialisat-

(1) p. 101.

ion led to overdependence for prosperity on the heavy industries. The light industries were not developed on a sufficient scale to provide a counterpoise when the basic industries, - shipbuilding, iron and steel, and coalmining - became depressed in the 1920's and 1930's. The demand for the products of these industries had fluctuated in the past. So long as the trade went on expanding the instability of the regional structure resulting from such one-sided development was not viewed with apprehension. The belief in the continued prosperity of Scotland was shaken by the 'great depression'.

The slump of the inter-war period not only brought unemployment on its own account, but aggravated such unemployment as already existed in Scotland because of the exhaustion of some of its natural resources. Directly, the slump caused unemployment by reducing the demand for output of the heavy industries, which led to redundancy among workers employed by them. Indirectly, the slump increased the level of unemployment by accelerating the pace of mechanisation and rationalisation by firms. This was necessary in view of the intensified competition in the shrunken world markets, but it led to a permanent displacement of some labour. Thus Scotland was faced with the problem of structural unemployment due to exhaustion of mineral resources and to technological progress, intensified by the cyclical depression of the 1920's and the early 1930's. Moreover from the middle of the 1930's there was also the problem of the failure on the part of Scotland to attract light indus-

tries which began to expand rapidly in England. Consequently there was not only unemployment but also under-employment, in particular of women, because of the dominance of the economy by the heavy industries. It is difficult to account for the absence of a parallel development of light industries North of the border to that which took place in the South. By comparison, reasons for the concentration and the development of heavy industries in Scotland are fairly obvious.

The geographical and geological advantages which the South West of Scotland possessed made it the natural home of the heavy industries. These industries stimulated by the technological discoveries of the 19th century, expanded rapidly and brought prosperity to the country. The Clyde was admirably suited for shipbuilding. Glasgow, its biggest port, became also one of the chief ports of the empire. The discovery of deposits of coal and iron ore established the mining industry and laid the foundations of the iron and steel industries. The location advantages enjoyed by these industries were however partly lost as a result of technological progress. Furthermore the iron ore was exhausted and some coal mines which became uneconomic, had to be abandoned. It would be incorrect however to give the impression that there were no light industries in Scotland. Some of them had disappeared because of the loss of the supply of raw materials or markets: the tobacco industry after the American War of Independence, sugar industry declined after the Napoleonic war. Others lost in importance as for example the cotton industry. Scotland had never-

theless a considerable variety of industries. (1) These industries did not however play a sufficiently big part in the economic life of the country. Thus they did not provide a counterbalance to the heavy industries.

The lack of balance in the general development of the country was then reflected first of all, in the overdependence of the economy on the shipbuilding, coalmining, and iron and steel industries; secondly, in the geographical maldistribution of industry and consequently of the population. The bulk of the industry was and still is, concentrated within the 'industrial belt', some 40 miles in width, stretching from the Ayrshire coast to Fife. Jute was the main industry in Dundee, paper, printing and brewing were the chief industries of the Edinburgh area, while the Border counties specialised in tweeds and hosiery. The heavy industries were concentrated in the South West part of the belt, with Glasgow as its industrial centre. It is not surprising therefore that, of the population of 4,842,980 (1951), approximately two thirds lived in the industrial belt and of those again about two thirds lived in Glasgow or within a 20 mile radius of the city. (2) This concentration of population in the South West part of the belt was caused by the domination of the Scottish economy by the heavy industries.

(1) p. 14. Ch. 14.

(2) Census of Scotland, Preliminary Report of the 15th
Census of Scotland. (1951)

A high percentage of this population was thrown out of employment as the heavy industries became depressed and contracted. As there were no alternative industries within the area which could absorb such surplus labour, the result was a widespread unemployment. Thus the South West of Scotland changed from being a prosperous area to a 'problem area'.

Shipbuilding. The prosperity of Scotland was largely based on its shipbuilding industry. The Clyde has been the shipbuilding centre of Gt. Britain not only in the pioneering work but also in the volume of output. It was on the Clyde that the combination of turbine and reciprocating engine was originated. There the first regular sea-going steamer propelled by geared turbines and the first ocean-going motor vessel to be launched in Gt. Britain, were built. In 1913, which was the peak year in the development of the industry, approximately a quarter of the total number of vessels built in Gt. Britain was launched from the Clyde yards. This represented one third of the tonnage and half of the mechanical horse power.(1) Then followed a reversal of the upward trend. Orders fell and many slips were empty. The depression of the Clyde shipbuilding industry which followed and the consequent unemployment may be attributed to four main causes. The effects although not confined to the South West Scotland, were particularly serious for the shipbuild-

(1) Shipbuilding in 1913, tonnage and I.H.P. in thousands.

U.K.	Vessels	tons	I.H.P.
↓	1 474	2 264	2 261
Clyde	370	757	1 111

Source, Board of Trade, Industrial Survey, (1932) p. 34.

ing industry in that area. These causes were :-

- (1) increase in naval orders during the war and subsequent decline,
- (2) fall in demand for merchant ships during the trade depression, intensified by growing nationalism and attempts to achieve autarcy,
- (3) rationalisation and mechanisation of the shipbuilding industry,
- (4) labour demarcation in the shipbuilding industry.

The Clyde was particularly well suited for war-time production and consequently received a high percentage of admiralty contracts. Berth facilities were extended and more labour was taken on. Almost every yard contributed to the war effort . As ^{the} admiralty pressed orders in 1914 and 1915 naval construction increased and obtained priority over merchant shipbuilding.(1) When in 1916 defence policy was reversed and naval orders fell, the Clyde yards were faced with the problem of getting work and turned to private owners for orders. But after the war the demand for merchant vessels did not expand sufficiently to satisfy the increased productive capacity of the yards; it fell below the pre-war level. Thus whereas in 1913 the Clyde produced 757,000

(1) Naval output on the Clyde,

year	vessels	tons	I.H.P.
1913	17	64 195	462 200
war period			
1914	32	83 074	653 287
1915	167	92 155	1023 627
1916-1918	288	641 755	4285 516
1914-1918 naval output.	487	8169 84	5962 430

Source, Board of Trade, Industrial Survey, (1932) p. 35.

tons, during the inter-war period only in 1920 an output of 672,000 tons was reached.(1) This was the peak year for the shipbuilding industry in the South West of Scotland, until naval construction began again in the late 1930's with the launching of the rearmament programme.

This fall in the demand for merchant vessels was due to a contraction of international trade caused by the general trade depression and by the growth of nationalism. The decline in international trade resulted in laying up of ships.(2) Consequently the amount of repair work in the yards decreased. What was more important for the Clyde, where few repairs were done at any time, was that the orders for new ships both for home and foreign owners fell sharply. The drop in construction for foreign owners was particularly marked.(3)

(1) The Glasgow Herald, Shipbuilding and Engineering Supplement, 1930.

(2) Idle shipping in U.K.

1st Jan.1929	166 ships	329,770 net tonnage
,,	1930 167	,, 352,659
,,	1931 541	,, 1,331,147

Source, Reports of the Chamber of Shipping of the U.K.

(3) Number and tonnage of merchant vessels launched at ports in the U.K. during each year 1930 to 1933.

Year	Built for Gt.B.owners		for foreign owners		Total	
	Number of vessels	Tonnage	Number of vessels	Tonnage	Number of vessels	Tonnage
1930	776	545501	170	334884	946	879895
1931	387	217430	41	80961	498	298391
1932	283	102233	19	10838	302	113071
1933	392	83574	8	863	400	84437

Source, Board of Trade, Hans., vol.292, p.155, (1933-34).

Some of the countries which had been Britain's customers as a result of the autarkic policies followed by their governments began to build their own ships.

Faced with contracted markets and meeting with fiercer competition for such orders as there were, British shipyards were forced to accelerate rationalisation and mechanisation of the industry in order to be able to quote competitive prices. Thus a rapid evolution took place in technical methods, the layout of the yards and the methods of building were changed, ship design and specifications were altered, and mechanisation was introduced on a ^egrater scale. Although it was difficult to assess the long run effect of those changes on the employment capacity of the shipbuilding industry, the short term effect was increased unemployment. The displacement of labour due to the technical progress has been estimated to amount in certain sections of the industry to as much as 30-40% of the total labour force.

In view of the increased unemployment in the industry, the natural reaction of organised labour was to adhere all the more strongly to the principles of labour demarcation. Traditionally the shipbuilding industry had been organised on ^acraft basis with strict demarcation between different crafts. Mechanisation, with the consequent displacement of labour by machines increased the inter-change^aability of labour, struck at the very root of the demarcation principle.

For employers labour demarcation had two main disadvantages. First, difficulties in demarcation led to frequent disputes and

stoppages. Second, even when satisfactory arrangements had been worked out there was a waste of time when a craftsman or a group stopped work and waited for members of another craft to be called in to do some job traditionally assigned to them. This was particularly serious in repair work, where it was more difficult than in new ships construction to plan ahead and to make the necessary arrangements to minimise the waste of time. As the insistence on labour demarcation in Britain increased, some orders were lost to foreign yards. In those yards there was less danger of delay due to demarcation troubles and the more economic use of the labour force made it easier to quote lower prices. Thus, work for British yards was further reduced, and unemployment increased.

The combined effect of all these factors- fall in naval orders, smaller demand for merchant vessels, rationalisation and mechanisation of the industry, and labour demarcation, -was to create ~~was to create~~ an employment problem in the shipbuilding industry in Britain generally and in the Clyde area in particular. (1) The fall in employment capacity of the shipbuilding industry was probably greater than the figures for the insured workers who were unemployed suggest. A number of workers left the industry . They were therefore no longer shown on the Ministry of Labour register as unemployed under the heading of 'shipbuilding'. Furthermore the working week was some 7 to 8 hours shorter than before the war. Output statistics

(1) p. 223..

therefore, seem to indicate more reliably than the figures for unemployed labour the extent of the depression of the industry. (N) The fall in output of the Scottish yards not only led to unemployment in the shipbuilding industry, but was also a contributory factor to unemployment in other related industries. The Iron and steel industries were particularly affected since the shipyards were their largest local customers.

Iron and Steel Industries. The same causes, - trade depression, rationalisation and modernisation, which led to unemployment in shipbuilding, also created a labour surplus in the iron and steel industries in Scotland. There was also an additional cause, the loss by those industries of location advantages. The two reasons for this were, first, the exhaustion of the local supplies of iron ore and splint coal, second, the more economic use of coal. This reduced the importance for the heavy industries of location near the coalfields.

Both the iron and steel industries were raw material orientated. They were located in proximity to each other because of the close link between them. Since the raw materials of the iron ^{industry} were iron ore and coal, the sites originally chosen for the industry were in the neighbourhood of coalmines in the area of Glasgow, Coatbridge, Shotts, Motherwell and Wishaw. Blast furnaces used at first the hard splint coal mined in Lanarkshire and the local black band and clay iron stone. With the gradual exhaustion of local iron ore and the increased

need to import it from England and Spain, ^{the} handicaps of locations at some distance from the sea began to be felt. So long however, as the weight of coal required for production of pig iron was high, there was still a comparative advantage for the industry to be near the coalfields, rather than near the port of entry for the iron ore. With the improvements in the design of blast furnaces the consumption of coal per ton of iron produced fell. Thus the main original advantages of the location were lost. Costs increased. A contributory factor was the heavy transport charge for the raw materials since the cost of land carriage from the ports to the furnaces had to be added to freight charges. The plants built to meet a situation which ceased to exist, were no longer suitable. To readapt them to the changed conditions required a heavy capital outlay. At the time of uncertain economic prospects, there was little incentive to undertake expenditure on a large scale. The heavy costs of production made the marketing of the current output progressively more difficult. With the beginning of the depression there was a decline in the demand for iron generally and in particular for the highly priced Scottish iron. This fall in demand is reflected in the figures of output.(1) To be able to compete with the

(1) Output of Pig-Iron by Scottish Furnaces.

1920	902,500	tons	1925	430,000	tons	1930	466,300	tons
1921	289,200	,,	1926	188,500	,,	1931	153,900	,,
1922	361,000	,,	1927	692,100	,,	1932	144,100	,,
1923	768,500	,,	1928	550,300	,,	1933	218,700	,,
1924	667,800	,,	1929	607,100	,,			

Source; Cmd. 4728

the foreign producers who were able to quote lower prices, modernisation of the iron industry in Scotland had to be undertaken despite the initial costs and the immediate increase in unemployment.

The cost of production abroad was lower because the countries where the iron industry was new, had an advantage over Scotland, where it had been established for a considerable length of time. They, starting from scratch, were able to adopt the tried out and improved methods of production and to build modern blast furnaces which were more economical, using coke, instead of raw coal and which were designed for higher capacity than the Scottish furnaces. Furthermore continental manufacturers benefited from horizontal and vertical integration, while in Scotland there was a lack of a close organisation between the iron industry and others with which it was connected. The one most closely related to it was the steel industry.

During the first world war, the productive capacity of the steel industry was expanded because of the increased demand for shell steel and the stoppage of supplies from Belgium and Germany in 1914 and from America in 1915. By December 1917 the capacity of the Scottish steel mills was 35% above its pre-war level. After the war the output began to fall rapidly and did not again reach the high level to which it had climbed in 1920. (1)

(1) 1920	2,074,400 tons	1924	1,074,600 tons	1928	1,581,600 tons
1921	-	1925	423,700	1929	1 212,900
1922	1,252,900	1926	1 587,500	1930	676,200
1923	1 241,400	1927	1 425,100	1931	552,700

Source, Cmd. 4728.

Reasons for this decline were similar to those which caused difficulties in the iron industry.

The basis for successful production of steel was a plentiful supply of cheap pig-iron. Scottish pig-iron was not cheap nor was it plentiful. The steel industry was not located near docks, having settled next to the iron industry and consequently was badly placed for importing its raw materials.

Even when the demand for steel was fairly firm, the Scottish industry was faced with severe competition abroad and failed to keep pace with foreign manufacturers. The rate of expansion in Scotland was lower than in the U.S.A., France or Japan. This is shown by a comparison of the production figures of ingots and castings in these countries in 1913 and 1928.(1) For the Scottish steel industry 1928 was a good year. When the depression came, demand for steel declined sharply all round.

The fall in output of both the iron and steel industry in Scotland contributed to the increase in unemployment. It was further intensified by the displacement of labour by machines which followed the accelerated modernisation of plants. As a result, there was little hope that a revival of demand for iron and steel would bring anything like a corresponding increase

(1)

The production of ingots and castings.		(000tons)	
	1913	1928	% increase.
U.S.A.	31,300	55,000	76
France	4,687	9,470	102
Japan	796	1,728	114
Scotland	1,430	1,581	14

Source, Board of Trade Survey, 1932, p.58.

in the demand for labour. On the contrary experience had shown that with the improved methods of production a higher output was obtained with the same number of workers or even with a reduced labour force. (1) Thus a permanent surplus of workers was likely. Although it is difficult to estimate the number of unemployed workers in the iron and steel industries separately since they are classified in the Ministry of Labour register under one heading, it can be assumed that the problem of unemployment was more serious in the former. Demand for iron declined more sharply than for steel. There was also a greater need for modernisation which resulted in ^{the} displacement of labour. The steel industry was more up to date.

Coal Industry. As the output of the iron and steel industry fell, so too did its demand for coal. This particularly affected the Scottish industry since a high proportion of output was sold locally. The percentage was high in the South West of Scotland where only 25% of the production was exported. Thus this area depended more on the home markets, where the iron and steel industries were the chief customers, than the other coalfields in the country.

The Scottish coalfields are situated in a narrow belt of some 2,400sq. miles stretching from the Clyde to the Forth. They are divided into four distinct fields,:

(1) Cmd. 4728, p. 205. - Steel melting furnaces belonging to a certain firm produced 500 tons each in 1919. After modernisation in 1934 output of 1100-1200 tons was obtained from the open hearth steel furnaces without any increase in the number of men employed.

- (1) Ayr (including Dumfriesshire),
- (2) Lanark (Sterling, Linlithgow, Dunbarton and Renfrew)
- (3) Fife and Clackmannan,
- (4) The Lothians.

The two principal coalfields in the South West region were those of Ayr and Lanark. In the past, the latter had yielded about two thirds of the total output of the area.(1)

The output and employment in the industry depend on the demand for coal and on the mining conditions. In ^{the} South West of Scotland the difficulties of cutting coal progressively increased while the demand steadily decreased. The result was that both output and employment in the Scottish coal industry fell. It was brought about partly by natural difficulties, partly by scientific advances in the fuel economy and chiefly by a general fall in demand both at home and abroad. The Loss of certain traditional Scottish markets for political reasons and the intensified

(1) Quantity of coal raised in the West of Scotland and Gt. Britain

	(in tons)	1924	1930
Ayrshire x		4,513,790	3,981,720
Dunbarton		453,186	586,292
Lanark		13,902,126	10,816,550
Renfrew		121,868	-
Total West of Scotland		18,990,970	15,384,562
Total Scotland		36,190,281	31,658,700
Total Gt. Britain		267,118,167	243,881,824
		%	%
West of Scotland as a % of Scotland,	52.5		48.6
Scotland as a % of Gt. Britain,	13.5		13.0
West of Scotland as a % of Gt. Britain,	7.1		6.4

x includes Argyll and Dumfries,

Source, Board of Trade.

competition abroad were the other contributory factors. Difficulties in mining in the South West of Scotland on account of the thinness of ⁿ seams and ^{the} uneconomic ^{their} depth resulted in high extraction costs. These were reflected in the high prices of the Scottish coal.

Prices of coal which were increasing up to 1920 provided a powerful incentive to experimental work with the object of discovering more economical ways of using coal and of finding other sources of power. (1) With the progressive economies in steam raising, the increasing use of fuel oil and the use of water power for generation of electricity, the demand for coal contracted. The exhaustion of the mineral resources and technological progress created a permanent surplus of labour in the coal mining industry in the South West of Scotland.

In addition to this structural unemployment there was also unemployment owing to what it was hoped were temporary causes associated with the trade depression. The contraction of home markets particularly affected the Lanarkshire coalfield which sold largely to local users. Moreover with the decline in the international trade fewer ships called at the Glasgow port, consequently the demand for ~~the~~ bunker coal declined. Direct ex-

(1) Consumption of coal equivalent per ton of pig-iron was 2.95 tons in 1872, 2.2 tons in 1884, and 1.75 tons in 1927. Experiments by the Fuel Research Department of the Iron and Steel Industries resulted in fuel economy, coal consumption was reduced and £4½ saved over a period of 8 years, (1926-34) Source, Hansard vol. 307 p. 976 (1935-36)

ports of coal also contracted for several reasons. During the war, when it was difficult to obtain supplies from abroad countries began to sink their own shafts and to expand their mining industry. When exports were resumed, the demand of these countries was considerably smaller. Foreign suppliers were able to compete successfully against Britain by quoting lower prices. This they could do because coal in the new mines could be mined more cheaply. In Europe high grades of coal were found. Operating costs in relation to value were therefore low. Seams were often thick which permitted a high degree of mechanisation, while a close association between the mines resulted in economies in marketing of coal. The coal Germany supplied as reparations arising out of the war intensified normal competition with the result that the British coal was squeezed out of the continental markets. The cessation of German exports in 1923 when France occupied the Ruhr gave the British coal industry the last good inter-war year.

Besides the general causes which affected the whole of the coal industry in Gt. Britain, Scotland had its own special troubles. In 1913, the main foreign markets for coal from the South West coalfields which was exported were in the West Mediterranean area and in the North Sea and Baltic region. After the first world war Russia stopped importing coal from Scotland. Scandinavian markets were lost and on the continental markets the relatively expensive Scottish coal was at a disadvantage. In the South

File, Glackmann, Pirross
and Sutherland 7678434
Leamshire, West Lothian.
Sterling, Soufsee, Dunbarton 11617009

the
 West of Scotland introduction of machinery was difficult on account of the thinness of the coal seams. Mining was carried on by a large number of separate units. The 1930 output was produced by 161 undertakings from 373 separate mines. This was conducive neither to economies in production nor in marketing. There was a need for reorganisation of the industry. Thus the movement began towards the elimination of small units and concentration of production where coal was more plentiful and more easily accessible. In spite of the natural difficulties machinery was eventually introduced on a large scale. The increase in mechanisation was particularly high in the coalfields around Glasgow, Hamilton, Airdrie and Wishaw in Lanarkshire. (1) By 1936 the use of machinery in all the Scottish coalfields was well over the average for Gt. Britain. (2)

There were two aspects of the problem of the permanent sur-

(1)	Total output of coal in tons	% cut by machines	Average number of persons employed.
1927 Lanarkshire,	12860511	66.2	41963
1933 ,, ,,	8607283	77.0	25132
1927 Ayrshire	3784888	33.8	12722
1933 ,, ,,	3283017	60.2	10504

Source, Cmd.4728.

(2) Quantity and % of coal cut by machinery in each mining district in Scotland compared with the total for Gt. Britain.

Coalfields	Quantity cut by machinery,	%proportion of coal cut by machinery to total saleable coal raised.
Fife, Clackmannan, Kinross and Sutherland	7678454	88
Lanarkshire, West Lothian, Sterling, Renfrew, Dunbarton	11617000	83

(2) continued.

coalfields	Quantity cut by machinery	%proportion of coal cut by machinery to total sale-able coal raised.
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Ayrshire, Dumfries

Argyll	3071123	69
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Lothians (Mid & East)		
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Peebles	2894342	60
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Gt. Britain	125570354	55
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Staffordshire North had the highest percentage in Britain of 91%. Fife and Northumberland coalfields came next with 88%.

Source, Hansard vol.322(1936-37) p.45

plus created by the closures of mines and displacement of labour by machinery. First, there was the general unemployment in the industry. Second, there was particularly heavy unemployment among the older men in the groups of forty five and over. It was more difficult for them, than for the younger men to adjust themselves and to keep pace with the machines. The problem of the structural unemployment was further intensified by cyclical unemployment. The fall in employment was higher than the fall in output.(1) Towards the end of the inter-war period the pace of mechanisation slowed down. Older men dropped out of the industry. Recruitment of younger men decreased because of restriction of entry into the industry. Nevertheless, hopes for a substantial improvement in employment did not materialise.

(1) Hansard vol.322,(1936-37) p.1470

Summary of reasons why South West Scotland became a 'problem area'

Scotland in the past depended mainly for its prosperity on heavy industries, which were established originally in the South West region because of the natural advantages of the area. As these industries expanded, they attracted people from other parts of the country to their sites. Eventually heavy industry and industrial population concentrated in this area. There was no parallel growth of light industries. The result was a lack of general balance in the development of Scotland.

The basic industries were shipbuilding, iron and steel and coal. They were interdependent. The shipbuilding created demand for iron and steel, iron and steel industry created a demand for coal. The price of coal influenced the price of iron and steel, which in turn had an effect on the cost of shipbuilding, and the price of ships influenced the demand for them. Therefore, any changes in the demand, cost or prices in one industry had repercussions on the output and employment of others. The effects tended to be cumulative, once the snow-ball movement was set in motion.

Besides their own particular troubles, such as the exhaustion of raw materials supplied locally and the loss of locational advantages, there was a number of general causes from which the heavy industries in Scotland suffered in common. The combined effect of the various factors was a fall in output and employment in shipbuilding, iron and steel, and coal industries in Scotland.

The Unemployment position was more serious in Scotland as a whole than in England. There was a greater concentration of heavy industries in Scotland and greater relative expansion during the war. The Scottish heavy industries were less modernised, there was therefore greater need for rationalisation and mechanisation. Furthermore the tariff policy which was eventually adopted failed to help Scotland. Protection was given to consumer goods rather than to the capital goods which were the principal products of the country. (1) The former were mainly manufactured by the light industries which were located around London and in the Midlands. Finally, restrictions imposed on immigration by the Dominions and foreign countries during the inter-war period affected Scotland more than England. In the past the percentage of Scots emigrating was particularly high.

It was however not the size of the unemployment, some of which was of a temporary nature, but primarily the surplus of labour which threatened to be permanent, that turned the South West Scotland into a 'problem area'.

(1) Tariff policy,--Ottawa Conference, 1932.

Chapter 3.

The recognition of the 'Problem Areas' by the government- First Measures.

From the time that the government realised that unemployment in South West Scotland, Durham and Tyneside, West Cumberland and South Wales was of a special character until the time when the Special Areas legislation was passed, two main policies were followed. First, measures were introduced to facilitate the transfer and training of workers from the areas where unemployment was at its heaviest. Second, steps were taken to alleviate the hardships resulting from unemployment. For these purposes the Industrial Transference Board was established and the Unemployment Insurance Acts were amended. Attempts were also made to discover the reasons why unemployment in certain regions was above the national average and information was collected to enable the government to formulate long term policies for the four 'problem areas'. With that object in view two industrial surveys were carried out.

(a) The Industrial Transference Board. The South West Scotland, Durham and Tyneside, West Cumberland and South Wales were first officially recognised as 'problem areas' when the Industrial Transference Board was established by the government on 6th January 1928. Its purpose was to facilitate the transfer of workers, in particular miners, for whom opportunities of employment in their own districts or occupations were no longer available.

(1) Industrial Transference Board, Report, Cmd. 5516, (1928).

(2) Cmd. 5516, p. 54

(3) ibid. p. 17

In the report published six months later, the difference between the problems of regional and national unemployment was pointed out.(1) The authors agreed that some unemployment was specially persistent. It was concentrated in areas where almost the whole community depended for its livelihood on one or two heavy industries.(2) When these industries became depressed, unemployment developed on a large scale. Previously, national policy was based on the assumption that industries and areas would return, broadly speaking, to the position that they held before the first world war. Consequently the unemployment policy was ~~was~~ to provide assistance to the workers who were regarded as temporarily unemployed. It was the opinion of the Board that the idea of the depression as cyclical and transient was no longer tenable.(3) It was estimated that over 200,000 workers of all ages, of whom many were miners, could not be expected to earn their living in the industries which had previously employed them. Only for a small percentage was there a real prospect of regular employment. The Board stressed, therefore, the need for a new policy of removing as many workers as possible away from the depressed industries to areas where the prospects of employment were more favourable.

The success of a transfer policy, whether internal or involving emigration, depends on psychological, physical and financial factors. First, the unemployed workers and their families have to be willing to move and to take the risk.

(1) Industrial Transference Board, Report, Cmd.3516,(1928).

(2) Cmd. 3516,p.54.

(3) *ibid.* p.17

Second, the industries in the other areas must not only be willing to take the new workers but also able to absorb the transferees. Finally, besides willingness on both sides financial resources must be available.

The Industrial Transference Board was not as successful as had been hoped. The psychological barrier was strong. Many believed that the local unemployment was temporary and this weakened the incentive to look out for work elsewhere. In the depressed communities there was a strong sense of hope and local ties, which made people disinclined to leave. (1) Furthermore employers in other parts of the country were unwilling to take on workers from the depressed areas. There was an impression, erroneous in the opinion of the Board, that the unemployed workers from the heavy industries were not adaptable to the requirements of other occupations and that they were likely to import into the areas to which they were transferred contagious elements of unrest and disturbance. (2) Only if there had been a strong demand for labour would these apprehensions have been overlooked. The psychological factor itself was determined by physical considerations. There were more persons looking for work than jobs being offered. Employers therefore could afford to be selective. It was more than inability than the unwillingness to take on workers from the dis-

(1) Cmd.3516, p.15

(2) *ibid.* p.10.

tressed areas that was the stumbling block to the transfer policy. Industries in all parts of the country contracted during the depression. Those that had expanded their production did so by the improved manufacturing techniques and were able to obtain increased output without employing more operatives.

Finally, financial considerations made it difficult for the unemployed and their families to transfer. The departure of one person reduced the total income from public funds received by the family, while to move all the members was often impossible, The cost of movement was high and the uncertainty of employment in other areas discouraging. Even if there had been jobs awaiting them, the unemployed workers often had insufficient savings to make the move. For those who were prepared to emigrate the cost of passage was often prohibitive.(1) Government assisted passages helped to overcome this difficulty, but the acceptance of immigrants by Dominions began to decline as they themselves became affected by the trade depression.(2)

(1) Annual Report of the Overseas Settlement Committee.Cmd.3088

(2) Number of immigrant arrivals from U.K.

Year	Canada	Australia x	New Zealand
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1913	150,542	122,443	44,214
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1927	52,940	93,382	10,885
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x tourists included. Source, Cmd. 3516,p,51.

The other measures taken by the government to facilitate transfer were^{the} establishment of employment agencies all over the country and of training centres for adults and juveniles.

(b) Industrial Survey. The transfer policy carried out by the industrial Transference Board failed to reduce regional surpluses of labour. By 1931 unemployment figures reached new peak levels. The inadequacy of the old measures was obvious. The 'problem areas' had to be studied before new policies could be formulated. In March 1931 the Board of Trade approached the universities of Glasgow, Durham (Armstrong College), Manchester, and the University College of South Wales asking them to undertake industrial surveys of South-West Scotland, the North-East coast area, Cumberland, and South Wales and Monmouthshire, respectively.

The Scottish report was submitted on 14th December 1931.

(1) The enquiry on behalf of the Board of Trade had three objectives,-

- (a) to make a survey of the industrial position of the South West of Scotland,
- (b) to study the prospects of early expansion and new development,
- (c) to assess the prospective employment capacity of the various industries in the area, as a basis of an estimate of the volume of labour likely to be surplus to the requirements of individual industries.

The area covered by the survey comprised the counties of -

-
- (1) Board of Trade, An Industrial Survey of the South West of Scotland, made for the Board of Trade by the staff of the Political Economy Department, of the University of Glasgow, W.R.Scott, J.Cunnison, J.A.Buyers, J.W.Nisbet, A.L.Macfie, and D.I.Jack of St. Andrews University. 1932.

Lanark, Dunbarton, Renfrew, and that part of the county of Ayr lying North of the line between Irvine, Kilmarnock and Darvel and consisting of the civil parishes of Ardrissan, Beith Dalry, Dreghorn, Dunlop, Fenwick, Irvine, Kilbrinie, Kilmarnock, Kilmaurs, Kilwinning, Largs, Loudoun, Stevenston, Stewarton, and West Kilbride.

The city of Glasgow was included in the survey although it was later excluded from the Special Areas.

Statistics showed that heavy industries dominated the regional economy. (1) The Board of Trade Census of Production (1924) listed 13 groups of industries.² The industry with the greatest output in the South West of Scotland was the iron and steel group which included shipbuilding. The total net output of this group was worth £27m in 1924. This represented approximately one third of the total net output of all the industries in the area. Next in importance on the basis of output was the mining industry. As the output of these industries fell, their ability to support the population in the area, which depended on them for their livelihood, decreased steadily. Between July 1924 and June 1930 there was an overall

decline in the number of workers insured in the West of Scotland. There was also a relative decrease in comparison with the country as a whole. In the survey industries in which employment capacity declined were listed together. They

included, - mining,	brick and tile,
metal manufacturers,	sawmilling,
engineering,	clothing,
shipbuilding,	leather,
construction of	gas, water and electricity,
vehicles,	banking and insurance,
textiles,	chemicals.

(1) Board of Trade Census of Production, 1924. The area covered by the Survey coincided roughly with that of the census which covered 'productive industries' only, whereas the Survey covered all industries which gave insurable employment.

The industries which increased their employment capacity were mainly those which produced final consumer goods particularly for the home market and which benefited from the protectionist policies. The other industries in this group were the service industries and as might have been expected, public works. This group as a whole comprised,-

metal trades,	food, drink and tobacco,
building and public works,	other manufacturing industries,
construction,	transport,
pottery,	distributive trades,
paper and printing,	glass trades. (1)
non-metal mining products,	

The future expansion of these industries and new industrial developments were discussed in very broad terms. The authors of the survey pointed out that the increase in employment depended on general causes, such as the revival of world demand, foreign exchange rates, and on specific conditions which affect either a group of industries or a single industry. It was argued that to foresee a future industrial pattern would have been difficult, since crises of exceptional severity had invariably been followed by developments in new directions and a change of emphasis in local structure. The writers of the report were not optimistic about the future expansion of the heavy industries. Shipbuilders whom they consulted generally refused to forecast the size of the required labour force for future construction. Only a few hazarded guesses and their estimates differed widely.

(1) Board of Trade, Survey, p.24.

There was no doubt, however, that any improvement in the heavy industries would have benefited others in the area. This was particularly true of the auxiliary industries which were linked with the shipbuilding industry.

The committee predicted in general terms the prospects of some of the other industries. It envisaged expansion of the production of commercial vehicles but not that of private cars. In the opinion of the members there did not appear to be much likelihood of a substantial recovery of cotton, woollens and lace. Prospects for hosiery and carpets were considered to be brighter. The position of the clothing industry was expected to deteriorate with the fall in the purchasing power. The demand for paints and explosives was expected to improve. It was estimated that employment in the gas, water and electricity industries, and in banking and insurance would remain fairly stable.

It was further assumed that the industries which in the survey had been classified as having increased their employment capacity, would continue to expand. Since they produced mainly for the home markets or were service industries, their expansion was limited. They were unlikely to be able to absorb the whole of the surplus labour. Their expansion however, since they employed mostly female labour was expected to reduce unemployment among women. In the survey it was hopefully assumed that there would be no problem of surplus female labour in the area.(1) Although no accurate figures have been given

(1) Board of Trade , An Industrial Survey, p. 184.



a large surplus of men was estimated.(1) In 1929 76,000 men were unemployed in the area. No forecast was possible of the rate at which they would be absorbed by industries when recovery began. Such estimates as ^{were} made were shown to have been correct in the light of the future experience.

The assessment of the industrial position and estimates of future trends were to serve as a basis for a new government policy, but no action followed the publication of the report. In the meantime things went from bad to worse and 1932 when the report was published was the worst year on record. Unemployment increased sharply and reached unprecedented levels. In the absence of a more constructive policy, the government continued measures of temporary relief.

The Unemployment Insurance Act 1934. In 1934 the Unemployment Insurance Act was passed to amend the Unemployment Acts 1920 and 1933. Its object was to offer greater relief to the unemployed by extending the period during which unemployment benefit was payable and to authorise grants out of the Unemployment Fund to the Ministry of Education for the provision of instruction and training for young people. Under the act assistance was also to be given to persons to enable them to re-establish themselves and to help them to become fit for work again.

In effect the new act was a measure to provide relief. Such policies as were followed, failed to offer a permanent

(1) Board of Trade, An Industrial Survey, p.186-7

solution to the problem of the depressed areas. They did not provide work locally.

Investigations. Public opinion was awakened as conditions in the depressed areas showed no signs of improvement, The Times started a campaign, publishing a series of articles entitled, 'Places without Future', in which attention was drawn to the 'forgotten' areas. Members of Parliament took up the subject in the House and criticised the government for doing nothing.(1) Answering for the government the Chancellor of the Exchequer argued that neither was the problem of the depressed areas new to them, nor was the government unaware that certain districts were particularly hard hit. So long as there was no general recovery, these areas were merely the blackest spots in a generally gloomy picture. He further maintained that one government after another, while recognising these conditions was able to do little more than offer palliatives by the way of relief works and some financial aid to local authorities.(2)

The Minister of Labour pointed out that although unemployment in the depressed areas was not greatly reduced, the government's activity had not been wasted. Conditions were created which prepared the way for a more constructive policy at a later date.(3)

(1) Hansard, vol.292 (1933-34) p.1831.

(2) N.Chamberlain, Hans.,vol.293 (1933-34) p.1987.

(3) O.Stanley, Hans.vol.292.p.1831.

In all fairness it has to be admitted that in the period 1932-34 a more constructive policy could hardly have been followed. Few new industrial undertakings were established; it was impossible therefore to steer them to the depressed areas. It was equally difficult to transfer the surplus labour from these areas elsewhere. Industries in the whole of the country either contracted or were at a standstill. Furthermore, there was a prevalent belief that to increase assistance to people in the depressed areas would have imposed such burden on the inhabitants of other districts as to turn them into derelict areas also.

In 1934 there was an improvement in the economic conditions in the country as a whole, but the distressed areas did not participate in the trade revival. The government therefore, decided to send investigators there to survey the conditions of the existing industries and to study the prospects of new developments. It was hoped that on the basis of their reports a policy could be formulated which would lead to a solution of the problem of the depressed areas. The Chancellor of the Exchequer, referring to the proposed enquiry, pointed out that the time was particularly appropriate for such an investigation. The rapid improvement in the general industrial situation in other parts of the country seemed to the government to offer possibilities in connection with transfer and possibly also fresh opportunities for either the extension of old industries or the establishment of new

ones in the afflicted areas.(1)

Investigators were appointed in April, 1934. Sir Arthur Rose, Capt. Euan Wallace, the Rt.Hon.J.C.C.Davidson and Sir Wyndham Portal were respectively sent to Scotland, Durham and Tyneside, West Cumberland and Haltwhistle, and South Wales and Monmouthshire. By July their reports were still not made public. The members of Parliament were becoming impatient and pressed the government for publication.(2) At first it was refused on the grounds that when the investigators were appointed it was explicitly stated that their reports would be treated as confidential. It was feared that the investigators might have been hampered in obtaining information if those whom they interviewed anticipated that what they said would be made public.(3) But in November 1934 the Chancellor of the Exchequer announced in the House that the government had after all decided to publish the reports as it was found that the investigators could without much difficulty and without distorting the whole take out such passages as might have betrayed confidences or proved embarrassing.(4) The reports were published in November 1934.(5)

(1)N. Chamberlain, Hans.vol.293,p.1988-89.

(2)Hans. vol.292,p.1796.

(3)ibid. p.1836.

(4)Hans. vol.295 (1934-35)p.1991.

(5)Ministry of Labour, Reports of Investigations into the Industrial Conditions in Certain Depressed Areas of-

- I West Cumberland and Haltwhistle,
- II Durham and Tyneside,
- III South Wales and Monmouthshire,
- IV Scotland.

They met with a favourable reception although the investigators did not find a short cut to prosperity.(1) Scottish Report. The terms of reference of the enquiry made by Sir Arthur Rose under the auspices of the Ministry of Labour, resembled those of the Industrial Survey prepared in 1932 by the University of Glasgow on behalf of the Board of Trade. The area that was to be investigated coincided roughly with the area defined in the Survey.(2) The counties of Lanark, Renfrew, Dunbarton and the 16 northernmost parishes of Ayrshire represented a fairly composite area which could have been regarded as a single unit. Sir Arthur Rose emphasised that Glasgow was included in this area. He justified the inclusion on the grounds that its burden of unemployment was increased by the extent to which it attracted labour from other districts, in spite of the depression of its own industries.(3) Sir Arthur Rose pointed out that it was impossible to escape the conclusion that Glasgow and West Lanark (with parts of Renfrew and Dunbarton) was one industrial unit. Because of the interdependence of its principal industries, no part could have been affected favourably or adversely without repercussions on the whole.

Sir Arthur Rose did not propose to carry out a detailed study of the economic position of the various industries in the area because that had already been done in the Industrial Survey

(1) Hans. vol.293,p.1990.

(2) Ch.3,p.#8.

(3) Cmd.4728,p.202.

only two years previously. Little had changed since then. There was little need therefore to bring the facts up to date. His object was to present a report which would be an addition to the 1932 Survey, amplifying in particular the social side which had not been dealt with before. Consequently in the 1934 report only a general picture was presented of the industrial structure in the South West of Scotland.

The new investigation confirmed with the view expressed previously that the local industrial situation depended on the fate of the heavy industries. Since the basic industries in the Lanark and Clyde area were particularly closely linked, the employment capacity of all was affected by the same two main factors, the reduction in output caused by depression and the reorganisation necessitated by foreign competition.

The examination of the basic industries showed that the normal labour force was steadily contracting, consequently the number of those who might have been classified as permanently unemployed increased. (1) The estimate of the size of the surplus was regarded as useful in so far as it indicated whether there was a likelihood that problems created by unemployment would solve themselves naturally within the ordinary trade cycle, or whether special remedies were needed. Sir Arthur Rose presented only a rough estimate, since accurate calculation was neither possible, nor, in his opinion, necessary. Like the authors of the Industrial Survey, he did

(1) Cmd. 4728, p.216.

not believe that the problem of unemployment among women was serious. (1) The surplus of men Sir Arthur considered to be so large as to necessitate special action.(2) In April 1934 there were approximately 166,000 unemployed men over 18 years of age of whom 124,000 claimed unemployment benefit. About half the claimants had been unemployed for a year or more. Sir Arthur estimated that permanently surplus labour numbered about 60,000 men and boys. About 40% of them represented a potential labour force, which after training could have been employed in any part of the country. The other 40% consisted of the less adaptable and mobile men for whom the hope of employment depended on the revival of the industries which had previously employed them. The remaining 20% mainly because of their higher age, were regarded as nearly unemployable.(3)

The investigations disclosed that those who were unemployed maintained their self-respect and found some form of activity to occupy their time during the enforced leisure. Loafing was comparatively rare. Gardening was popular and use was made of the allotment schemes encouraged by the Society of Friends and the Scottish National Union of Allotment Holders. Advantage was also taken of the various social services provided and coordinated by the Scottish Council for Community Service during Unemployment, the Glasgow Council for Community Service in Un-

(1) Cmd.4728,p.216.

(2) *ibid.*p.217.

(3) *ibid.*p.218.

employment and other Regional Councils.(1) Although as a result of prolonged unemployment there was no marked deterioration in health and morale, hardship was severe.(2) There was no doubt that quick action was required to deal with unemployment.

The solution proposed by Sir Arthur Rose was not novel. He recommended that such remedial measures as had already been adopted should be continued and their scope extended. In view of the contraction in the employment capacity of the existing industries, steps were to be taken to introduce new industries. Sir Arthur believed that the job of attracting firms to the depressed areas should be left to local agencies and local authorities. Direction of industry by the government was discarded since in his opinion, it would have resulted in too drastic a change and involved state responsibility on a large scale.(3) It was also recommended in the report that transfer schemes should be further developed and financially strengthened. The surplus of more permanently unemployed was partly attributed to the fact that the younger workers had no in-

(1) Type of Scheme	Approximate Membership	
	Men	Women
Voluntary Labour Scheme	47	-
Reading, Recreation & Amusement	19186	473
Outdoor Sports	2332	93
Physical Training Centres(excluding Ministry of Labour Demonstration Centres)	1525	220
Special Cultural & Technical Classes	1877	685
Occupational Centres	9054	837
Other schemes not catering specially for the unemployed	1496	170

(2) Cmd.4728,p.220
 (3) Ibid.p.234:

Source, Cmd.4728,p.221

dustrial experience and the older lost some of their skill, because of the length of time during which they were unemployed. It was not surprising that Sir Arthur placed emphasis on training and reconditioning schemes. He recommended that employment should be provided by land reclamation, improvement and utilisation schemes, for those who could not find work in industry.

It would appear that the Industrial Surveys presented by the universities in 1932 were only read. Action quickly followed presentation of the four reports on the 1934 inquiry. In the same month as they were published, the Depressed Areas Development and Improvement Bill embodying many of the recommendations of the investigators, was laid before the Parliament.

The Prime Minister referring to the proposals in the bill

stated, —

(The government are taking an area; they are going to take an experimental area, and not begin and end there, but just as a scientist takes his test tube into his laboratory, works out his results and their reactions, so we begin with that area for the purpose of discovering from the experiments, costs, methods of handling, ways of spending public and private money, approaches to unemployment and having got those things out for a limited area which nevertheless is representative in its problem of the whole country, we are going to extend the results of our working, the concept that those results have been established.)

The bill was criticised. It was argued that the proposals should have applied to a wider area from the beginning. Selection

(1) D. Stanley.

(2) *ibid.*, vol. 33, (1934-35) p. 302.

(3) *ibid.*, p. 29.

Chapter. 4.

Special Areas Legislation.

(a) The Depressed Areas (Development and Improvement) Bill. On 26th November 1934 the Depressed Areas (Development and Improvement) Bill was introduced by the Minister of Labour in the House of Commons. (1) This bill was the first attempt by the government to differentiate between types of unemployment and to act on the principle that there was no such thing as general unemployment presenting a uniform problem. The object of the bill was,-

'To provide for the initiation, organisation, prosecution and assistance of measures designed to facilitate the economic development and social improvement of the depressed areas; for the appointment of the Commissioners for these purposes connected with the matters aforesaid.' (2)

The bill was drafted by the national government headed by Mr. Ramsay MacDonald. It was therefore the result of a joint effort of all the political parties.

The Prime Minister referring to the proposals in the bill stated, -

'The government are taking an area; they are going to take an experimental area, and not begin and end there, but just as a scientist takes his test tube into his laboratory, works out his results and their reactions, so we begin with that area for the purpose of discovering from the experiments cures, methods of handling, ways of spending public and private money, approaches to unemployment and having got these things out for a limited area which nevertheless is representative in its problem of the whole country, we are going to extend the results of our working, the moment that these results have been established. (3)

The bill was criticised. It was argued that the proposals should have applied to a wider area from the beginning. Selection

(1) O. Stanley.

(2) Hans., vol. 295, (1934-35) p. 502.

(3) *ibid.* p.29.

of the areas for Special Assistance was condemned as arbitrary. It was made without apparent reference to general principles. The basis of the choice was supposed to have been the homogeneity^e of the areas. The Scottish depressed area as defined for the purpose of the bill was not considered as homogeneous. (1) The problem was regarded as too serious for experiment. Fears were expressed that the government had no clear policy in mind, and that the Minister of Labour who introduced the bill was not certain what it was going to do and what were going to be its effects. The government was also criticised for failing to recognise the pressing need for a national system of economic planning to meet the far reaching industrial and social changes which reduced employment and created derelict areas. (2) Finally, it was argued that the proposals in bill were insufficient to reduce unemployment and to bring back prosperity to the depressed areas.

Criticism levied against the Depressed Areas (Development and Improvement) Bill can perhaps be best summarised by saying that there was a strong belief in the House that the only true thing about the title of the bill was the first two words 'Depressed Areas'. It was feared that it would prove to be neither a development nor improvement bill. Credit, however, was given to the government for having recognised to a greater extent than previously, that the depressed areas presented a separate problem and required special remedies.

The reception of the bill in the House of Lords was more

(1) Hans., vol. 295, p. 1341

(2) Hans., vol. 295, p. 1293

favorable. The Lords found fault not so much with the policy presented in the bill as with the name of the bill itself. It was suggested that the name 'depressed areas' was unfortunate because of the picture it conjured in the public mind. The term 'distressed areas' was proposed in its place. There was almost unanimous concurrence of opinion in the House that the word 'depressed' should be altered. It was finally agreed that an amendment be put in the names of Lords from each party, that the word 'depressed' should be left out and 'special' substituted in its place. (1) The Leader of the House of Commons, the Minister of Labour and the Prime Minister were consulted and accepted the amendment provisionally on the condition that the consent of the whole government would be obtained. Royal assent was given to the Special Areas (Development and Improvement) Bill on 21st. December 1934.

(b) Special Areas (Development and Improvement) Act 1934. The Special Areas as defined in the act were Cumberland, Durham and Tyneside, South Wales, and South West Scotland. The Scottish area comprised the counties of Dunbarton, Lanark, Renfrew, and within the county of Ayr the parishes of - Ardrossan, Beith, Dalry Dreghorn, Dunlop, Fenwick, Galston, Irvine, Kilbrine, Kilmarnock, Kilmaurs, Kilwinning, Loudoun, Riccarton, Stevenson and Stewarton; the parishes of Falkirk, Grangemouth, Muiravonside, and Slamannan within the county of Stirling so far as situated south of the

(1) Hansard, House of Lords, vol. 95. p. 647. (1934-35).
 Lord Danesfort, Lord Gainford, Lord Ponsonby, Lord Strabolgi.

the London and North Easter Railway line from Castlecary to Linlithgow; the parishes of Bathgate, Ecclesmachan, Kirkliston, Livingston, Linlithgow, Torphichen, Uphall and Whitburn within the county of West Lothian so far as situated south of the London and North Eastern Railway line from Linlithgow to Ratho; the parishes of Kirknewton, Mid Calder and West Calder within the county of Midlothian. (1)

The provisions of the act can be grouped under three main headings, - the appointment of commissioners, the functions of the commissioners and finance.

(a) Two Commissioners were to be appointed with the consent of the Treasury, one for Scotland by the Secretary of State, and one for England and Wales by the Minister of Labour. No member of the House of Commons was eligible for the appointment. The two Ministers were authorised to appoint Deputy Commissioners on the request of the commissioners. The commissioners themselves were authorised to appoint such staff as was required to aid them in the performance of their duties.

(b) The functions of the commissioners were both of advisory and of an executive nature. It was to be their duty to make suggestions and to co-operate with government departments, local authorities, voluntary organisations and other bodies. The commissioners were empowered to purchase land for the purpose of their functions and to dispose of it with the consent of the Treasury. They could also transfer it to local authorities or other bodies for the purpose of economic development or social improvement. Land could

(1) Special Areas (Development and Improvement) Act 1934 1st sched.

have been acquired compulsorily after 14 days notice, on payment of compensation if sections 103-105 of the Housing Act 1925 were applicable. Furthermore the Commissioners were authorised to provide small holdings and allotments. Such local authorities as had powers under the Small Holdings and Allotments Acts 1908 to 1931 were permitted to act as their agents.

The commissioners' scope of activity was extended to such places outside the scheduled areas where assistance was likely to create employment for people from these special areas. Their powers however were restricted in so far as the commissioners were precluded from offering financial assistance to any undertaking carried on for the purpose of gain or to local authorities. This provision did not prevent financial assistance being given to undertakings whose primary object was to provide means of livelihood for the persons engaged in them. Also it did not disallow contributions to local authorities towards the cost of any works for which no specific grant was payable from the Exchequer funds.

(c) A Special Areas Fund of £2m was to be established to finance the commissioners activities. Into that fund was also to be paid any money received by them.

Upon expiry of the act provision was made to transfer the functions of the commissioners which related to the promotion of the welfare of persons to whom the Unemployment Assistance Act 1934 applied, to the Unemployment Assistance Board. The Special Areas (Development and Improvement) Act 1934 was to continue until 31st. March 1937.

Economic conditions in the Special Areas improved slightly after the passing of the act. The rearmament programme benefited the heavy industries. The revival of economic activity in the country as a whole facilitated the policies of transferring surplus workers from the Special Areas on the one hand, and on the other, improved prospects of attracting new industries there. Primarily the act led to social improvement in the areas. This prepared the way but did not result in appreciable economic development. The economy of the regions remained unbalanced and unemployment continued to be above the national average. There was need not only to extend the period of operation of the 1934 Act, but also its provisions.

The Special Areas (Amendment) Bill. 1937.

In the King's Speech on 3rd. November 1936 the Houses of Parliament were asked to prolong the Special Areas (Improvement and Development) Act 1934. A new bill was to be introduced for this purpose. The public attached much importance to the proposed bill. The general feeling was reflected in the leading article in the 'Times', where it was argued that,

'It would be fatal if the Government's Bill were to embody a compromise between the general view that new drastic action is necessary and the particular view expressed in some quarters that these areas should be considered as economic amenities, the character of which may be made more pleasant by planting a few flowers and straightening up a few tombstones and employing a new sexton or two, but cannot be radically changed. The condition of the Special Areas is a challenge to the efficiency of the Government and of the democratic system itself.(1)

(1) The 'Times', 19.1.1937

The Special Areas (Amendment) Bill was introduced on 19th March 1937. (1) The object of the bill was -

- (a) to continue the Special Areas (Improvement and Development) Act 1934 until March 1939,
- (b) to give the commissioners additional powers to offer financial inducements to firms to move to the Special Areas.
- (c) to enable the Treasury to give financial assistance both directly and indirectly to certain new undertakings in the Special Areas, and in some cases to those outside.

There was no proposal in the bill to extend the boundary of the Special Areas in spite of the requests that Glasgow be added to the areas scheduled in the 1934 Act, on account of the heavy unemployment there. It was argued that the city was excluded previously for the sake of prestige, as the government was reluctant to label one of the chief ports of the Empire a distressed area. (2)

The passage of the Amendment Bill through the House of Commons was much less stormy than that of the main bill in 1934. The ground had already been broken. Such complaints as were voiced were that the proposals should have been brought forward earlier and that they were not sufficiently comprehensive. Otherwise there was little criticism. The Special Areas (Amendment) Bill received Royal assent on 6th May, 1937.

The Special Areas (Amendment) Act 1937.

The Special Areas (Amendment) Act 1937 was perhaps more important than its predecessor. Whereas the 1934 Act led mainly to improvement in social conditions, the 1937 Act gave a stimulus to economic development in the Special Areas by providing positive financial help to industry. It not only extended the period of

(1) Introduced by M. E. Brown, Hans., vol. 321 (1936-37) p. 2531

(2) Hans., vol. 322 (1936-37) p. 146.

operation of the Special Areas (Development and Improvement) Act, 1934, but also gave the government new powers. The additional provisions, relating to the powers of the Commissioners for the Special Areas and of the Treasury, are of particular interest because of the industrial developments which resulted from them.

Two important changes were made in the powers of the Commissioners. They were enabled to offer assistance to firms, although these firms operated for profit. The Commissioners were to let factories, to induce industries to move to the Special Areas, at a rent which corresponded to a sum yielded by a reasonable rate of interest on the capital spent in providing the factories. Furthermore, such firms as moved to areas approved by the Commissioners could obtain financial assistance from them in the form of contributions towards the payment of rent, income tax or rates. Previously help had been restricted to non-profit-making undertakings. Secondly, the Commissioners were permitted to make grants to local authorities towards the payment for the repair and improvement of streets.

The powers of the Treasury were likewise extended. On the recommendation of an advisory committee, the Treasury was empowered to offer financial assistance to site companies. These were to be undertakings incorporated for the purpose of providing factories as an inducement to industries to move to particular areas. The Treasury could also give financial assistance by way of loans to new undertakings in the Special Areas and in some cases to those outside.

The provisions of the Special Areas (Amendment) Act 1937 were

a welcome addition to those of the Special Areas (Development and Improvement) Act 1934. The two acts together laid the foundations for the future economic development of the Special Areas.

Although the Commission for Special Areas was established and the Commission for Special Areas was established in 1934, the Secretary of State for the Interior and the Minister of Labour, in carrying out their duties, they were not subject to the same control that is exercised over departments. It was felt that the ordinary procedure of referring their proposals to an appropriate government department was not sufficient in the case of the Commission. They had to refer their proposals to the Secretary of State for the Interior and the Minister of Labour, and to maintain a close liaison with the Secretary of State for the Interior and the Minister of Labour.

This need was recognized by the government. The Prime Minister announced in the House of Commons, in 1934, that the Commission was to be a very important body in the future.

Chapter 5 .

The Special Areas Legislation in Practice.

In the 1934 and 1937 Acts there was no precise definition of the duties of the Commissioners for the Special Areas. It was felt that as their work was of an experimental nature it was impracticable to lay down rules of conduct. They were however, expected to enlist local effort and to make use of voluntary associations in carrying out schemes which would lead to social improvement and economic development. The schemes envisaged were of two broad types; ameliorative schemes which brought some immediate relief to the unemployed, (a number of social welfare services could be classified under this heading) and the constructive schemes, which were long term projects leading to industrial development.

Although the Commissioner for Special Areas in Scotland and the Commissioner for Special Areas in England and Wales were responsible to the Secretary of State for Scotland and the Minister of Labour, in carrying out their duties they were not subjected to the same control that is exercised over departmental activities. It was felt that the ordinary procedure of referring each proposed action to an appropriate government department for scrutiny was inappropriate in the case of the Commissioners. They had to take special problems; speedy action was necessary; unorthodox methods had to be tried; ^{the} minimum of delay and the maximum of freedom of action was necessary.

This need was appreciated by the government. The Prime Minister announced in the House of Commons, ' We are giving the Commissioners a very wide discretion. They must not be afraid of trying experiments

even if these experiments fail.'(1) The Commissioners accepted the challenge. In his first report the Commissioner for the Special Areas in Scotland re-emphasised that a Commissioner should be regarded as an 'explorer and experimentalist ... to proceed by trial and error, to discover the effect of selected schemes upon the various problems involved in industrial depression.'(2) He considered his work as an experiment and in the nature of research into the practical ways and means of bringing about a greater measure of industrial prosperity and social welfare.(3)

The Activities of the Commissioner for Special Areas in Scotland.

In Scotland economic development and social improvement under the Special Areas legislation advanced by two stages. During the first stage, which roughly coincided with the period during which the Special Areas (Development and Improvement) Act 1934 was in force, emphasis was placed on social improvement rather than on industrial development. During the second stage, which may be taken to have begun with the Special Areas (Amendment) Act 1937 and which lasted until the outbreak of the war, stimuli were given to industrial development by encouraging the existing industries and by attracting new ones to the area. Industrial development was made possible by the economic recovery in the country as a whole and facilitated by such social and economic improvement as was achieved in Scotland.

Sir Arthur Rose was the first Commissioner for Special Areas in Scotland; he held office during the first stage. His policy was to

(1) Hans.vol 293,p.1997.

(2) Cmd.4958,p.6.

(3) Cmd.5245,p.4.

concentrate his efforts on social and economic improvement in order to prepare the way for industrial development. When conditions made the development possible, it was undertaken by his successors, Sir David Allen Hay and Lord Douglas-Hamilton. (1)

The Commissioners were faced with a two-fold task. They had to provide relief and work for the unemployed, and to initiate long term policies which would lay the foundations for industrial development. They were, however, not charged directly with the duty of relieving unemployment, which was the function of the Unemployment Grants Committee. The Commissioners therefore did not consider schemes whose sole purpose was to provide immediate employment. The schemes which promised greatest social and economic improvement produced little or no immediate effect on the level of employment. The value of the work of the Commissioners was therefore not so much that it reduced unemployment as that it paved the way for long term industrial development.

(1) Sir H. Arthur Rose appointed December 1934.

(a) Commissioner for Special Areas in Scotland, Report for the period 21st. Dec. 1934 to 30th June 1935. Cmd. 4958. (July 1935)

(b) Report for the period 1st July 1935 to 31st Dec. 1935. Cmd. 5089. (July 1936)

(c) Final Report. Cmd. 5245. (Feb. 1936)

Sir David Allen Hay appointed July 1936.

Report of the Commissioner for the Special Areas in Scotland for the period 7th July, to 31st August 1937. Cmd. 5604. (Nov. 1937) 1936

Lord G. N. Douglas-Hamilton appointed September 1937.

Report of the Commissioner for the Special Areas in Scotland. Report for the period 1st. Sept. 1937 to 30th Sept. 1938. Cmd. 5905 (Dec. 1938)

The aims of the Commissioners were:-

- (1) to improve the economic and social conditions of the region,
- (2) to maintain and improve the quality of the labour,
- (3) to bring to the public's notice the existing Scottish industries, to publicise the social and economic advantages of Scotland,
- (4) to offer additional positive inducements to new industries.

I. The Improvement of the Economic and Social Conditions.

(a) Public Works. Public works programmes were undertaken by the Commissioners in conjunction with the local authorities to improve the social and economic conditions. Throughout the 'Special Areas period' expenditure on public works represented the highest percentage of the total spent by the Commissioners. (1) Public works had the double advantage of creating immediate employment and of being conducive to industrial development. Roughly they could be divided into three main groups - public utilities, amenity schemes and direct public health services.

(i) Public Utilities. Most of the public works financed by the Commissioners, which fell into this category, were in connection with sewage and water supply. The provision of modern services of this type was regarded as the first essential to industrial development and as highly desirable from the point of view of social welfare.

(ii) Amenity Schemes. Amenity schemes were advocated on similar grounds, but their effect on the industrial development was more indirect. It was hoped that by removal of waste bins, derelict buildings and the aftermath of the industrial depression generally, the reluctance of industrialists on psychological grounds to move to the Special Areas would be overcome.

(1) Table 1, p. 82. .

That there was such reluctance was made clear during a debate in the House of Commons when it was argued that -

(It was impossible to) expect the birth of new industries in the rather unkept graveyards of the old. There is no prospective employer looking for a site for a factory, who, when taken first to the Great West Road with all the signs of growth and progress, and then to one of the derelict areas with relics of the past industries all round, would not be influenced in favour of the first against the second. It is that bias, a real bias, which exists in the minds of prospective employers. (1)

The cost of improving the landscape was found, however, to be too high to be met out of the Special Areas Fund.(2) The Commissioners therefore confined themselves to assisting local authorities in the provision of recreational grounds.

(iii) Direct Public Health Services. The third type of public works programme aided by the Commissioners was the provision of hospitals and maternity and child welfare centres which fitted into the broader social welfare plans encouraged by them.

(b) Regional Development Schemes. To foster regional development the Commissioners offered grants to improve the navigability of the river Leven and the river Clyde. These schemes were really public works, although they were classified in the reports under the heading of industrial development. (3) Secondly, the Commissioners bore the cost of two research projects; one into the properties of certain mineral resources in connection with plans for utilising them in production of oil, was carried by Edinburgh and Glasgow universities. It was hoped that a new industry might thus be introduced to Scotland.

(1) Cmd. Hans. vol.295,(1934-35) p. 61.

(2) Cmd. 5245,p.13

(3) Cmd. 5604,p.58, Cmd.5905,p.62.

The second project was an investigation undertaken to study the possibilities of dewatering flooded coal mines in North West Lanarkshire, with the object of restoring the old industry to the area.

All these measures adopted to improve the economic and social conditions in the Scottish Special Areas were conducive to industrial development, but it was slow in coming. This however was not surprising in view of the nature of the measures taken. They created some employment, but there remained a high percentage of the insured workers unemployed. (1)

II Quality of Labour.

The second task of the Commissioners was to maintain and to improve the quality of labour. There was need,-

- (a) to prevent deterioration of morale and loss of manual dexterity of workers during unemployment,
- (b) to provide training for new occupations.

Social Welfare Schemes. The Commissioners offered financial assistance to the local authorities and various voluntary organisations to enable them to undertake social welfare schemes with the object of relieving the tediousness of unwanted leisure and to maintain workers mentally and physically fit during the period of enforced idleness. Plots and allotments were given to the unemployed. (2) Holiday camps Community Service Clubs and physical culture centres were established

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- (1) The number of persons directly employed on the various schemes in men-years was only given in the two reports, Cmd. 5089 and Cmd. 5245 at 3,939 and 4,626 respectively.
 - (2) Plots and allotments were classified in the reports under the heading of Land Development. A considerable amount was also spent on Land reclamation and improvement.

which were 'designed solely to maintain sound body and alert mind'. These proved successful and encouraged the opening of Carfin Hall at New Stevenstone as a centre for recreational and cultural, as well as occupational purposes. (1) It enjoyed great popularity. Support given by the local communitities to the purely occupational centres was regarded by the Commissioners as disappointing. (2) Fifteen model occupational centres were established by the Scottish Council for the Community Service during Unemployment. One of the reasons for the relative failure of this scheme was perhaps partly the fact that they provided neither recreation nor paid employment, and partly the prejudice against similar types of centre in the pre-Special Areas days, when as Sir Arthur Rose reported in 1934 -

Considerable publicity of an undesirable kind was given to the effort at rehabilitaion by organisations whose interests are entirely subversive of the present orders of society and who in order to achieve their purpose adopt the suggestion that the schemes perform essential work under 'slave' conditions. (3)

Training Schemes. The Commissioners themselves did not carry out training programmes, but kept in touch with the Minister of Labour who established government training centres and instructional Centres. The object of the former was to provide 6 months training in skilled occupations for the younger men. The latter were residential centres for men who were out of employment for some time and who were unlikely to qualify for skilled employment. They were given a shorter

(1) Financial support was offered by the Commissioners and voluntary personal services were given by the Special Areas Auxiliary Service formed by the Joint Committee of the Edinburgh Branch of the the National Council of Women and the Edinburgh Women Citizen's Association and by the students of Edinburgh and Glasgow Universities.

(2) Cmd. 5905, p.36.

(3) Cmd. 4728, p.225-7. The centres referred to were run at that time by the Ministry of Labour.

course of 12 weeks to restore their physical fitness and manual dexterity. There were no industrial training facilities for women apart from domestic service courses.

III. Publicity. To attract new industries, it would not have been enough to improve the conditions and the quality of labour, these had to be brought to the public notice. Consequently the Commissioners embarked on an intensive publicity campaign with the object of acquainting industrialists outside Scotland with the advantages of the area and of helping the existing Scottish industries by advertising their products.. The publicity took several forms.

(1) Exhibitions. Exhibitions were staged to demonstrate the variety of products and the potentialities of Scotland. With the collaboration of the Scottish Development Council and the Commissioners, the Special Areas Exhibition was organised at Olympia in 1935 and arrangements were made for ^{the} display of Scottish Products at the British Industries Fair in 1936. There was a special Scottish section at the British Industries House, London, between July 1936 and April 1937. Products were also exhibited at the 'Daily Mail' Ideal Homes Exhibition and the Health Exhibition in Glasgow. Scotland was represented at the Marine Engineering Exhibition at Olympia in 1937 and at the British Industries Fair in 1938.

(2) Information. With the financial assistance from the Commissioner the Special Areas Industrial Information Department was set up in Glasgow to keep a register of vacant factory sites in the ^{Scottish} Special Areas and to answer industrial enquiries, many of which came through an Information Bureau established in London.

(3) Advertisements. To publicise the industrial potentialities, amenities and the products of existing industries in Scotland, posters were displayed and advertisements inserted in various technical and trade journals.

(4) Literature. A considerable amount of literature on the subject of the Scottish Special Areas was published and circulated. The quarterly magazine 'Scotland' carried 'Special Areas' supplements and Lord Douglas Hamilton helped in bringing out a brochure of the Scottish Special Areas entitled 'Opportunity and New Fields for Industry.' A letter describing conditions and openings was sent to the members of the London Chamber of Commerce and the secretary circulated it among the members of associated Chambers.

(5) Films and Wireless Talks. A contribution was made out of the Special Areas Fund towards the cost of producing 6 documentary films dealing with the various social and economic aspects of life in Scotland. Arrangements were also made for talks on the radio.

It is difficult to assess the effect of these various activities, but the Commissioners believed that the publicity campaign aimed at attracting industry to the Special Areas was productive. It was expected to assist the industrial development of Scotland in the long run.

IV. Inducements to New Industries.

Positive inducements in the form of financial aid and the facilities of the industrial estates were offered to attract new industries to Scotland.

(1) Financial Aid. Financial aid was available to firms in the

Special Areas from government, semi-official and private sources. Under the Special Areas Amendment Act 1937 the Commissioners were empowered to give financial assistance to firms moving to the Special Areas. There was no general formula. The form and amount of such aid was left to the discretion of the Commissioners. Two factors were considered in granting the assistance, the value of the industry to the area and the degree of unemployment in the district in which the industry was to be located. Altogether assistance in the form of contributions to rents, rates and in some cases income tax was given to 35 firms. Twenty five were of Scottish origin, 9 from England and one from abroad. (1) All represented new developments. The sum spent by the Commissioners on 'inducements' was £46,074. (2)

The other two sources of financial aid, the Special Areas Reconstruction Association and the Nuffield Trust fall outside the scope of this report and will therefore be treated briefly. The S.A.R.A. was a semi-official body. It was established as a public limited company under the Special Areas Reconstruction (Agreement) Act 1936. The capital was subscribed by the City, but the government gave certain guarantees and agreed to meet the administrative expenses up to a pre-determined maximum. The object of the company was to offer financial assistance by way of loans to small firms in the Special Areas. It was stipulated that the amount should not exceed £10,000 or be advanced for a period of over 5 years. Loans, or more often contributions to the share capital, were also available

(1) Cmd. 5905, p.16-17.

(2) Cmd. 5905, p. 74. No sub-classification is available.

to industries in the Special Areas from the Nuffield Trust. £2,000,000 was donated by Lord Nuffield for the benefit of the Special Areas.

(2) The Scottish Industrial Estates. The more important form of inducement, because of its far-reaching effects and experimental nature, was the setting up of the Scottish Industrial Estates. The history of their establishment and development is outlined in the following chapters. The Commissioners however were not alone responsible for the creation of the estates and reference has to be made to the Scottish Development Council and its Economic Committee.

Co-operation of the Commissioners with other organisations.

The Commissioners for the Special Areas in Scotland, in carrying out their duties, collaborated with government departments, local authorities and various voluntary organisations. Among the last, the Scottish Development Council was of particular importance in connection with the industrial development of Scotland. Referring to it, the Commissioner stated, -

I cannot emphasis too strongly the value of a representative body of this kind as a co-ordinating link and means of promoting or assisting schemes for the benefit of all industries, for undertaking general industrial investigations and distributing information. (1)

The Scottish Development Council. The Scottish Development Council was established in 1931, before the Special Areas legislation, as a voluntary organisation having as its members representatives of employers and labour in Scotland. It was of importance not only because of the valuble work which it performed, but also because it manifested the determination of the inhabitants of Scotland to

(1) Cmd.5089, p.6

restore prosperity to their country through their own efforts. The problems were too great to be solved locally. Since 1934 the joint efforts of the Council and the Commissioner for the Special Areas in Scotland went a long way towards overcoming the difficulties in the way of industrial development. The co-operation became still closer when the Economic Committee was formed.

The Economic Committee. A suggestion that 'something in the nature of a planning, co-ordinating and advisory committee for Scotland' was needed in connection with industrial development was put forward by Sir Arthur Rose to the Scottish Development Council. (1) In March 1936 the Economic Committee of the Scottish Development Council was formed. It was representative of Scottish industries, labour and financial institutions. Sir James Lithgow became the first chairman but under the pressure of outside duties was forced to resign. He was succeeded by Sir Steven Bilsland, who has continued to offer his services to the Committee up to the present time.(2)

The functions of the Economic Committee were to examine the possibilities of improving economic conditions in Scotland and to consider and advise on schemes which would lead to the extension of the existing industries and the attraction of new ones. The most important of these schemes was the proposal for the establishment of the Scottish Industrial Estates. The Economic Committee collaborated with the Special Areas Commissioner in the preliminary investigations and negotiations for the first Scottish industrial estates.

(1) Cmd.4958,p.10, Cmd.5245,p.8.

(2) Sir Steven Bilsland (now Lord Bilsland) became the first chairman of the S.I.E.Ltd.

Summary of estimated commitments and total costs of schemes financially aided by the Commissioners for Special Areas in Scotland. (f)

	December 1935 Cost (1)	Commitment (1)	May 1936 Cost	Commitment	July 1937 Cost	Commitment	September 1938 Cost	Commitment
Industrial development,	23565	23565	63815	59315	557063	515095	1142051	1137512
Public works,	1484106	611317	2421706	1073074	4192615	1564145	6107618	2641294
Land,	131690	131690	156980	156980	212230	206905	200314	193970
Social services,	34820	84820	145420	145420	206789	202439	233342	228188
Miscellaneous,	10	10	10	10	-	-	-	-
Grand total	1724191	851402	2787931	1434798	5169497	2488584	7683325	4200964

Source, 1935, Cmd. 5089, 1936, Cmd. 5245, 1937 and 1938, Cmd. 5905.

(1) Total estimated cost of schemes, (11) Approximate total commitment of Special Areas Fund.

Chapter 6 .

Establishment of the Scottish Industrial Estates - the beginning of the experiment.

In the 1930's the concept of the industrial estates was not new , but the proposal for government sponsored industrial estates was a novelty. There were industrial estates, under the name of trading estates, established at Trafford Park, Manchester, and at Slough. These however were private ventures. (1)

The idea that an industrial estate should be established in Scotland began to be discussed by the Scottish Development Council towards the end of 1933. Although the idea commended itself to Sir James Lithgow and his colleagues on the executive of the council there remained the fundamental difficulty of finding the necessary capital, of at least £1,000,000 to finance the project. (2) The amount involved was too great to be financed out of ^{available} private resources and nothing could have been done at the time.

(1) Trafford Park Estates Ltd. acquired, in 1896, some 1200 acres for development as an industrial estate. Although the company lets a number of small 'hive' factories, the normal practice is for the tenant firms to build factories for themselves and to purchase the freehold of the site either for an outright payment or subject to an annual chief rent.

Slough Estates Ltd. acquired, in 1920, some 640 acres and began developing the site as an industrial estate in 1924. 'Bijou' type of factories are available on rental basis. Unlike the Trafford Park Estates, all property is owned by the Slough Estates Ltd.

(2) Sir James Lithgow was at that time chairman of the Scottish Development Council.

(1) Capt. S. Wallace was one of the four investigators appointed by the Ministry of Labour in 1931. Cap. 35-35.

(2) Cmd. 4788, p. 85.

(3) W. Baldwin. Hans. vol. 507. (1935-36). p. 72.

An official suggestion that an industrial estate on the lines of Trafford Park or the Slough Trading Estate might be worthy of the government's support, as it might create employment in a distressed area, was first made—so far as it can be ascertained—by Capt. E. Wallace. (1) The proposal was put forward cautiously. In his report on the distressed areas he pointed out that, -

'This proposal is made with considerable reserve since it is recognised that the whole problem of the most effective use of our national credit and the largely increased savings of our people, for the provision of employment is outside the scope of the present investigations. (2)

The proposal was accepted by the government. The Special Areas (Improvement and Development) Act 1934 rendered the establishment of the industrial estates possible by making provisions for the finance of such projects out of the Treasury funds.

In 1935 the Prime Minister announced that steps had been taken to establish Trading Companies. The difficult legal preliminaries were being cleared away and the government had every intention of proceeding with the plans to form a Trading Company at an early date. (3) The members of the House of Commons were not however, satisfied with general statements and pressed for more information about the proposed estate company. The general feeling is reflected in the following statement by one of the members.

'What it (the estate company) is we do not know; it is an absolute mystery. I have a sort of feeling that it will look like a bazaar, where people may go and buy, if they

(1) Capt. E Wallace was one of the four investigators appointed by the Ministry of Labour in 1934. Cbp. 3 p. 55.

(2) Cmd. 4728, p. 85.

(3) S. Baldwin. Hans. vol. 307., (1935-36), p. 678.

like, a sort of open air Woolworth, nobody told us what this estate is.'(1)

Answering for the government the Minister of Labour explained that what was meant by a trading estate was a 'public utility society' which would acquire land and on it build factories which were to be available on lease. (2) These factories were to be let at what was regarded as a 'reasonable' rent. What was a 'reasonable' rent was not specified. The proposed Trading Estate was regarded as an experiment designed to attract new industries to the areas where ^{the} employment capacity of the old industries had contracted. (3) The experiment was to be started in the North Eastern region. (4)

With the economic recovery, new light industries were springing up in the South, particularly around London, but there was no similar development in the Special Areas.(5) This was attributed

(1) H. Morrison, Hans. vol. 307(1935-36) p. 678.

(2) E. Brown, *ibid.* p. 1034-4,

(3) *ibid.*

(4) North-Eastern Trading Estates Ltd. (formed 1936) established its first estate, -the Team Valley Trading Estate-, near Gateshead. By May 1939, 109 factories were completed. It is of interest to note that it was the Durham and Tyneside Area which was investigated by Capt. E. Wallace.

South Wales and Monmouthshire Trading Estate Co. Ltd. (formed 1936) developed the Treforest Trading Estate near Cardiff. By May 1939, 55 factories were occupied.

West Cumberland Industrial Development Co. was formed in 1937. Solway Estate was established at Maryport. By May 1939, 7 factories were available.

(5) Table 2 p. 89, and Table 3 p. 90 .

to the lack of factories available on lease. (1) In Scotland such empty factories as were available were mostly old buildings, often unsuitable for modern production processes. It was hoped that provision of suitable premises on a rental basis would help to attract the new industries which Scotland needed, but of which relatively few were established. (2)

A proposal for a Scottish industrial estate had already been put to the government by Sir Arthur Rose. In his last report as the Commissioner for Special Areas in Scotland, he anticipated the formation, at an early date, of a public utility which would be responsible for the creation and administration of ^{an} industrial estate in Scotland. (3) At his request the Scottish Economic Committee undertook to investigate the suggestion and to carry out a preliminary survey. A sub-committee was appointed for that purpose. It recommended the establishment of an industrial estate on a site at Hillington. The recommendation was accepted by Sir Arthur's successor, Sir David Hay. The commissioner made arrangements for the formation of a company with the cooperation of the Economic Committee. (4) The Scottish Industrial Estates Ltd. was incorporated in January 1937. A site of 320 acres was acquired for development as an industrial estate, but entry to the site was not obtained until the end of June 1937. Construction proceeded and within a year some 80 acres were under development. By the end of September 1938

(1) Sir Malcom Stewart, Commissioner for Special Areas in England and Wales, Cmd. 5090, p.13.

(2) Sir David Hay, Commissioner for Special Areas in Scotland

(3) Cmd. 5245, p.8.

Cmd. 5604 p.19

(4) Cmd. 5604, p. 19-20. It was estimated that when fully developed estates would provide employment for some 15,000 workers.

there were 67 tenants in occupation and 36 factories had been allocated. Encouraged by the success at Hillington the Commissioner decided to start three other estates in the North of Lanarkshire where there was heavy and prolonged unemployment. He proceeded to purchase sites at Carfin (27 acres), Chapelhall (18 acres) and Larkhall (11 $\frac{1}{2}$ acres). The pool of labour on which the new estates were to draw was considerably smaller than in the neighbourhood of Hillington. The three Lanarkshire estates were to be developed and administered by a new company formed for that purpose. The Lanarkshire Industrial Estates Ltd. was incorporated on 30th July 1938. The initial work of erecting the factory buildings was started in August 1938.

To ensure uniformity of treatment of the firms applying for factories on the estates in all the Special Areas, arrangements were made by the Commissioner for the Special Areas in Scotland and the Commissioner in England and Wales for consultation and co-ordination of their policies. Lord Portal agreed to act as the chief industrial adviser with the help of a consultative committee. To assist the advisers the Commissioners appointed two industrial officers who had both business experience and technical qualifications. Their duty was to carry out negotiations with industrialists wishing to expand, and to canvass new industries on behalf of the Commissioners. These purely voluntary attempts at co-ordination of their policies were the first steps towards the economic planning of the distribution of industry on a national

basis which was undertaken after the war.

The effectiveness of the experiment of establishing the industrial estates with the object of providing employment and of diversifying the industrial structure in the Special Areas has to be studied in the post-war period, since the estates were in existence for too short a time before the war to make an impact on the regional economies.

Year	a	b	c	d	e	f	g	h	i	j	k	l
1932												
1933	5	—	5	6	1	2	1	1	2	1	—	—
1934	6	—	7	5	3	11	2	—	2	—	—	—
1935	2	2	—	2	3	3	—	1	1	—	—	—
1936	6	2	3	5	3	6	1	—	1	—	—	—
1937	4	—	1	14	4	4	—	—	—	—	—	—
1938	14	—	2	21	6	6	2	—	—	—	—	—
	42	6	28	65	26	54	6	2	6	26	—	38

a, factories opened,

b, factories extended,

c, factories closed,

Source, Board of Trade Survey of Industrial Development 1938, (1939)

Industrial Development in the Special Areas 1932-38.

Year	Scotland			Northumberland & Durham			West Cumberland			South Wales		
	a	b	c	a	b	c	a	b	c	a	b	c
1932	7	2	10	7	4	2	—	—	—	1	—	—
1933	3	—	5	6	1	2	1	1	2	1	—	1
1934	6	—	7	5	3	11	2	—	2	—	—	2
1935	2	2	—	2	5	3	—	1	1	—	—	1
1936	6	2	3	5	3	6	1	—	1	—	—	—
1937	4	—	1	14	4	4	—	—	—	5	—	1
1938	14	—	2	26	6	6	2	—	—	19	—	5
	42	6	28	65	26	34	6	2	6	26	—	10

- a , factories opened,
 b , factories extended,
 c, factories closed,

Source, Board of Trade Survey of Industrial Development 1938, (1939)

Industrial Expansion - factories opened, extended, and closed.

Year	Region	New factories		Employment provided by new factories		Factory extension		Factories closed		net increase (f) Or decrease (-) number	%
		Number	%	Number	%	Number	%	Number	%		
1933	Scotland, Greater London, Gt. Britain	14	3.0	1200	4.1	4	4.1	29	7.1	+1	0.7
		220	47.5	13450	45.5	25	26.3	107	26.1	+138	93.2
		463	100.0	29500	100.0	95	100.0	409	100.0	+148	100.0
1934	Scotland, Gt. London, Gt. Britain,	18	4.8	1400	3.7	4	2.8	21	4.1	+1	0.9
		209	43.7	15750	42.3	38	26.4	162	31.5	+85	11.1
		478	100.0	37200	100.0	144	100.0	515	100.0	+107	100.0
1935	Scotland, Gt. London,* Gt. Britain,	22	4.5	1650	3.3	10	5.2	15	3.1	+17	7.8
		213	41.8	19000	38.2	5	26.0	184	37.8	+34	11.1
		510	100.0	49750	100.0	192	100.0	486	100.0	+216	100.0
1936	Scotland, Gt. London, Gt. Britain,*	26	4.7	1400	2.7	10	4.8	14	3.6	+22	6.5
		261	47.5	20050	37.8	66	31.4	161	41.6	+166	48.6
		551	100.0	53000	100.0	210	100.0	396	100.0	+341	100.0
1937	Scotland Gt. London, Gt. Britain*	22	4.1	1150	2.5	3	1.3	14	3.9	+13	3.1
		215	39.8	15850	33.9	69	30.3	154	42.7	+130	31.2
		541	100.0	46700	100.0	237	100.0	361	100.0	+417	100.0
1938	Scotland, Gt. London, Gt. Britain.	21	5.1	1600	2.0	3	2.1	19	4.5	+5	3.8
		168	40.6	18750	35.1	44	30.3	191	43.8	+21	16.7
		414	100.0	53150	100.0	145	100.0	432	100.0	+127	100.0

* Figures for 1935, 1936 and 1937 were revised. Source, Board of Trade, Surveys of Industrial Development. (First survey to be published was the Survey of Industrial Development 1933).

Table 3.

Chapter 7 .

Post-war Measures.

After the 1939-45 war the government policy in respect of the Special Areas was altered. It was not so much a change in the basic policy as in the emphasis and in the methods of implementing it. The important issue was still 'employment'. The problem, however, was rather how to maintain it, than how to create it. The mobilisation of all the human and material resources during the war reduced unemployment and underemployment, particularly of women. The government policy, therefore, after the war was directed towards arresting a decline from the high level of employment which had been reached. Thus, the policy in regard to unemployment was to be preventive rather than corrective as it had been hitherto. In addition to the change in the economic conditions which caused a shift in emphasis of the employment policy, the war brought also a psychological reorientation. Restrictions and controls enforced during the war prepared the climate of public opinion for a greater degree of economic planning by the state, than would either have been deemed desirable or acceptable before September 1939. This permitted alterations in the methods of carrying out the employment policy. The change both in the emphasis and methods is reflected in the rechristening of the Special Areas as the Development Areas and in the replacement of the Special Areas Acts by the Distribution of Industry Acts 1945 and 1950 and the Town and Country Planning Act 1947.

Antecedents of the Development Area Legislation.

The Development Areas legislation was influenced by two publications, the report of the Royal Commission on the Distribution of the Industrial Population and the Employment Policy White Paper. It embodied some of the principal recommendations of the former and the pledges of the latter.

(a) Report of the Royal Commission on the Distribution of the Industrial Population. (1) In spite of the efforts made by the Special Areas Commissioners to diversify the industrial structure of the areas progress was slow. New industries tended to gravitate south particularly towards the London area. (2) Sir Malcolm Stewart, the commissioner for the Special Areas in England and Wales drew the government's attention to this tendency. Although not in favour of compulsory location of industry, he suggested that the government might consider proscribing certain areas where no further industrial development should take place. (3) In addition to this negative control he further recommended that positive inducements of a financial nature, in the form of relief from income tax and local rates, and long term loans should be offered to industrialists moving to the Special Areas. The importance of this report was recognised by the government. The Chancellor of the Exchequer announced in the House of Commons that the government intended to examine carefully the various proposals which it contained. (4) As their acceptance would

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- (1) Royal Commission on the Distribution of the Industrial Population Report, Cmd. 6153. This report is sometimes called the Barlow Report after Lord Montague Barlow who was the chairman of the Royal Commission. (1940)
- (2) Ch. 6 p. 35.
- (3) Third Report of the Commissioner for the Special Areas (England and Wales) Cmd. 5303, p. 6 and seq.
- (4) N. Chamberlain, Hans. vol 317 p. 1595. (1936-37)

raise many issues of an economic, social and strategic nature, it was felt that a comprehensive study of the problems involved was needed before any steps could have been taken. On 9th March, 1937, the government announced its intention to appoint a Royal Commission for this purpose. (1) When the Prime Minister announced the constitution of the commission he emphasised that it was not to be restricted to an investigation of the problems of the Special Areas, but was to be concerned with wider issues, including the general questions of industrial location. (2)

The Royal Commission's terms of reference were;

1. To study ^{the} causes of the existing distribution of the industrial population and the future trend.
2. To examine the social, economic and strategic disadvantages of concentration.
3. To suggest remedial measures, if any, to be taken in the national interest.

The appointment of a Royal Commission with these terms of reference was a first step towards a policy of distribution of industry on a national basis.

Scottish Evidence. (3) For the purpose of this report the Scottish evidence to the Royal Commission is of particular interest, especially the memorandum submitted by Sir Steven Bilsland, N.Duthie

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- (1) Hans. vol. 321 p.1026 (1936-37)
 (2) Hans. vol. 326 p.342-3 (1936-37)
 (3) Minutes of evidence taken before the Royal Commission.
 2nd. Day (6.10.1937) W.S. Douglas, Secretary, Dept. of Health for Scotland.
 9th Day (15.12.1937) The Association of County Councils in Scotland and the Association of Counties of Cities in Scotland.
 15th Day (3.3.1938) The Scottish Economic Committee and the Convention of the Royal Burghs of Scotland.
 29th Day (29.11.1938) J.G. Kyd, Registrar General for Scotland and P. Taylor of the Department of Health for Scotland.

and Sir William Goodchild of the Scottish Economic Committee. All the witnesses agreed that there was a maldistribution of industry in Scotland and a lack of balance in the economic development of the country generally.

In examination of the Scottish evidence in connection with the level of employment and the industrial structure, three main points emerged as requiring special consideration and corrective measures.

1. The position of Glasgow.
2. The overdependence of Scotland on shipbuilding, coal, iron and steel industries.
3. The underemployment of women.

In the evidence submitted by Lord Bilsland and his colleagues, attention was drawn to the anomalous position of Glasgow.(1) The city was excluded from the Special Area. On account of its economic and social integration with the region and on the basis of the high level of unemployment within its boundries, it would qualified for inclusion. All the more so, as it was already classified as a distressed area for the purpose of the awarding of government contracts.

The distress of the Glasgow area and the South West of Scotland was due to overdependence for prosperity on the heavy industries. This view which had been expressed several years ago was again confirmed in the evidence. The question of the underemployment of women, however, had not been raised before. Women represented a lower percentage of the insured population in Scotland than in the U.K. The textile centre of Dundee

(1) 15th Day of evidence, Memo. of the Scottish Econ. Com.p.446

and Hawick were exceptional in that the employment of women was unusually high.(1)

This lower percentage of female workers in Scotland as compared with the U.K. can perhaps be explained by the futility of registering for work in view of the lack of employment opportunities for women in Scotland in the inter-war period.(2) The absence of a sufficient number of suitable jobs for women willing to work was an aspect of the main problem of the dominance of the Scottish economy by the heavy industries.

A remedy lay in the diversification of the industrial structure by introducing new industries to Scotland. But although the Special Areas legislation at the time of the hearings by the commissioners, had already been in force for some time, little progress was made in attracting new industries. This was shown by the Scottish evidence to the Commission and the Board of Trade reports.(3)

It was suggested that the facilities of trading estates such as had been offered at Trafford and Slough were instrumental in encouraging the growth of new industries in England. There were no similar private trading estates in Scotland. There was also no response to the government offer of financial assistance to private site companies which would have build factories for renting.

(1) Table 4, p.100.

(2) The percentage was also lower in the post-war years. Statistics compiled by C.E.V.Leser showed that Scotswomen (age 25-55) showed smaller tendency to follow a gainful occupation than their counterparts in England. It was suggested that larger families in Scotland may be one of the reasons. C.E.V. Leser, Manpower, Ch.4 in Scottish Economy, ed.A.K.Cairncross.

(3) Evidence 15th Day, p.446, B.of T.Survey of Ind.Devel. annual.

None ~~were~~^{was} formed. (1) Most of the firms moving north of the border located themselves on the only government sponsored industrial estate at that time in Scotland. This indicated the lines on which the future policy of attracting new industries to Scotland had to be pursued.

Recommendations of the Royal Commission. (2)

Evidence from all sources suggested that industrial concentration was undesirable on social, economic and strategic grounds. The question of the distribution of industry was important from the point of view of preventing further growth or development of new depressed areas. Members of the Commission agreed that the problem of location of industry was not of a local character but that its solution had to be sought on a national basis. It was therefore recommended that national action should be taken to decentralise both industries and population, to encourage a reasonable balance of industry in Britain as a whole, and to diversify industry within the various regions.

The members of the Royal Commission pointed out in their report that in respect of the regional diversification of industry the work of the Special Areas Commissioners which, although so far it had been of an experimental nature, held out promise of success in achieving the aims enumerated above. They therefore, recommended that the powers vested in the Special Areas Commissioners should be transferred to a central body. This body would become responsible for a

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- (1) Special Areas (Amendment) Act 1937. Unwillingness to form site companies may have been due to the risk involved in such a venture and to the fact that the government was prepared to advance only 25% of the capital.
- (2) Recommendations of majority report, p.201-207, minority p.232.

national policy of distribution of industry. There was no agreement as to the status of this central body or the precise powers it should exercise. It was generally accepted however, that control over industrial^{location} should be exercised. There was need for powers to prohibit further growth of industries in London and other areas where congestion already existed. Development of garden cities, satellite towns, and trading estates was to be encouraged, with the view of securing a more balanced distribution of industry. It was further suggested, that for this purpose, financial assistance from government funds might be given in the form of loans and grants.

The recommendations of both the majority and minority reports led to the conclusion that it was impossible to separate the problem of unbalanced location of industry from that of structural unemployment within regions. One was the cause, the other the effect. Solution lay in a national policy for the distribution of industry. When the reports were published in 1940, they could not be given the attention they deserved. War overshadowed all social and economic considerations.

(b) The Employment White Paper. Four years later when at the end of the war was in sight and the preparations were made for a change from the war- to peace-time economy, the Employment White Paper was published. (1) In the proposed programme the distribution of industry policy was to become an integral part of the employment policy to be followed after the war. This fusion created a two-tier policy. On the national level employment was to be maintained

(1) Cmd. 6527 (1944)

by the interplay of fiscal and monetary policy. On the regional level, the regulation of purchasing power could not have solved the problem of structural unemployment. In order to reduce pockets of structural unemployment and to safeguard against any future increase which might have resulted in new depressed areas, the government proposed:-

1. to influence the location of new enterprises so as to diversify the industrial composition of areas likely to be vulnerable to unemployment,
2. to remove obstacles to the transfer of workers from one area to another and from one occupation to another,
3. to provide facilities to fit workers from declining industries for jobs in expanding industries.

The avowed object of the government policy, as a safeguard against regional unemployment, was to secure a balanced industrial development by influencing the location of undertakings along the lines suggested by the Barlow Report. The pattern of the distribution of industry was to be based on economic, social and strategic considerations. In steering firms to areas which required further diversification the government was to exercise negative control and to offer positive inducements. For this purpose it was necessary that the government should know beforehand of any proposed industrial development. Industrialists therefore, were required to notify of their plans to establish new undertakings or to transfer to another area. The government was to have power to prohibit location in areas where further industrial development was undesirable. While positive inducements were to be extended to industrialists willing to move where

further diversification was required. Factory construction in these areas was to be given priority by ^{the} issue of building licences. Converted munitions factories were to be made available to private enterprise. The government policy of building new factories for renting was to be continued. In addition the promise was made of government contracts and financial aid in the form of loans or share capital. Financial assistance was also to be given to workers transferred under approved schemes to the new areas.

It was felt that because of its implications, the formulation and administration of the distribution of industry policy was the responsibility of the government as a whole. The channel through which the policy was to be expressed was to be the Board of Trade, working in conjunction with the Ministry of Labour and National Service, the Ministry of Town and Country Planning and the Scottish Office. It was the President of the Board of Trade however, who was to be answerable in Parliament for all the general aspects of the policy.

It was hoped that, with the introduction of the policy designed to achieve a balanced distribution of industry, the depressed areas would in time disappear entirely. The distressed areas of the past became the 'Development' areas of the future.

Table 4 .

Employment and Unemployment in Certain Towns.

Town	Male and female insured persons as a % of total insured population(16-64)at July 1937.			Male and female workers unemployed (16-64) as a % of insured males and females respectively at June 1937.			Male and female insured workers in employment as % of total insured in employment(16-64) at June 1937.		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Coatbridge (iron and steel)	88.2	11.8	100	19.2	19.0		88.1	11.9	100
Dundee (jute)	57.9	42.1	100	19.4	13.5		57.6	42.4	100
Hawick (hosiery)	59.6	40.4	100	12.9	8.2		58.3	41.7	100
U.K.	72.6	27.4	100	11.6	6.8		71.8	28.2	100

Source, Memorandum (Scottish Economic Council), Evidence to Royal Commission on the Distribution of Industrial Population, 15th Day, p.447.

Chapter 8.Development Areas Legislation.

The war was not yet over when the government took steps to carry out the pledges of the Employment White Paper. On 21st February, the President of the Board of Trade introduced the Distribution of Industry Bill, 'to provide for the development of certain areas (and) for controlling the provision of industrial premises with a view to securing the proper distribution of industry.' (1) He pointed out that :-

'This bill is based upon the Government White Paper on Employment Policy... This measure is the first instalment of legislation to promote employment after the war... This is a bill to abolish the distressed areas and also to make a beginning with the carrying out of the promises of the Barlow Report.' (2)

The Distribution of Industry Bill which was to repeal and replace the Special Areas legislation aroused little controversy. It was not so much a pioneering and experimental measure as the Special Areas (Development and Improvement) Act 1934 had been. The Distribution of Industry Bill was rather a step in the process of evolution of the employment policy and of the economic planning which unobtrusively and in a somewhat disguised manner began in the 1930's. The value of the government's powers to encourage the creation of employment, in the formerly depressed areas, which the new bill sought to extend had already been shown by the work of the Special Areas Commissioners. The usefulness of some economic planning had been demonstrated by the Location Planning Room

(1) H. Dalton, Hans. vol. 408 (1944-45) p. 816.

(2) Hans. vol. 409 (1944-45) p. 837.

established during the war at the Ministry of Production. The aim of the bill, which was to safeguard against regional unemployment was generally approved. The methods of achieving this objective through planning of the distribution of industry became acceptable. The Distribution of Industry Bill was therefore welcomed. In the House of Commons it was regarded as representing '... the largest measure of agreement on an urgent problem in an all-party government.'(1) In the press, the Distribution of Industry Bill was acclaimed as a triumph of the principles of the Barlow Report.(2) The chairman of the Royal Commission which produced this report described the bill as 'a hopeful step in the right direction'(3) Royal assent to the Distribution of Industry Bill was given on 15th June, 1945(4)

Distribution of Industry Act. 1945.

Under the Distribution of Industry Act the government was empowered to influence the location of industry by offering inducements. In theory it had no direct control over the distribution of industry.

The 1945 Act repealed the Special Areas (Development and Improvement) Act, 1934, and the Special Areas (Amendment) Act, 1937. All the interests vested in the Special Areas Commissioners were transferred to the Board of Trade which became responsible for the administration of the former Special Areas designated in the new act as the Development Areas. Although these areas, with

(1) Hans. vol. 409(1944-45)p.854.

(2) Leading article, The Times, 23rd.Feb.,1945.

(3) Sir Montague Barlow, letter to The Times, 8th March, 1945.

(4) Hans. vol.411(1944-45)p.104.

small exceptions were very much the same as those scheduled by the Special Areas 1934 Act, the procedure for varying their boundaries was different. Under the old legislation the Special Areas were fixed and could only have been varied by further legislation. Under the new act, if in the opinion of the government the economic conditions justified the step, areas could be added or removed from the schedule at any time 3 years after the passing of the act.(1) In Scotland the additional areas scheduled by the 1945 Act as the Development Areas, were Glasgow and Dundee. Arguments for the inclusion of the former on account of the unemployment within its boundaries has already been put forward before the war.(2) In scheduling Dundee, the government was taking a step to safeguard against unemployment should the jute industry, on which the town was mainly dependent for prosperity, become depressed. The government offered increased inducements under the 1945 Act, to encourage firms to move to a Development Area. The Board of Trade is authorised to provide industrial premises for firms in the Development Areas and to give financial assistance to trading or industrial estate companies. The latter term is used in Scotland. Furthermore, provision was made for improving the basic services. The Treasury was empowered to make

(1) The Development Areas were subsequently extended by (a) Distribution of Industry (Development Areas) Order 1946 (dated 16.2.1946) the two new areas were South Lancashire and Wrexham), (b) Distribution of Industry (Development Areas) Order 1949 (dated 4.3.1949) the new areas were Merseyside and in Scotland, part of the Highlands bordering on the Firth of Cromarty and Beaulley parts of Irvine and Linlithgow.

(2) Ch.3.p.56.

grants to undertakings in the Development Areas towards the cost of payments of interest on the borrowed capital and to grant loans.

These powers did not differ basically from those of the Special Areas Acts. There was, however, one important difference. The Distribution of Industry Act 1945 contained general provisions as to the distribution of industry. Thus a step was made towards national planning of industrial location. It was enacted that anybody wishing to erect an industrial building with a floor space area exceeding 10,000sq.ft. had to notify the Board of Trade 60 days before entering into contract or beginning construction. The Board of Trade might require further information as to the proposed situation of the factory, industrial processes which were to be carried out and the estimated number of male and female employees. Failure to comply with these requirements was a punishable offence. These powers conferred on the Board of Trade, did not however extend beyond the collection of information and, in theory, it had no direct control over the location of industry. Clause 9 of the Distribution of Industry Bill which would have provided for such a control had been dropped during the bill's passage through the Parliament because of a strong opposition to it.

Town and Country Planning Act 1947.

Clause 9 of the Distribution of Industry Bill eventually found its way to the Statute book in the guise of clause 14 of the Town and Country Planning Act 1947, which gave the Board of Trade direct control over the location of industry in an unobtrusive way. (1)

(1) The corresponding clause in the Town and Country Planning Act 1947 (Scotland) is clause 13.

Under clause 13 of the act, the erection, extension or alteration of a building had to have the approval of the local planning authority. But under clause 14, the application to the local planning authority for permission to develop land by erection of industrial buildings with floor space over 5,000sq.ft. could not have been considered unless it was certified by the Board of Trade that such development could be carried out consistently with the proper distribution of industry. There was no precise definition of what was meant by the proper distribution of industry.

The combined effect of the Distribution of Industry Act 1945 and the Town and Country Planning Act 1947 was to give the Board of Trade power to influence the location of industry by means of positive inducements and direct control. The power to offer inducements was further extended by the Distribution of Industry Act 1950.

Distribution of Industry Act 1950.

Like the Distribution of Industry Act 1945, which in its provisions resembled the Special Areas (Development and Improvement) Act 1934; the Distribution of Industry Act 1950 resembled the Special Areas (Amendment) Act 1937 in so far as both extended the provisions of the two principal acts. The Distribution of Industry Bill was introduced on 22nd March 1950 by the President of the Board of Trade. (1)

The object of the bill was;-

1. To make further provision for the aquisition of land **and** creation of easements.

(1) J.H.Wilson, Hans. vol 472 (1950)p1966.

2. To authorise the Board of Trade to make grants in exceptional cases in connection with the establishment in, or a transfer to the Development Areas, of undertakings, and to make loans and grants to housing associations which would provide dwellings for workers to be employed in the Development Areas.
3. To extend section 5 of the Employment and Training Act 1948 in relation to persons transferred for employment in undertakings established in, or transferred to the Development Areas.

The bill was passed smoothly through both Houses. It contained no controversial issues. It was merely an extension of the parent act, which as was pointed out during a debate, was an 'effective measure' judged on the basis of the Scottish experience.

(1) The bill was accepted with mutual unanimity on the grounds that it was a humane and not a political measure. (2) The Distribution of Industry Bill was passed in its entirety and received Royal assent on 12th July, 1950.

Commitments under the Distribution of Industry Acts. Analysis of the commitments in the Development Areas under the Distribution of Industry Acts could not be obtained. The only indication of the extent to which the Board of Trade exercises its powers in respect of granting financial inducements was obtained from the Civil Estimates. From the analysis of estimated expenditure it appears that the main inducement offered was the provision of industrial premises on the industrial estates.

Administrative Machinery of the Development Areas. The origin of the administrative machinery in the Development Areas can be traced to two sources, the Royal Commission on the Distribution

(1) Lord Bilsland, House of Lords, vol.167 Np.29(1950), p.597

(2) Lord Adams, *ibid.* p.608.

of Industrial Population and the wartime experience in planning. Placing of the responsibility for the administration of the Development Areas with the Board of Trade was a compromise between the office of the Special Areas Commissioners and the National Industrial Board or a new ministry recommended respectively by the majority and the minority reports of the Royal Commission. While the location unit of the Board of Trade and the Regional Boards for Industry were modelled on the Ministry of Production Location Room and the Regional Boards established during the war. Board of Trade, - the Executive Body. The department of the Board of Trade responsible for the administration of the general policy affecting the distribution of industry was the Distribution of Industry and Regional Division. Two of its sub-divisions were of particular interest, the Research and Planning Branch and the Location Branch. The former was concerned with research into industrial location and information was collected on physical features, natural resources, the supply of raw materials, labour statistics, housing, transport facilities and basic services. The importance of research on these lines as a prerequisite of industrial distribution had been emphasised by the Royal Commission. The Location Branch offered advice to industrialists on ^{the} selection of sites for their new undertakings or those to be transferred.

As their names suggest the Research and Planning Branch and the Location Branch of the Board of Trade were avowedly concerned with the planning of industrial distribution. This centralisation of research and planning on a national basis was a new develop-

ment and in contrast to the pre-war practice.

Decentralisation of Administration. Much of the work of the Board of Trade was decentralised. When dealing with local issues, the authority was delegated to the Board of Trade's Regional Controllers in charge of ^{the} regions which lie within the Development Areas.(1) Advisory functions and ^{the} maintenance of contact between government departments and industries on the local level were the responsibility of the Board of Trade Regional Boards for Industry. They were a continuation of the Regional Boards set up by the Ministry of Production, but the Board of Trade boards were reconstituted in October 1945. Their scope was extended to include the whole range of productive industry. Their functions were :-

1. To advise Ministers and their Departments on industrial conditions within their regions.
2. To keep in touch with all regional organisations whose work affects industry and to represent the needs of industry to local authorities.
3. To keep local industry advised on policy and to represent their views to government departments.
4. To deal with any questions of production referred to them for local treatment.

The Regional Boards for Industry consisted of a Chairman and generally six members, three of whom represented employers and the other three represented the Trade Unions. All appointments to the Boards were made by the President of the Board of Trade after

(1) C.A. Oakley who during the war was the Regional Controller for Scotland of the Ministry of Aircraft Production was appointed in 1946 the Board of Trade Regional Controller for Scotland and held that office until September 1952 when he was succeeded by A. Young.

consultation with the Federation of British Industries, ^{the} British Employers' Confederation and the Trade Union Congress. Representatives of government departments attended meetings of the Boards when matters affecting their departments were discussed. Their meetings were held in the regions but chairmen attended conferences in London for consultation. The members of the Regional Boards of Industry were kept in touch with the national industrial policy by their membership also of the National Production Advisory Council for Industry.

Co-ordination. It was the function of the Panel 'A' of the Board of Trade to co-ordinate the work of all the government departments concerned with the distribution of industry policy. This panel under the chairmanship of the under-secretary of State in charge of the Distribution of Industry and Regional Division, considered all the general questions related to industrial location. Corresponding Regional Distribution of Industry Panels have been established in the regions under the chairmanship of the Board of Trade Regional Controller. Sub-committees which were attached to these Regional Boards were concerned with the study of the general needs of the areas and with plans for their long term development.

Co-operation with the Industrial Estates Companies. In carrying out its policy of industrial diversification in the Development Areas the Board of Trade co-operated with the government sponsored industrial estates companies. The demarcation of functions was not clear but broadly speaking the Board of Trade was concerned with

the general policy of industrial location. The industrial estates companies were responsible for the building and management of the industrial premises. The Board of Trade nevertheless exercised general direction over all the estate companies through the Director of Industrial Estates Companies, attached to the Distribution of Industry and Regional Division. He was responsible for the purchase of land, the clearance of sites, the planning of advance factory programmes and for arranging the provision of houses for key workers brought by the firms.

Board of Trade
Distribution of Industry and Regional Division.

Under-Secretary

Research and planning.

Industrial building: Secretariat of inter-departmental Committee Panel A.

Policy and General direction of industrial estate companies. Purchase of land for industrial estates. Key workers; Houses. Clearance of derelict land, etc. in Development Areas. Planning advance Factory construction.

De-requisitioning and clearance of industrial space.

Guidance to industrialists upon the government's location of industry policy and assistance in determining location of factories. Applications from industrialists for space in surplus gov. factories. Notification under sec. 9 of D.I. Act. Conversion & allocation of surplus gov. factories.

General questions arising from the D.I. Act. Correspondence with local authorities.

(Regional Branch)
Regional Control-ers supported by staff in Regional Offices and district offices.
Regional Boards with secretariats.

Source: Board of Trade.

Table 5.

Financial Assistance in Development Areas.

(F)

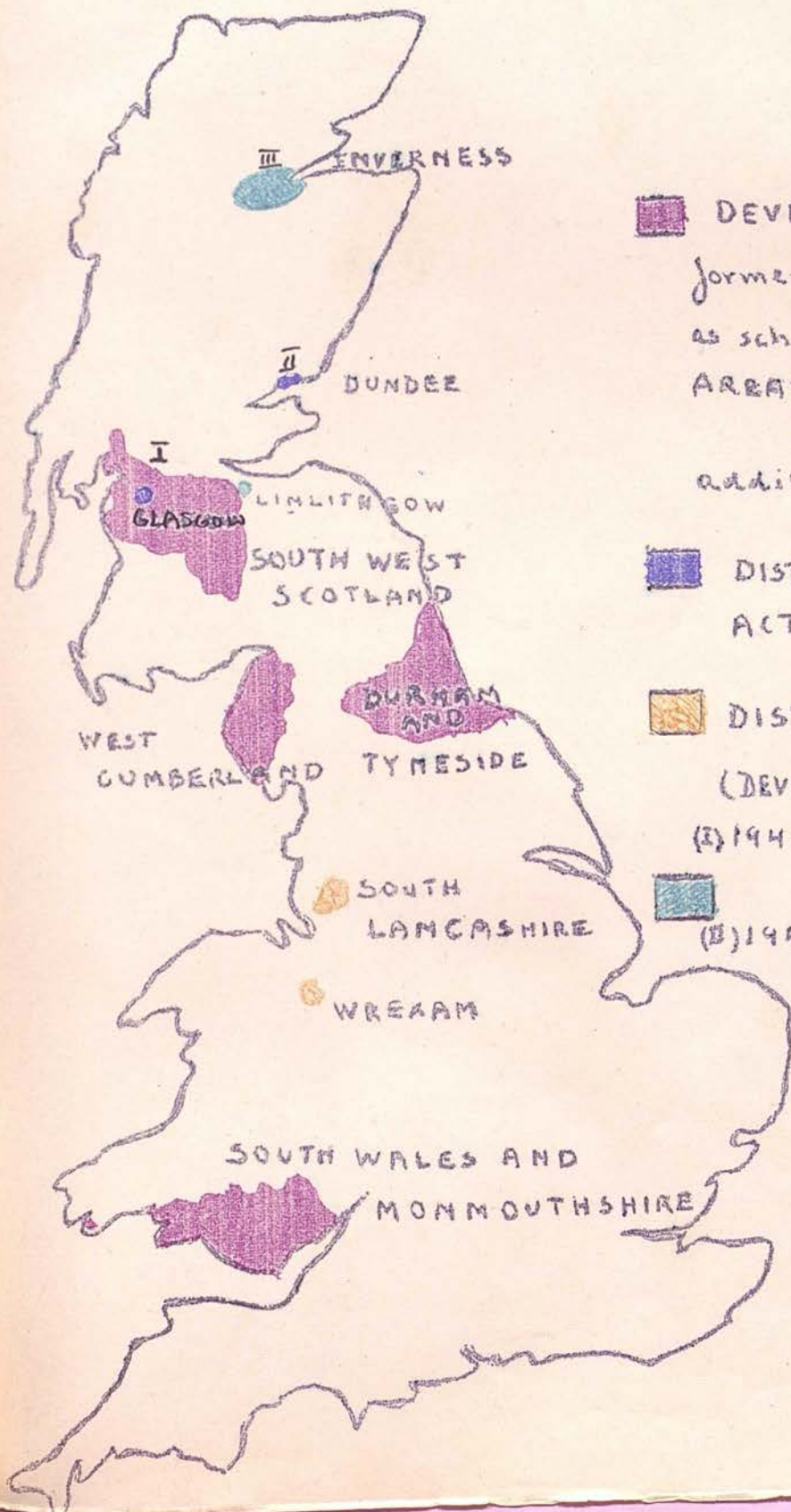
Under the Distribution of Industry Act 1945.	1945-46 ⁽¹⁾	1946-47	1947-48	1948-49	1949-50	1950-51	1951-52	1952-53
A. Expenses of administration	800	1,500	1500	1,250	2,000	2,000	8,000	10,000
B. Grants to industrial undertakings in Development Areas, (sec. 4 Of 1945 Act)	-	100,000	50,000	10	10	10	10	10
C. Loans to industrial undertakings in Development Areas, (sec. 4 of 1945 Act)	-	400,000	700,000	600,000	750,000	900,000	1,000,000	1,900,000
D. Loans to industrial undertakings in the Special Areas and other areas, (sec. 6 of the Special Areas (Amendment) Act)	100,000	132,000	-	-	-	8,000	(2)	-
Total	100,800	633,500	751,500	601,260	752,010	910,010	1,008,010	1,910,010

(1) Financial years, 1st. April to 31st March.

(2) Remanent Expenditure under Special Areas (Amendment) Act 1937.

(*) Original estimate together with supplementary estimate H.C.100, 1950-51, H.C. 88, 1951-52 Source, Board of Trade Civil Estimates Class VI annually.

THE DEVELOPMENT AREAS



DEVELOPMENT AREAS
 formerly SPECIAL AREAS
 as scheduled in the SPECIAL
 AREAS ACT. 1934

additions to Special areas

DISTRIBUTION OF INDUSTRY
 ACT. 1945

DISTRIBUTION OF INDUSTRY
 (DEVELOPMENT AREAS) ORDER
 (S) 1946

DISTRIBUTION OF INDUSTRY
 (B) 1949, SCOTLAND - LINLITHGOW
 HIGHLAND AREA

Chapter 9 .Scottish Industrial Estates Ltd.

The growth of the Scottish Industrial Estates occurred in two phases. The formative phase was governed by the Special Areas legislation with the emphasis on ^{the} creation of employment. The expansive post-war period was governed by the Development Areas legislation with the stress on the distribution of industry. The repeal of the Special Areas Acts by the Distribution of Industry Act had a pronounced effect on the organisation, finance, functions and the tenancy of the industrial estates.

The Scottish Commissioner for the Special Areas started the first industrial estate in Scotland at Hillington. A company was registered in the name of the Scottish Industrial Estates Ltd. A certificate of incorporation was issued dated 14th January 1937. The industrial estate grew rapidly. On 3rd May, 1938, Queen Elizabeth opened the Queen Elizabeth Avenue, which is today the central throughfare of the estate. (1) By the time the war broke out 103 factories had been built. The development of the three other pre-war estates in Scotland was started on ~~the~~ behalf of the Special Areas Commissioner by a new company. The industrial estates at Carfin, Chapelhall and Larkhall were to be managed by the Lanarkshire Industrial Estates Ltd. which was incorporated on 30th July 1938. It shared the same address as the Scottish Industrial Estates Ltd. The

(1) The second world war had a considerable effect on the layout of the estate. The building of the Rolls-Royce Ltd. factory altered the architect's conception of the estate.

two companies developed side by side. After the war the Scottish Industrial Estates Ltd. became the Hillington Industrial Estates Ltd., while the Lanarkshire Industrial Estates Ltd. assumed the discarded name of the Scottish Industrial Estates Ltd.(1) A distinction was drawn and maintained between the two companies until April 1951 because it was thought to be convenient for the organisation of the financial matters.(2)

The two companies shared the same offices. They were run by the same administrative staff, managed by the same board of directors, under the same articles and memoranda of association. To all intents and purposes the old and the new Scottish Industrial Estates Ltd. can be regarded as the same organisation and from now on will be referred to as the S.I.E.Ltd. except on the matters of finance where the distinction is required.

The S.I.E.Ltd. being a non-profitmaking enterprise is registered as a company having no share capital, limited by a guarantee. The members of the company are liable up to the amount of £1 in the event of its winding up, but they are not entitled to any share in the company's assets or income. The articles of association provide that the number of members is

(1) Resolutions were passed to effect these changes on 12th Feb. 1946. They were approved by the Board of Trade on 26th Feb. 1946. Certificates were issued in the new names on 5th March 1946. Ref. Records, Office of the Registrar of Companies, Edinburgh.

(2) Ref. Records, Office of the Registrar of Companies, Edinburgh

to be no more than 25, alterable at the discretion of the directors who may ask any member to withdraw. Any member is eligible for the directorship but so long as the company owes money to the Treasury, the Treasury's solicitor may appoint a person, whether he is a member or not, to act as a director. There are to be no less than three directors and not more than seven. Under the articles of association, one third of the directors is due to retire annually, becoming eligible for re-election. The directors are empowered to appoint a salaried staff consisting of a general manager, his assistants and such other persons as he may require to carry out the objectives of the company. These objectives are set out at a considerable length in the memorandum of association. It confers wide powers on the company to provide not only for the needs of industries, but also for the workers and animals. S.I.E.Ltd. is empowered to build hotels, restaurants, canteens and reading rooms for the workers, and stables for horses. Its primary object however is to construct factory buildings on the estates, to administer them, and to provide such services as are required by their tenants. The S.I.E.Ltd. is also empowered to buy land on which factories are to be erected and to lay out gardens to surround them, to supply electricity, gas, steam and water to the premises, and to make them accessible by building private roads and to facilitate transport generally by land and water(1)

(1) Until nationalisation of public utilities it was necessary for S.I.E.Ltd. to apply for and obtain orders under the Private Legislation Acts 1899 and 1933, Electricity Supply Acts 1882 & 1933 and Gas Undertakings Acts 1920 & 1934, if it wished to supply these services.

The memorandum of association gives the company powers to purchase, construct, hire and lease, tramways, railways, locomotives, canals, boats, docks and wharves.

To finance its expenditure the company may borrow by mortgaging its assets, issuing, drawing, accepting, endorsing, discounting, and negotiating perpetual and redeemable debentures or debenture stock, and bills of exchange. The provision that the rate of interest payable by the company may not exceed 5% reflects the spirit of the time when the government's policy favoured 'cheap money'. (1) Any surplus money not immediately required, the company may invest as the directors see fit. The change in the status of the company from acting as a principal, to being an agent of the Board of Trade has narrowed the field of activity of the company's directors.

The first board of directors consisted of men, all of whom had been on the Scottish Development Council and had been associated with the advocacy and promotion of the Scottish Industrial Estates, with the exception of R.C.Simpson. He was asked to become a member of the board of directors of the company to look after the Treasury interests. The first directors who were appointed by the Secretary of State for Scotland were Sir Steven Bilsland (now Lord Bilsland) who became the chairman and has continued in that capacity to the present day, H.B.Spens (vice-chairman), A.C.Murray, R.G.Simpson, who were respectively a solicitor, a chairman of the Union Bank of Scotland, a director of the Scottish Co-operative Wholesale Society, and a chartered (1) Ch.1, p.16.

accountant. (1)

Organisation. The organisation of the Scottish Industrial Estates has changed with the repeal of the Special Areas legislation by the Distribution of Industry Act 1945. In the pre-war days the company's status was primarily that of a principal, in the post-war period it assumed the role of an agent.

Until the war the S.I.E.Ltd. managed an estate of some 320 acres at Hillington in its own name and three small estates covering approximately 20 acres in all on the behalf of the Special Area Commissioner. After 1945 when the interest in land and buildings acquired under the Special Areas Acts were vested in the Board of Trade (who also became responsible for future industrial development), the S.I.E.Ltd. was invited to act as an agent under the direction of the Board of Trade. It was to be responsible for the technical work of developing sites, erecting buildings and managing estates and individual government financed factories. By 1952, the S.I.E.Ltd. was administrating estates with an area of 1616 acres.

Under the Distribution of Industry Act 1945, the directors of the S.I.E.Ltd. are appointed by the Board of Trade, who also has the power to remove them. Since 1945, the size of the board of directors has been increased. The present board consists of Lord Bilsland, H.B.Spens, and A.C.Murray who have been with the company

(1) Sir W.Goodchild(Secretary of the General Economic Committee of the Scottish Council) joined the board of directors of the S.I.E.Ltd. in 1938, when the directors of this company also became directors of the newly incorporated Lanarkshire Industrial Estates Co.

from the beginning, and of E.P.Brown, R.A.Maclean, A.Mitchell, C.Murdoch, A.D.MacKeller and J.McInnes. (1)

A Change also took place in the method of appointment and in the status of the administrative personnel. Before 1945 the final decision rested with the company, since then their appointments have been subject to approval by the Board of Trade when the proposed salaries exceed £500 a year. As a result, officers of the company are neither civil servants nor businessmen in the full sense of the word but are expected to possess the attributes of both.

When the company was started, its staff consisted of the general manager and a typist working in one room and using a typewriter lent by the Scottish Council. (2) By 1952 the general manager was assisted by a deputy general manager, secretary, senior administrative public relations officer and seven estate managers who, between them, look after the twenty six Scottish Industrial Estates and thirty individual site and ex-government factories. (3) Work of more technical and routine nature is carried out by five departments, namely-building, technical maintenance (including a horticultural superintendent), accounts, legal and letting department, assisted by consultant firms of architects, surveyors, civil engineers, heat-

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- (1) A special resolution was passed on 13th July 1948 altering the articles of association and fixing the maximum number of directors at eleven.
- (2) The first general manager was D.S.May, since 1940 the office has been held by W.C.Kirkwood.
- (3) S.I.E.Ltd. booklet (1953) tenants listed, p.62-93.

ing and electrical engineers, auditors and solicitors.

Finance. The pre-war division of the estates into the old S.I.E. Ltd. and the Lanarkshire Industrial Estates Ltd. in matters of finance was retained after the war until 1951. The Hillington Industrial Estate Ltd. was kept separate from the new S.I.E.Ltd. This distinction was originally drawn because of the two different methods of finance of the expenditure on the estates.

Capital for the purpose of acquiring land and developing the industrial estate at Hillington was supplied to the old S.I.E. Ltd. by the Special Areas Commissioner for Scotland out of the Special Areas Fund placed at his disposal by the Treasury. This money had been advanced as a loan under the terms of an agreement between the Commissioner and the company dated 15th July 1937, subject to the Special Areas Act (1934) and the security of a bond of cash credit secured over the heritable property of the company.(1) The property was however to be vested in the S.I.E. Ltd. who was to pay, out of the rents collected from tenants, interest on the borrowed capital at the rate to be agreed upon by the Commissioner and the company but not exceeding 5%. No payment was to accrue until five years from the date of the agreement.

A different procedure was adopted to finance expenditure on the three smaller estates at Carfin, Chapelhall, and Lark-

(1) The bond of credit was originally for £932,500. When the Board of Trade took over the interests acquired by the Commissioners for the Special Areas,-the company's indebtedness amounted to £ 3,994,789 (ie. the value of fixed assets less all liabilities)-were transferred by the company to the B.of T

hall although the reason for this is not clear. Money was again provided out of the Special Areas Fund by the Commissioner, but was to be spent on his behalf on the estates. The ownership of the estates was to be retained by the Commissioner. Lanarkshire Industrial Estates Ltd., merely acted as an agent. (1)

The company was asked to continue the administration of the estates at Carfin, Chapelhall and Larkhall, when under the Distribution of Industry Act 1945 the Board of Trade took over from the Commissioner the interests acquired by him in Land and buildings. Furthermore the company was asked to manage such estates as might be built in the Scottish Development Area, acting as an agent of the Board of Trade, under the new name of the S.I.E.Ltd. Today, such capital as is required by the company for the approved objects is provided as, and when needed by the Treasury through the Board of Trade under vote 2 of the Civil Estimates. The new S.I.E.Ltd. only holds leases of buildings and acts as a manager on ^a commission basis, paying over to the government the net income from the properties.

The position at Hillington was different, because the old S.I.E.Ltd. did not act as an agent but held the properties in its own name. Provision was therefore made for the company to continue to hold the property separately under the new name of the Hillington Industrial Estate Ltd. The capital which had been lent to the company by the Commissioner was vested in the Board of Trade. The Hillington Industrial Estate Ltd. was to

Transactions on Behalf of the Board of Trade account. The stat-

pay interest at the rate of 4%, or such rate as might be agreed upon, out of the rents it collected, retaining the balance. Subsequently the rate was reduced to 2% because of the high cost of management.

The method of finance of the old S.I.E.Ltd gave it a greater degree of autonomy. After the war although the method had not been fundamentally altered the Hillington Industrial Estate Ltd. could not any longer be regarded as an independent body. There seems therefore to have been little point in maintaining until 1951 the artificial distinction between the old and the new S.I.E.Ltd. based on the difference in method and not in the source of finance. Money in both cases was supplied by the Treasury. No advantages appear to have been gained by keeping them apart. There were disadvantages in doing so, since this practice resulted in additional costs and administrative work. There was a duplication of legal expenses, registration fees, stamp duties, etc. Costs were also increased by the additional labour required to ^{keep the} separate sets of accounts and presenting the separate annual reports, balance sheets, and income and expenditure accounts for two board meetings attended by the same directors.

Together with the annual reports, the accounts presented at general meetings should give a general picture of the activities and finance of a company. The S.I.E.Ltd. presents a balance sheet, income and expenditure accounts and since 1946 Transactions on Behalf of the Board of Trade account. The stat-

It is therefore impossible by merely looking at the accounts

utory requirements have been met. The accounts however are not very meaningful as a basis on which to judge the performance of the S.I.E.Ltd. It is impossible to form an opinion as to the administrative efficiency of the company on the basis of the information presented in the Income and Expenditure Accounts. Since the form of the company accounts has been laid down by the Board of Trade, the item 'Administrative Expenses' has been dropped out. Only the figures for publicity expenditure, audit fees and pension scheme contributions are available. One might have expected to see what commission the S.I.E.Ltd. received for the services rendered. This however is not shown in the account called 'Transactions on Behalf of the Board of Trade'.

The reason for the change in the presentation of the balance sheet of the S.I.E.Ltd. after 1946 can be understood. It is none the less regrettable. Since the S.I.E.Ltd. became an agent of the Board of Trade, neither fixed assets such as land and buildings which have been purchased, nor capital, represented by advances from the government are shown in the balance sheet. Figures which would indicate the value of the ex-government factories that the company acquired at a nominal price, are also not available. The balance sheet only shows current assets and liabilities. It is difficult to estimate the value even of those assets as they are shown at cost price less depreciation without stating the amount of this provision.

It is therefore impossible by merely looking at the accounts

to estimate what is the value of the property managed by the S.I.E.Ltd. or to calculate what yield on the invested capital the net income represents. A figure of £25m. to £30m. has been suggested as the amount of capital invested in the Scottish Industrial Estates. (1)

Functions of the S.I.E.Ltd. When the Distribution of Industry Act 1945 was passed the S.I.E.Ltd. lost not only its greater autonomy in financial matters. The functions which might be carried^{out} by the company include the choice of sites, the purchase and development of sites, the erection of buildings, the provision of services, the management of the estates and of individual factories and the choice of tenants.

In theory neither the old S.I.E.Ltd. nor the Lanarkshire Industrial Estates Ltd. had the authority to choose a site for industrial development. Since however the location of an estate at Hillington was approved by the Special Areas Commissioner on the suggestion made by the Scottish Development Council, whose members formed the first board of directors of the company, the choice of the site was in fact made by the S.I.E.Ltd. The sites at Carfin, Chapelhall and Larkhall were selected by the Commissioner. In 1945 the location of projects became the responsibility of the Regional Officer of the Board of Trade, he also secures the requisite clearances, makes arrangements with the District Valuer and obtains building licences. The functions of S.I.E.Ltd are confined to inspection of the site, advice on its suitability and the preparation of plans. On the technical (1) Private communication by an official of the S.I.E.Ltd.

side, that is in construction of buildings, the scope of the activities of the company was extended to cover the whole of the Development Area. The S.I.E.Ltd. also became responsible for the conversion of Royal Ordnance Factories to private industrial uses, in addition to the administration of the existing estates, and for the development of new industrial projects on behalf of the Board of Trade.

The policy of the S.I.E.Ltd. was to build factories of the standard type, as there is a number of advantages to be derived from standardisation. There is economy in planning the layout of the estates and of factories. Building costs are reduced and maintenance work, repairs and the supply of such communal services as process steam is facilitated. As the S.I.E.Ltd. caters for light engineering industries, it is possible to design standard factories which would be suitable (without major alterations) for most firms in this category. Thus a 'ready made' factory can be offered with immediate occupation which is a strong incentive to firms to come to the estates. Should one firm leave, another can move in without expensive alterations being necessary. If their cost had to be borne by a firm it would make it more difficult to start an undertaking, and would also be a deterrent to its establishment in the new location. If the costs were paid by the S.I.E.Ltd. the amount would represent a loss to the company. ^{The} Provision of standard factories is therefore in the interest of both parties.

To meet so far as possible the varying needs of different firms, the S.I.E.Ltd. has adopted four types of standard factories.

- (1) The 'nest' type factory of 1400 sq.ft. floor area, is as the name suggests, intended for small businesses.
- (2) The 'A' type factory is a larger unit of 5150 sq. ft. floor area.
- (3) The 'E' type factory is similar in size to the 'A' type but with the north-light roof construction.
- (4) The 'Engineering Block' is designed for a heavier type of production. It is the largest of all the types of factories having a floor area of 40-60,000 sq. ft.

In all factories there are offices in the front of the building and yards at the back. The exceptions are the 'nest' factories which have no open air storage facilities. All factories are so designed as to enable expansion of the premises to be carried out if required. The first three types of factories are usually built in blocks of four units and their construction allows addition of further units on each side and of an upper floor over the front section of the building. The 'Engineering Blocks' are self contained and are usually located on sites with a considerable free area around them for storage of more bulky materials, but which can be utilised for building expansion if required. When however, a firm has grown rapidly it may be simpler to move to a different factory on the same estate or on another estate, than to erect additional units.

It has nevertheless been realised that although standard factories are generally suitable, small alterations may be re-

quired because of the methods of production or to increase the welfare of the personnel. For example, a number of foreign firms having come from warmer climates have asked for additional plugs for electric heaters. No alterations can be carried^{out} by tenants themselves, but on application the S.I.E.Ltd. may be prepared to carry them out. The cost is charged to the tenants who may either reimburse the company by immediate payment of a lump sum or by instalments. If a prospective tenant can not be conveniently accomodated in any one of the standard buildings, the S.I.E. Ltd. may agree to build a factory according to specifications of the client either on ~~tan~~ estates or on an individual site. The rent charged for such premises 'made to measure', is of course higher. Recently the trend was away from the standard factories. Premises of the non-standard type have also been offered by the company on conversion of Royal Ordnance factories into estates. Transference of these factories to the S.I.E.Ltd. has been advantageous to the company as almost immediate occupation could be offered to prospective tenants. Research has shown that this was an important factor in the location of firms in the post-war period. (1) On the other^{hand} there were some disadvantages. The Royal Ordnance factories were sited for security and not for industrial convenience, therefore considerable work and expense was involved in conversion to an industrial estate. The rent charged for these factories in no way reflected their cost on ^rconversion. It is difficult therefore to determine whether the

(1) Ch.15 p.274 .

transference of the Royal Ordnance factories to the S.I.E.Ltd. was economically sound.

Services. Besides the advantages of low rentals, firms on the estates benefit from the communal services provided by the S.I.E. Ltd. These services, for a lack of better name, may be labelled 'industrial' services and 'welfare' services. Tenants both on the estates and on the individual sites benefit equally from the former. Generally water, gas and electricity are brought to all the factories. The S.I.E.Ltd. has secured the supply of these services for its tenants by giving a guarantee for minimum consumption to the public utilities concerned. At Hillington process steam is supplied by the S.I.E.Ltd.

Important as the industrial services are, it is perhaps the welfare services that deserve special attention. Because they do not yield a direct financial return, they are less likely to be provided by a commercial undertaking than by a non-profit making organisation such as the S.I.E.Ltd.

The policy of the S.I.E.Ltd. has been not only to build modern, well designed factories, but also provide them with pleasant surroundings which are increasingly appreciated by employers. (1) In front of each factory there are flower beds. Lawns separate buildings and trees are planted along the avenues. The company looks after the gardens and also after the exterior paint work of the factories. The fresh green paint blends well with the

(1) Chem. and Ind. vol. , 17 Sept. 1955, p. 1176.

almost rural surroundings.

Catering by the S.I.E.Ltd. is perhaps the most important of the welfare services. (1) Meals for workers are provided by the catering department of the company which is not run for profit. Such surpluses as are made in one period are passed on to the workers in lower prices in the next. Because of the restrictions on the non-essential post-war building, only three permanent canteen buildings were erected at Hillington, Queenslie and the Vale of Leven estates. On the other estates temporarily converted buildings serve as canteens. The canteens are available in the evenings for recreational purposes. The S.I.E.Ltd. has provided playing fields for outdoor sports whenever possible. At Hillington the company has equipped a first aid room and a full-time nurse is employed. Services of visiting doctors and nurses have also been secured.

The S.I.E.Ltd. does not limit itself to looking after the needs of its tenants' employees only when they are on the estates during their working hours. It also facilitates travelling by making arrangements with local transport authorities. When possible it sponsors applications to the Board of Trade for both government financed managerial houses and for the local authority houses allotted on the recommendation of the Board of Trade to key workers. (2)

Rents. Factories with all these services are made available

(1) Ch. 15 p.278.

(2) Ch. 11 p.157.

at low rentals ranging from 10d. to 1/5¹/₂d. per sq. ft. Since 1945 the company as the agent of the Board of Trade, collects rents, but is not responsible for fixing them. The S.I.E.Ltd. merely notifies the Valuation Department of the local authorities concerned of the proposed tenancy and supplies, -

- (1) plan of the site,
- (2) rough idea of the cost of construction of the factory,
- (3) general terms of the lease,
- (4) any extras.

The industrial valuer fixes the rent on the basis of the information received taking into account the locality, the type, and the size of the factory. He notifies the Board of Trade of his assessment.

The rentals however did not represent an economic rent as they were calculated until recently on the 1939 basis. The subsidy was further ^{increased} by a rent rebate. It is still given for the first three to five years of tenancy. The rebate is on a diminishing scale, 30% in the first year, 20% in the second and 10% in the third and subsequent years. But the rentals have now been revised and represent a more economic rent.

The contract. The contract stating the terms of the lease is drawn between the S.I.E.Ltd. and the tenant. A lease is normally for ten years, without a break, or for twenty one years with the possibility of a break by either party at the seventh and fourteenth year. In exceptional circumstance the company will release a tenant before the contract expires provided that another tenant is found.

Choice of tenants. Since 1945 the S.I.E.Ltd. has no power to choose its tenants. Under the Distribution of Industry Act 1945 the final decisionⁱⁿ selection of tenants rests with the Board of Trade who is responsible for the 'proper' distribution of industry. The success of an application for a factory depends on the ability of a firm to satisfy the requirements laid down by the Board of Trade. (1) It may however be questioned whether these requirements^e dictated perhaps more by the national than by local needs have not, at times, been detrimental to the regional interests as emphasis changed from employment potential, to export capacity and finally to rearmament contribution. It remains to be seen whether firms in the new light engineering industry largely depending on foreign orders will not be as vulnerable to unemployment in the event of a recession as the heavy industries have been. It is equally difficult to foresee when the rearmament contracts come to an end, what will be the employment position in the new industries on the estates which have been allocated factories on the basis of their contribution to the rearmament programme. In addition to the change in priorities there has also been a change in policy with respect to the size of the tenant which may ~~also~~ affect the employment level.(2) Within the limits imposed by the national priorities the Board of Trade, with the co-operation of the S.I.E.Ltd. tries to ensure

(1) Ch. 13 p. 188.

(2) Ch. 13 p. 191, and p. 196.

that the most suitable firms from the point of view of the Scottish Development Area will come to the estates. The choice of a tenant is made on the basis of information which is given by an applicant in answer to an elaborate questionnaire. Questions can be grouped under five headings, dealing in turn with financial resources of the firm, reasons for needing a factory, labour requirements, (showing initial and potential employment), raw materials needed, products and markets.

The application together with a copy of the balance sheet, in the case of an established firm, or if it is a new one, a banker's reference is sent to the Board of Trade or the S.I.E.Ltd. The application is later forwarded to the Regional Distribution of Industry Panel. It is examined in the light of the national priorities, ^{the} regional needs, and the integrity and the requirements of the firm. The Panel is under the chairmanship of the Regional Controller of the Board of Trade and its members consist of the representatives of the Ministries of Labour, Supply, Works, Town and Country Planning, Admiralty, and in a ^{at} consultative capacity, a representative of the S.I.E.Ltd. is present at the meetings. Regional officers of the Ministries of Agriculture and Fisheries, Food, Fuel and Power, and Transport are also notified of the proceedings and may attend if they wish. (1) The decision of the Regional Distribution of Industry Panel is invariably operative

(1) The membership of the Panel given here is as in 1952. Subsequently it has changed with the change in the Ministries.

but is sent for a formal approval to Panel A at the Board of Trade headquarters. Once the approval has been given the S.I.E. Ltd. proceeds to complete the legal formalities to enable the tenant to take immediate possession of a factory if a building is vacant, or to start construction.

Chapter 9 .The Scottish Industrial Estates.

The outsider can only speculate on the extent to which the changing economic conditions have so far dictated the location, development and management policy of the government-sponsored industrial estates.

All the areas designated as the Development Areas are considered to be in need of new industries either because of over-dependence on a small number of industries or because of lack of industrial development generally. Within the areas themselves, however, the need for industrial diversification varies with the size of unemployment pockets and the degree of vulnerability to unemployment of particular places because of their exceptionally precarious industrial structure. But, since in an economically integrated region, such as the Development Areas, a change in the employment level in one district will lead to repercussions on the whole area, the location of the industrial estates is of crucial importance in the pursuit of a policy which has as its object the achievement and maintenance of a high level of employment. There can not, of course, be an all embracing definition of a proper location, but broadly speaking it should fulfil two conditions. First, from the point of view of the local community, an industrial estate should be located so as to bring new industries where unemployment or the danger of it is at its greatest. Second, the location should be such as to satisfy indus-

trialists' requirements for labour, basic services, accessibility to markets for raw materials and for finished products, and amenities,

Location of the Scottish Industrial Estates. The Scottish Development Area, although not officially so divided, falls into three distinct areas each with its particular characteristics, which for convenience we may label Development Areas I, II and III. (1)

The oldest and the largest in area is the South West Area which originally had been designated as the Special Area because of its over-dependence on the heavy industries. Its boundaries, apart from the inclusion of Glasgow, have been little altered since 1934. This area in its turn can be sub-divided into Lanarkshire where the two main industries were coalmining and iron and steel, Dunbartonshire West and Renfrewshire whose economy was dominated by shipbuilding and ancillary engineering industries, and finally, the least industrialised of them all, that part of Ayrshire lying in the Development Area. (2) The 'second' Development Area is of more recent origin. It was designated as such ^{in 1945} and consists only of the jute city of Dundee. The 'third' the Inverness-shire area, is the latest addition, which was made in 1949 because of the need for industrial development in the Scottish Highlands.

(1) Map 1. p.113.

(2) In Renfrewshire at Paisley the ^htread industry is of importance.

By December 1952 there were 20 industrial estates located through out the Scottish Development 'Areas' with the exception of the Highland region. (1)

<u>Location.</u>	<u>Number of Estates.</u>	<u>Name of Estates.</u>
I. Ayrshire	2	Kilmarnock, Kilwinning,
Dunbartonshire		
(West)	1	Vale of Leven,
Glasgow	5	Carntyne, Craigton, North Cardonald, Queenslie, Thorn- liebank,
Lanarkshire	7	Blantyre, Carfin, Chapelhall, Coatbridge, East Kilbride, Larkhall, Newhouse,
Renfrewshire	3	Cairds, Hillington, Port Glas- gow,
II. Dundee	2	Craigie, Dundee,

As it has been impossible to obtain from official sources the reasons for the siting of all the estates, such reasons as are suggested here should be regarded merely as conjectures. They may not have been historically important reasons for the choice of sites.

Pre-war Industrial Estates. The emphasis place upon the various location factors before 1939 differed from those after 1945. The primary consideration in the location of the pre-war estates -Hillington, Carfin, Chapelhall and Larkhall- was the level of unemployment among men who were formerly employed in the coal-mining, iron and steel, and shipbuilding industries.

The first Scottish Industrial Estate was sited at Hillington in the Clyde Valley, where the heavy industries were concentrated and where the unemployment reached the highest levels

(1) Map 2.p.151.

during the depression of the 1930's. (1) The Hillington Estate, although lying in Renfrewshire, was only separated by a road from Glasgow where a high percentage of the insured population was out of work. Industrialists therefore, coming to the estate could draw labour from a wide area. (2) Carfin, Chapelhall and Larkhall Estates, all of which lay in the Lanarkshire coalfield, were located there in order to bring new industries to the area. The main local industry began to disappear as coal became gradually exhausted or levels were reached which could not be economically exploited. Pits had to be abandoned, leaving the mining communities without alternative means of earning their living. A few of the miners were transferred. Some without much success sought employment in the iron and steel industries of the neighbouring towns of Motherwell and Coatbridge. Most remained and continued to be unemployed until the new industries coming to the industrial estates began to create employment.

Change in economic conditions and the emphasis of the employment policy. The changed economic conditions after the second world war altered the nature of the employment problem. The employment capacity of the heavy industries which expanded during the war continued to be maintained at a high level. It was higher than the mere figures of employed workers suggest because production after the war was curtailed both by manpower and raw

(1) Table 14 p. 223 .

(2) Glasgow was not included in the Special Area. Government financed factories could not have been built within the city boundary until 1945 when it was scheduled as a Development Area.

material shortages.

The manpower shortage was the main problem of the coalmining industry. Although the demand for coal expanded, the number of wage earners on the colliery books in 1946 was only 79,100 compared with 89,940 in 1938. There was a number of reasons for this decrease in the labour force. Some miners emigrated and some managed to find work in other industries because in the 1920's and 1930's the prospects of re-employment in the coalmining industry were small. There was also a natural decrease caused by retirement. At the same time the number of new entrants into the industry fell. With the increased number of jobs available, there was little incentive for the younger men to follow a hard and dangerous occupation which had proved unrewarding to the older generation. The large pre-war surplus of miners disappeared. Instead, it was necessary to seek additional manpower for the industry by means of special deferment and releases from the armed forces, improved conditions of employment, better training facilities, and priority in the housing programme. Even workers from abroad were brought in to relieve the local shortage of labour, as the demand for coal continued to outstrip the supply.

Similarly the iron and steel industries prospered. The output of steel was maintained at a high level although it fluctuated because of shortages of raw materials, in particular of scrap. The demand continued to exceed the supply to such an extent that a statutory iron and steel distribution scheme which had been operated after the war until 1950 had to be reintroduced in 1952

both for alloy and non-alloy iron and steel. There was a particularly acute shortage of the heavy and medium plate used for shipbuilding and ship-repairing.

The cancellation of warship orders did not reduce the activity of the Scottish yards but made room for merchant vessel building, ship converting, and repairing. The capacity of the yards was fully occupied and orders in hand and in prospect were expected to keep them busy for several years to come. Long delivery dates indicated the pressure of work. But although in 1948 there was an increased demand for tankers, the rate of new orders began to decline. In the following year there was a sharp drop and the operative labour force had to be reduced. With the outbreak of hostilities in Korea orders began to flow in, order books became full again and a shortage of skilled workers, particularly of shipwrights, joiners and plumbers reappeared.

Although the basic industries in Scotland were prosperous and the level of unemployment was reduced to the point where the heavy industries experienced a shortage of skilled labour the government pursued a policy of bringing new industries to the Scottish Development Area. There was a need for new industries-

- (1) to provide alternative light employment for men unsuitable for, or unwilling to work in the heavy industries
- (2) to reduce underemployment among women,
- (3) to safeguard against widespread unemployment should the heavy industries become depressed,
- (4) to take the place of the disappearing coalmining industry in the South West of Scotland.

The level of employment in the Scottish Development Area as a whole, was not as high as it might have been. There was a pool of unemployed workers, although as has already been said

the heavy industries found it difficult to get workers of the type required. This phenomena can be explained by the fact that the heavy industries required men who were highly skilled and physically robust. The unemployed workers did not meet these requirements, but were suitable for semi- or unskilled and lighter work. The solution, therefore, to this problem of unemployment was the introduction of new light industries.

Moreover these industries brought employment for women for whom there had been little opportunity for work apart from domestic service and the distributive trades in a region where the main industries were coalmining, iron and steel and ^{the} shipbuilding industries. Until recently little attention was paid to the problem of employment of women, partly because the extent of unemployment among them was concealed by the fact that many did not register for work since there was no prospect of getting jobs locally. Even had the Ministry of Labour returns showed a higher percentage of unemployment among women probably little would have been done. Provision of work for the men who were the family breadwinners was of primary importance. During and after the war it was necessary to utilise all the available human and material resources. Greater employment opportunities for women were created and unemployment among them was reduced. There was also a need for new industries to diversify the industrial structure of the Scottish Development Area as a safeguard against widespread unemployment in the future. Although after the war

the heavy industries operated in boom conditions, the demand for shipbuilding had already showed signs of flagging. (1) There could not be a guarantee that the heavy industries would ^{not} again become depressed.

Furthermore, new industries were required to maintain employment in the South West of Scotland as the coalmining there began to contract. Some of the coal deposits were exhausted and the uneconomic pits were closed. The National Coal Board anticipated a decline in output of the whole of the central area. (2) A particularly large drop was expected in the Lanarkshire coalfield. (3)

Post-war Industrial Estates.

(1) Lanarkshire coalfield. As more and more pits in the South West coalfield had to be abandoned the numbers of redundant miners increased. (4) Their reluctance to be transferred elsewhere intensified the need to bring new industries to the area, particularly to Lanarkshire where the percentage of closures was highest. (5) In 1945 construction was started on the Newhouse

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- (1) In 1946 the government set up a Shipbuilding Advisory Committee consisting of representatives of shipbuilders, ship-owners, shipbuilding Trade Unions and sea going officers and men to advise on the stability of the industry. Estimates of the employment capacity were within the terms of reference of the Committee.
- (2) National Coal Board, 'Plan for Coal 1950', (1950)
- (3) The Report of the Scottish Coalfields Committee, Cmd. 6575 (1944).
- (4) Table 6 p. 144.
- (5) The reluctance of miners to be transferred was discussed in Miss H. Heughen's report, Pit Closures at Shots and the Migration of Miners, Edinburgh University, 1953.

Estate, located halfway between the pre-war estates of Chapelhall and Carfin at a site within easy reach of a number of scattered mining communities. The Blantyre Estate which began to be built in 1946 adjoins a mine still in working order, but the other surrounding pits had already been abandoned. In 1947 the third of the post-war Lanarkshire estates was started at Coatbridge.

(II) East-Kilbride, New town. The East Kilbride Estate which is one of the two newest of the Scottish Industrial Estates - work on it was begun in 1951 - is unlike the other Lanarkshire industrial estates. Indeed, it is unlike all the other Scottish industrial estates because it was not intended to bring employment to a community where many were out of work or to safeguard it from unemployment. There was no sizeable community. The estate is being developed in conjunction with the building of the new town of East Kilbride in accordance with the long term policy of planned dispersal of industry and the industrial population. The new town is intended to reduce the congestion in Glasgow.

(III) Glasgow, Old city. The building of the estates within the city boundary of Glasgow may therefore seem somewhat contradictory when the further growth of industrial centres is officially discouraged. Before the war, there was heavy unemployment in Glasgow, which might have justified the erection of government financed factories, but then the city was excluded from the Special Areas. After the war, when there was little unemployment it was included in the Development Area. This made it

possible to extend the Hillington Estate into Glasgow by building the North Cardonald Estate, to begin construction of the new estates of Queenslie and Carntyne in 1946, of Thornliebank in the following year, and to convert the former Cardonald Ordnance Factory into the Craigton Industrial Estate. Since neither the desire to encourage the further growth of Glasgow, nor the existence of heavy unemployment within the city could have been the motive for building of the five estates, a possible explanation is that there was a need to provide additional floor space for the local firms. Many of them have prospered during the recent years and wished to expand production (without necessarily requiring more labour), unless they were able to get larger premises locally some might have left Glasgow, thereby reducing employment within the city while the surplus workers could not have been easily transferred somewhere else. Thus the building of the Glasgow estates may perhaps be regarded as a measure to safeguard against unemployment brought about by the prosperity of the Glasgow firms and the physical limits to expansion within the existing premises. A large number of firms of local origin on the Glasgow estates may be taken as a confirmation of this hypothesis.

(IV) West Dunbartonshire and Renfrewshire. It was also to safeguard against the danger of unemployment that three estates, one in West Dunbartonshire and two in Renfrewshire, were established. These were located in places particularly vulnerable to widespread unemployment in the event of depression of the shipbuild-

Table 6 .

Closure and Openings of Pits or Surface Drift Mines
in the South West Scottish Coalfield.

Year	Closed			Opened	
	Area	Number	Manpower Redundancy	Area	Number
1947	Lanarkshire	3	109	Lanarkshire	2
				Ayrshire	1
1948	Lanarkshire	5	85	Lanarkshire	1
	North Ayrshire	1	10	Ayrshire	1
1949	Lanarkshire	10	289	Lanarkshire	1
	Dunbartonshire	1	6	Ayrshire	1
1950	Lanarkshire	5	67	Lanarkshire	1
	North Ayrshire	2	69		
1951	Lanarkshire	4	70	Lanarkshire	1
1952	Lanarkshire	1	15	Lanarkshire	1
	Total	32	720		10

Source, National Coal Board,
records.

ing industry on which they largely depended for prosperity. The long term prospects of this industry were uncertain. The industrial structure of the two areas had to be diversified to protect the local communities from the dangers resulting from over-dependence on the ship yards for employment. Furthermore the need to provide lighter and less skilled work for men and more employment for women had been felt for some time.

In 1946 construction was begun in West Dunbartonshire of the Vale of Leven Estate located in the picturesque grounds of the historic Strathleven Mansion House, in a loop of the River Leven, opposite the town of Renton lying between Alexandria and Dunbarton. The latter is the largest town in the district and is renowned for its shipbuilding and ancillary engineering industries. These provide the main source of employment for the inhabitants of Dunbarton and the neighbouring towns. Although there is a number of cotton printing, bleaching and dye works at Alexandria and Renton, they are too small and the textile trade too much subject to fluctuations in prosperity to counter-balance the overdependence of the area on shipbuilding and to ensure a greater degree of economic stability.

On the opposite side of the River Clyde the towns of Port Glasgow and Greenock in Renfrewshire were even more dependent on shipbuilding. Their two other long established industries, rope making and sugar refining had not grown sufficiently to prevent the one sided development of both towns. The association of Port Glasgow and Greenock with the shipbuilding industry

developed as a result of their geographical position. Because of the sandy shallows in the river, few ships sailed beyond Greenock, which consequently grew as a port, as did the adjacent harbour of Port Glasgow. There the quantity of goods handled increased rapidly until it became by the middle of the 19th century, as its very name indicates, the port for Glasgow. But when the River Clyde was dredged so as to admit the largest ships right up to the Glasgow docks, the importance of Port Glasgow and Greenock as ports declined. The shipbuilding industry, however, of both went on growing and became the main industry of both. The vulnerability of Port Glasgow and Greenock to widespread unemployment when the shipbuilding industry was depressed was clearly shown in 1932. In Port Glasgow 57% and in Greenock 44% of the insured labour was out of work. It was feared that after the second world war there might follow a decline in the activity of the yards such as there was after the first. In 1946 construction of an industrial estate was begun in Port Glasgow to diversify its industrial structure. Five years later at the time when ^{the} prospects of the shipbuilding industry were causing anxiety, construction of the Caird's Estate was started. The site, symbolically or perhaps rather ironically, is that of a former shipbuilding yard.

(V) North Ayrshire. New industries were required in that part of North Ayrshire which was scheduled as a Development Area not so much to correct an unbalanced industrial development, as

put an end to the prosperity of the flax mills. (Some 120 years
(1) Table 6, p. 144.

because there was little industrial development. Distilling, shoemaking, carpet weaving, and light engineering provided a considerable variety of industries but not enough industrial employment. Ayrshire was predominantly an agricultural area, famous for its breed of cattle. There was some coalmining but a number of pits in the Kilmarnock area had to be abandoned.⁽¹⁾ The Kilwinning Industrial Estate was established in 1946, The Kilmarnock Industrial Estate was started in 1947. Factories on the latter were already in production when a number of pits in the neighbourhood of Kilmarnock had to be closed because coal could no longer be mined economically.

The South West of Scotland forms a closely integrated economic unit with its coalmining, iron and steel, shipbuilding and ancillary engineering industries. Any change in the activity of one of these, or ^{the} introduction of new industries to a particular place has repercussions on the employment level of the whole area. The position of the 'second Development Area' is however, different in this respect.

(b) Dundee. The city of Dundee, separated by two rivers from the industrial centre of Scotland, is an isolated and artificial pocket of industry. The main industry which is jute, came to Dundee by chance. The town had grown around the harbour as the importance of the port for traders with the Scandinavian and Baltic countries increased. Flax imported from them led to the development of the sailmaking industry. But the advent of steam put an end to the prosperity of the flax mills. Some 120 years

(1) Table 6, p.144.

ago, when they began to close down, two Dundonians sent home for testing and experiments a new fibre which they had come across in India. This was the beginning of the jute industry in Dundee. The town later became the centre of jute manufacture in Britain. As the jute industry expanded in Dundee it became the main industry of the city which came to depend on jute for its prosperity. For many years the industry prospered. Dundee grew wealthy and became the third largest city of Scotland. Then as a result of the inter-war slump, the jute industry was depressed. By 1932 over 50% of the insured population was out of work. The second war brought a revival of demand. Since 1939 the industry has enjoyed government protection. But difficulties in importing jute and consequent shortages kept production down. Even by 1945 the labour force was about one third of what it was in 1929. The end of the war was expected to ease the conditions of supply, while the demand for the products of the jute industry promised to remain high. The post-war prospects of the industry would therefore not have caused concern but for political factors abroad over which the British government had little control but which threatened the future of the jute industry in Dundee. Pakistan grows most of the jute purchased by Dundee. India has the mills and docks from which jute is sent to Britain. The establishment of the two as separate states, the initial friction between them and the desire of each one to develop its own jute industry made the future of the Dundee jute industry uncertain. But even had it been more assured, Dundee stood in need of in-

ustrial diversification to give it a more balanced economy. The first industrial estate, the Dundee Estate was established in 1946. Work on the second was started in the following year when a former government factory was converted into the Craigie Estate.

Feasibility and cost of location. Only the desirability of bringing new industries to certain areas has so far been considered. But although new industries may be required in particular places, unless suitable sites are available, location there of industrial estates may not be feasible. Thus while new industries are badly needed in the old coalfields, it is precisely there, on account of the former mining activity, that the ground is often unsuitable for factory building because of the danger of subsidence. There is a relationship between the cost of building and the quality of land. Onabad site the cost may be prohibitive. Land good for building is usually also suitable for farming. So far the government's policy has been to refrain from turning rich arable land over to industrial uses.

Thus the desirability and feasibility of location and the cheapness of construction do not necessarily go hand in hand. Since no information is available about the alternative sites considered for the twenty Scottish Industrial Estates, and as no figures can be obtained to show the capital outlay in each case, it is impossible to discover to what extent ^{the} location of the estates was determined by the desirability of new industries in particular places and to what extent it was influenced by the cost factor.

General Development as at 1st December 1952

Industrial Estates Acreage Area built or building sq.feet in thousands Number of tenants (1)

IN THE DEVELOPMENT AREA

Blantyre	42	402	17
Caird's	6	167	2
Carfin	17	267	9
Carntyne	13	191	7
Chapelhall	19	235	9
Coatbridge	33	140	2
Craigie	10	108	2
Craigton	25	369	11
Dundee	89	883	13
East Kilbride	94	577	1
Hillington	246	3,319	147
North Cardonald	69	333	
Kilmarnock	39	533	3
Kilwinning	27	34	1
Larkhall	55	296	10
Newhouse	153	761	12
Port Glasgow	50	243	7
Queenslie	89	638	25
Thornliebank	48	191	12
Vale of Leven	45	530	4

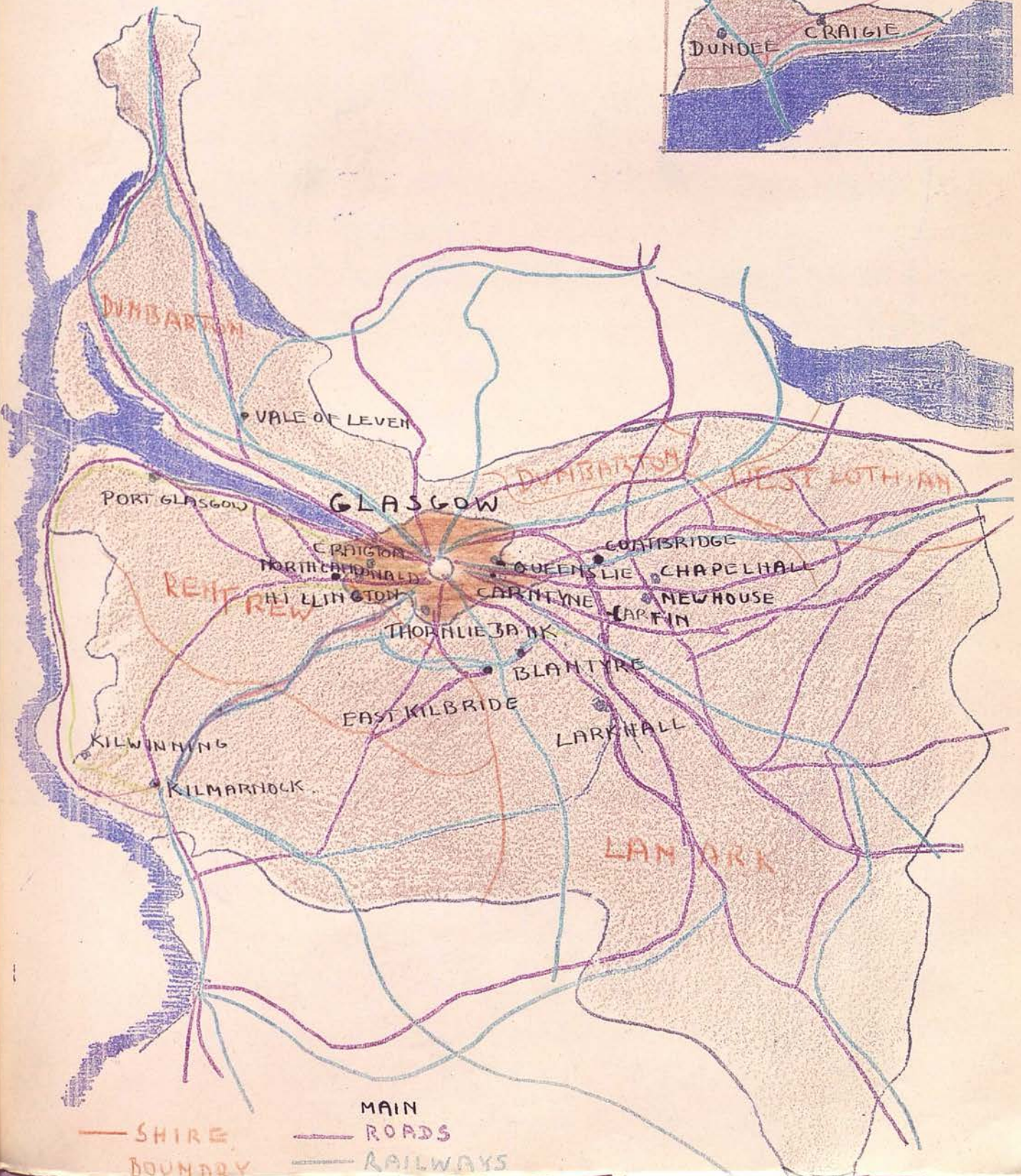
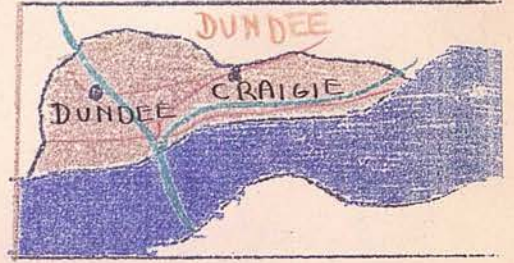
Individual factories and former government factories.

<u>Ayrshire</u> -Kirstyle	6	115	}
Kilmarnock			
<u>Dunbartonshire</u> -			
Milngavie			
Clydebank	16	249	
<u>Glasgow</u> - Bishopbriggs			
Germiston	17	335	
<u>Lanarkshire</u> - Airdrie,			
Burnbank, Cadrow,			
Cumbusland, Coatbridge,			
Hamilton, Lesmahagow,			
Shotts, Mossend,			
Rutherglen, Wishaw,			
Uddingston	207	1,968	36
<u>Renfrewshire</u> - Elderslie			}
Greenock, Linwood, Paisley			
Port Glasgow, Spango Valley	178	1,573	
<u>West Lothian</u> -Bathgate			
Broxburn	25	282	
Total	1,646	14,739	330

(1) Numbers of firms listed by name, Source, S.I.E.ltd. Handbook, (1953) p, 31.

LOCATION OF THE SCOTTISH INDUSTRIAL ESTATES

IN THE DEVELOPMENT AREA



— SHIRE BOUNDARY
 - - - MAIN ROADS
 —+—+—+ RAILWAYS

Chapter II .

Scottish Industrial Estates vis-a-vis industrialists' location requirements.

There are so far no industrial estates in the 'third' Development Area, although new industries are needed in the Highlands, around Inverness. Considerable unemployment and under-employment exists and the government is willing to build factories. The question of why then, no industrial estates were started in Inverness and its neighbourhood leads to the consideration of the third main location factor, namely the satisfaction of industrialists' requirements. New industries may be desirable in certain places and the construction of industrial estates there is feasible, but unless industrialists are willing to move to the estates, assuming that no compulsion is exercised, no industrial development will take place. Consequently the building of government factories for renting, when prospective tenants were not forthcoming, would have been a waste of the national resources. Industrial Estates Companies, therefore, to be successful in attracting firms to the estates, have to be built not only where there is a need for new industries but also where the sites are most likely to satisfy the main location requirements of the industrialists. These have already been listed and have now to be considered, with reference to Scotland, before proceeding to a more detailed study of location factors on the basis of a sample study of firms on the Scottish Industrial Estates.

Many of the firms came because they were steered by the Board of Trade to a Development Area. The South West of Scotland and Dundee were areas where the location of new undertakings was officially encouraged. The growth of the Scottish Industrial Estates was therefore artificially stimulated.

In this section factors will be considered which might have influenced the choice of a location by a board of directors of a firm operating under no restrictive conditions. The weight attached to the location requirements varies with industries, individual firms within the industries, and with the changing economic conditions. There are, however, some requirements which are common to most industrial firms at most times.

(a) Premises. The availability of suitable premises on rental basis ranked high among the industrialists' requirements in the pre-war days.(1) It was with this in view, when the policy of creating employment in the Special Areas through diversification of their industrial structure was undertaken, that the Industrial Estates Companies were formed. Their object was to build in the Special Areas factories which were to be made available on lease. Economic conditions have changed but factories for renting are still in demand.(2) The Scottish Industrial Estates, of their very nature, satisfy the demand for

(1) Ch.6.p.86.

(2) Ch.15.p.274 and p.278.

premises available on a rental basis. Whether they are regarded as suitable depends on the interpretation of the word. Broadly speaking premises are suitable if they satisfy the location requirements generally. In the narrow sense used in this context, what is meant is the convenience of the factory layout for production by the tenant firms. To ensure the maximum suitability the Scottish Industrial Estates Company provides four different types of standard factories, which can further be adapted for tenants by minor alterations. Also if required and necessary, the S.I.E.Ltd. builds factories according to the tenants' specifications.

(b) Labour. Firms moving to the Scottish Industrial Estates were not faced with a scarcity of labour since industrial estates as a matter of policy were located where there was unemployment or under-employment or both. This did not necessarily mean that none of them experienced difficulty in finding skilled labour of the type required.

It is impossible to estimate with any degree of accuracy the labour pool from which firms on any one particular estate recruit their workers. Factories on the Scottish Industrial Estates draw workers from a fairly wide and to a large extent common area. Some indication of the labour supply available can be obtained from the unemployment figures for the areas within which the industrial estates have been located.(1) The number of estates located in the areas has been in relation to

(1) Table 25 p. 330

the magnitude of unemployment. The level of unemployment was highest in Glasgow (with East Dunbartonshire); 12 out of the 20 Scottish Industrial Estates were located there. Then in order of magnitude of unemployment came Renfrew^wshire, Dundee, Ayrshire (North and Central) and Dunbartonshire (West) with 3, 2, 2, & 1 industrial estates respectively. At this stage no attempt is made to interpret such changes in the supply of labour as have taken place. Only facts are presented. Between 1932 and 1952 the above order of unemployment was maintained with the exception of 1952 when Dundee ranked second.⁽¹⁾ The regional pattern of unemployment among women differed considerably before and after the war. From 1932 until 1938 the number of unemployed in the order of magnitude was, Glasgow (with East Dunbartonshire) Dundee, Lanarkshire, Renfrewshire, Ayrshire (North and Central) and Dunbartonshire (West). From 1946 onwards, apart from Glasgow being first and (until 1952) Lanarkshire second, there was no consistent trend in the sub-areas.

For the whole of Scotland, only in 1952^{did} the number of unemployed women, expressed as a percentage of all the insured female labour, exceeded the comparable percentage for men. In Dundee alone the percentage of unemployed women was higher than that for men before the war, and on the average after it. Since 1946 in the whole of the Scottish Development Area, at one time or another, the percentage of unemployed women exceeded^c that of men. A firm coming to any one of the Scottish Industrial Estates

(1) 1932^w is the earliest year for which separate figures for men and women could be obtained.

had a good chance of getting both the male and female labour required.

Some of the industrialists, however, did not find locally all the skilled workers they needed. In a region (excluding Dundee), dominated by the heavy industries, 'factory conditioned' workers with experience of work in the light industries were relatively few. The Board of Trade offered grants to compensate firms employing inexperienced labour. (1) But to start production a nucleus of skilled workers had to be brought in. There were however two main obstacles to their transfer, the cost of removal that had to be borne by the workers and a lack of accommodation near the industrial estates. Recognising these difficulties and the importance of the key workers, the government took steps to facilitate the transfer. Payments could be made towards the cost of meeting the cost of removal and re-settlement of the key workers and their dependants. (2) Firms were helped to accommodate them. A firm had to fulfil three conditions in order to get government help with housing:-

- (1) It had to be a new firm to the area; that is, it had to be in existence for less than five years. Help was only given to established firms if they started a new line of production.
- (2) The firm could not locally find workers with the particular skill required and had to bring them from more than 20 miles away.
- (3) Employment by the firm of a number of workers depended on the key worker.

(1) Distribution of Industry Act 1950 sec.III(I),Ch p .

(2) ,, and for key workers ,, of 100 firms ,, IV ,, and for

A key worker qualified for the government assistance was defined as ' an executive of at least managerial grade, or a technician of at least foreman status, who possesses skill and experience which are not available in the locality to which the firm is moving and who must, in consequence, be persuaded to move with the firm to the Industrial Estate in the Development Area for the successful establishment of the firm's new project'. To provide accommodation for the executive grade, the Treasury was authorised to advance money to special housing associations, which on behalf of the Board of Trade, would build houses to be let to the senior staff of the firms on the industrial estates or in factories administered by the Industrial Estates Companies. On the foreman level the Board of Trade undertook to sponsor applications for key workers' houses submitted by firms. It forwarded these applications to local authorities. Most of the authorities were willing to allocate a certain number of council houses for key workers. The Board of Trade can exercise no power of compulsion over the local authorities and has to depend on their goodwill and co-operation.

In Scotland from 1945 to 1952 with Treasury approval, 97 managerial houses were built. Of these 80 were allocated to firms on the Scottish Industrial Estates and 17 to firms in individual site factories administered by S.I.E.Ltd. 488 key workers houses were obtained for firms on the estates and 197 for tenants in the other factories. In addition accommodation was found for key workers of 106 firms on the estates and for

2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000

* Other sponsored by Ministry of Labour in Liverpool

24 in separate factories. Over the same period 89 licences to build were granted to firms. (1)

A comparison of the mere number of key workers' houses allocated in the Scottish and in the other main Development Areas would suggest that Scotland was worse off both in respect of the Treasury financed and council houses. When ^{the} provision of housing for key workers is related to new factory building there is a striking similarity in the house/factory ratio for all the main Development Areas. (2)

(1) Source, Board of Trade.

(2) Key workers' houses in all the Development Areas as at 31st. January, 1951.

Development Area	Local Authority Houses occupied		Managerial Houses					
	A	a	B	Privately financed Building licences granted	b	Government financed	c	b-c
				granted		financed		
North East	853	59	58	4.0		202	14	18
South Lancashire	82	43	19	10.0		-	-	10
Merseyside	43 ^x	14	4 ^x	1.1		-	-	1
West Cumberland	1193	160	14	12.0		8	7	19
Scotland(ex-Dundee)	569	61	104	10.0		78	6	16
Dundee	155	61	12	10.0		-	-	
Wales(excluding Wrexham)	1351	83	79	5.0		84	5	10
Wrexham	151	750	16	80.0		84	20	
Total	3397	69	396	6.2		372	8	

A) Sponsored by the Board of Trade, number of houses,
 B) Board of Trade only record is granting of a licence. Some may have been abandoned, number of licences.
 C) Number of houses.

a, b, c, houses per million sq. ft of new factory floor area.
 x Others sponsored by Ministry of Labour in Liverpool

(c) The basic services, the basic services required by industries. Moreover, firms in Scotland benefited from an additional scheme, namely the Industrial Workers Scheme. It was not confined to the Scottish Development Area. The scheme applied to some of the industrial workers who were not eligible for key workers' houses. To qualify for houses under I.W.S. workers had to be employed by firms engaged on a nationally important form of production, - exports, import saving goods, defence and other home priorities. Further these workers had to prove that they had been unable to find accommodation within a reasonable travelling distance or lived in bad housing conditions. Because of the housing difficulties many of the firms in the less fortunate areas were losing labour as workers moved to where living conditions were better. The object of the I.W.S. was to stabilise ^{the} industrial labour force by ^{the} provision of houses. The scheme was operated as follows: so long as there was a restriction on house building, the Department of Health for Scotland made a provision that permits might be awarded to local authorities to build new houses on condition that a certain proportion of them was allocated to industrial workers. The scheme had to be discontinued in 1948, three years after it was started, when ^{the} restrictions on building by local authorities were relaxed. No information was available as to the number of industrial workers employed by tenants of S.I.E.Ltd. who were allocated houses under the I.W.S. Numbers were bound to vary with the local authorities' attitudes and financial resources. The scheme was regarded as a success.

(c) The basic services. The basic services required by industries are power, lighting, water supplies, and transport facilities. Since the object of the industrial estates companies is to make available to tenants factories with power, lighting and water supplies, which have already been mentioned, there is no need to discuss them in this context. Good transport facilities are more difficult to provide. In the siting of industrial estates the existing means of communication are of importance. The location of factories in relation to transport has therefore to be considered more fully.

Whether on account of travelling by workers or of transport of raw materials and finished products by tenant firms, the transport facilities are a major factor in the location of industrial estates. To attract firms to the estates such sites had to be selected as would best satisfy industrialists' transport requirements.

In this respect the sites of the Hillington and the five Glasgow estates are perhaps the most satisfactory. The estates are located in a city which is a focal point of communication in Scotland by land, sea and air.(1) There the main roads and railways of Scotland converge, ships sail to all the parts of the world and planes land. The railway network in and around Glasgow is the most intricate in the country. There are over 40 goods stations within the city itself and the rail collection and delivery services cover the whole of Glasgow. Alternatively consignments can be transported by vans to and from other cities and towns in Scotland and England.

(1) Map 3, p.169.

The Carntyne Estate lies close to the Carntyne Railway station and is only 3 miles from the centre of Glasgow. A mile further, the Queenslie Estate is located on the main Glasgow-Edinburgh road. South West of these estates, 5 miles from the city centre is the Thornliebank Estate, with the Thornliebank railway station a mile away. To the North almost equidistant from the centre of the town, are the estates of Craigton, and North Cardonald. Across the road from North Cardonald lies the Hillington Estate. Both these estates, which also from the point of view of transport can be regarded as one, are on the main road ^othrou^{gh}fare and railway line between Glasgow, Paisley, Port Glasgow and Greenock. Port Glasgow Estate and the Cairds Estate at Greenock are served by the same services. On the South West perimeter of the Scottish Development Area, in Ayrshire, are located the Kilwinning and Kilmarnock Estates at 10 miles from each other. The former lies on the main Ayr-Glasgow railway line. Of the Lanarkshire Estates, the one furthest away from Glasgow is the estate at Larkhall. It lies 17 miles South West from Glasgow, on the main road to the South via Carlisle and a mile from the Larkhall Central Station. The East Kilbride ^{Estate} is expected to have good transport facilities when the new town of East Kilbride has been developed. The neighbouring estate of Blantyre, 10 miles South East of Glasgow lies on the High Blantyre Road and is within less than half a mile distance of two railway stations. Both Carfin and Chapelhall Estates are 17 miles

from Glas^agow. Both have railway facilities near at hand; the former is 3 miles and the latter 1 mile off the main Glasgow-Edinburgh road. A mile up the road from Chapelhall, right on the Edinburgh-Glasgow road lies the Newhouse Estate. All these estates are close to Motherwell through which runs ^{the} railway line to the South. The Vale of Leven Estate is nearest of the three 'Northern' estates to Glasgow, being only 16 miles North from it. The Stirling road runs close to the estate. There is a railway station at Renton which is just across the River Leven from the S.I.E.Ltd. factories. The other two estates are right away on the East coast at Dundee. From the point of view of distance from the centre of the industrial area of Scotland and from the markets in the South, and also on account of the cost of transport, it appears that Dundee is as far north as firms in the new industries are prepared to go. Since the distance and the transport charges acted as a deterrents to the migration of firms to the Scottish Highlands, no prospective tenants for government financed factories there were forthcoming. This may be the principal reason why no estates have so far been built in the Inverness area.

The Scottish Industrial Estates are also well served by air and sea communications. Both the Ayrshire Estates lie close to the Prestwick Airport. The Hillington and North Cardonald Estates adjoin to the Renfrew Airport. All the estates on the West coast are within easy reach of both these airports. On the other side of Hillington within a half mile is the River

Clyde and the Glasgow docks. The Glasgow port has six tidal docks with 12½ miles of quays admitting ships as large as the 'Queens' and merchant vessels of any size. There are 148 cranes belonging to the Clyde Navigation Trust as well as privately owned cranes to shift cargoes. Storage facilities are extensive. The sheds cover some 71 acres. There are over 58 miles of railways so that in the majority of berths direct loading between ships and rail wagons is possible. Cargo can therefore be dispatched to industries in Glasgow and other areas as soon as it is unloaded from the holds. There is a special organisation which looks after cartage of consignments to the docks and ensures that they are delivered for shipping as and when required.

The Dundee docks are of less importance in the international trade. Nevertheless a considerable amount of cargo is handled through this port. Several shipping companies offer coastal services to the larger ports of Britain and from Dundee ships sail to ^eIreland, North America, Netherlands and the North of France.

The Scottish Industrial Estates, both on the West and East coast are within convenient distance of the Grangemouth and Leith docks.

(d) Markets. Markets for raw materials and finished products are bound to vary with different firms in different industries, only general considerations can be taken into account in locating industrial estates which are to house a number of firms in various industries.

Any firm which is at a distance from its source of supply of raw materials is likely to experience a number of disadvantages:- transport cost, time taken to deliver goods, consequent need to carry stocks which involves ^{the} locking up of capital, and the difficulty of inspecting raw materials before purchase. But the material content of finished products of light industries tends to be comparatively low in relation to the labour value. The effect on production of the length of time taken to transport goods and the need to keep reserves, depends largely on the extent to which production can be planned ahead. Good transport facilities go a long way to remedy such difficulties as arise because of the distance from markets. An attempt has already been made to show that the Scottish Industrial Estates are well served by all means of communication. The need to inspect raw materials before ^y buying rarely arises in practice. With improvements in grading and greater use of standardised component parts, most firms in the ordinary course of business rely on samples and the reputation of sellers. When the materials are imported inspection is impossible in most cases. The Scottish Industrial Estates are especially favourably located for ^{the} importation of raw materials, being close to the ports of entry of a large variety of cargoes from different parts of the world. A considerable amount of raw material produced in England is sold not directly by the manufacturers ^r but through manufacturers' stockists. Glasgow is not only a large industrial but also

a trading centre. With the industrial development of Scotland and the increasing diversity of the country's industries the local supply of raw materials has grown steadily.

There are also disadvantages for a firm in being away from the main markets for its finished products. There is the cost of transport which, if borne by the manufacturer, may prove a serious handicap in price competition, the difficulty of finding out quickly what changes are taking place in the markets and of maintaining a close contact with buyers. In light industries the cost of transport is unlikely to represent a high percentage of the price of the finished products and to impair appreciably firm's competitive position. The state of the main markets can be ascertained at a distance, changes in demand tend to take place gradually. It is more difficult however for firms on the Scottish Industrial Estates to keep in close touch with foreign and English buyers, than if they were located nearer to London. Although for foreign buyers coming to Britain, Glasgow with its air and sailing facilities does not compare unfavourably with London, the greater social attractions of the metropolis offer a strong inducement to combine business with pleasure.

The potentialities of the local Scottish markets should not however be ignored. The aggregate consumption in Scotland is likely to increase because of the growing population, ^{the} increasing level of employment and the improving standards of living in the country.

There are no government figures available to show the size of the Scottish national income, nor is there information to show how it is divided between savings and consumption. The Scottish national income for 1948 has been estimated at £945m.(1) It may be assumed that the proportion of the national income that is devoted to current consumption and expenditure by public authorities in Scotland is the same as in Gt.Britain as a whole. Hence the disposable income in Scotland was probably around £755m in 1948. (2) The amount may even have been greater since the percentage of the national income saved in Scotland could be expected to be smaller.(3) Both in Scotland and in Gt.Britain as a whole the general trend has been towards higher consumption expenditure as wages showed a greater relative increase to other sources of income. If this trend continues, as it is likely to do, and assuming that the high level of employment is maintained the demand for both consumption and capital goods in Scotland will increase. Consequently the opportunities for firms in the country to sell their finished products and to buy their raw materials and intermediary goods locally are likely to increase.

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- (1) A.D.Campbell, Income, Ch.5 p.50, in the Scottish Economy, ed. by A.K.Cairncross, (1954).
- (2) This estimate is very rough. Source, Central Statistical Office, National Income and Expenditure, 1946-53,(1954).
- (3) The per capita income in Scotland is lower. The propensity to save is therefore likely to be below the average for Gt. Britain.
D.I.Hewell, Redistribution of Income, Studi Economici, Dec.1953.

Amenities. Although economic factors are of greater importance in the location of firms, social considerations cannot be altogether neglected. These, however, have been losing importance with the gradual disappearance of the owner-manager class in industry. The proximity of educational establishments and of shopping centres, recreational facilities, ^{and} pleasantness of the surroundings are considerations which are not entirely dismissed in siteing a factory, nor can they be if the top class executives are to be attracted there.

The location of the Scottish Industrial Estates around Glasgow and in Dundee and within a convenient travelling distance of Edinburgh, satisfies these social requirements. In Glasgow, Edinburgh and Dundee there is a large choice of good schools and the reputation of the Scottish universities has long been established. The shopping centres compare favourably with those of the other large cities in Britain. By the way of recreation Scotland has much to offer.

Location on Individual Sites and Ex-government Factories.

The main location factors which have to be taken into account in locating industrial estates apply also to factories on individual sites. These factories have been erected by the S.I.E.Ltd. in places where the size of the labour pool or the industrial structure did not justify building an estate, but where new industries were nevertheless needed and where new firms were willing to come. Since factories of this type were

usually built for particular firms, their location requirements were known beforehand and could be taken into consideration in choosing a site for them in the Scottish Development Area.

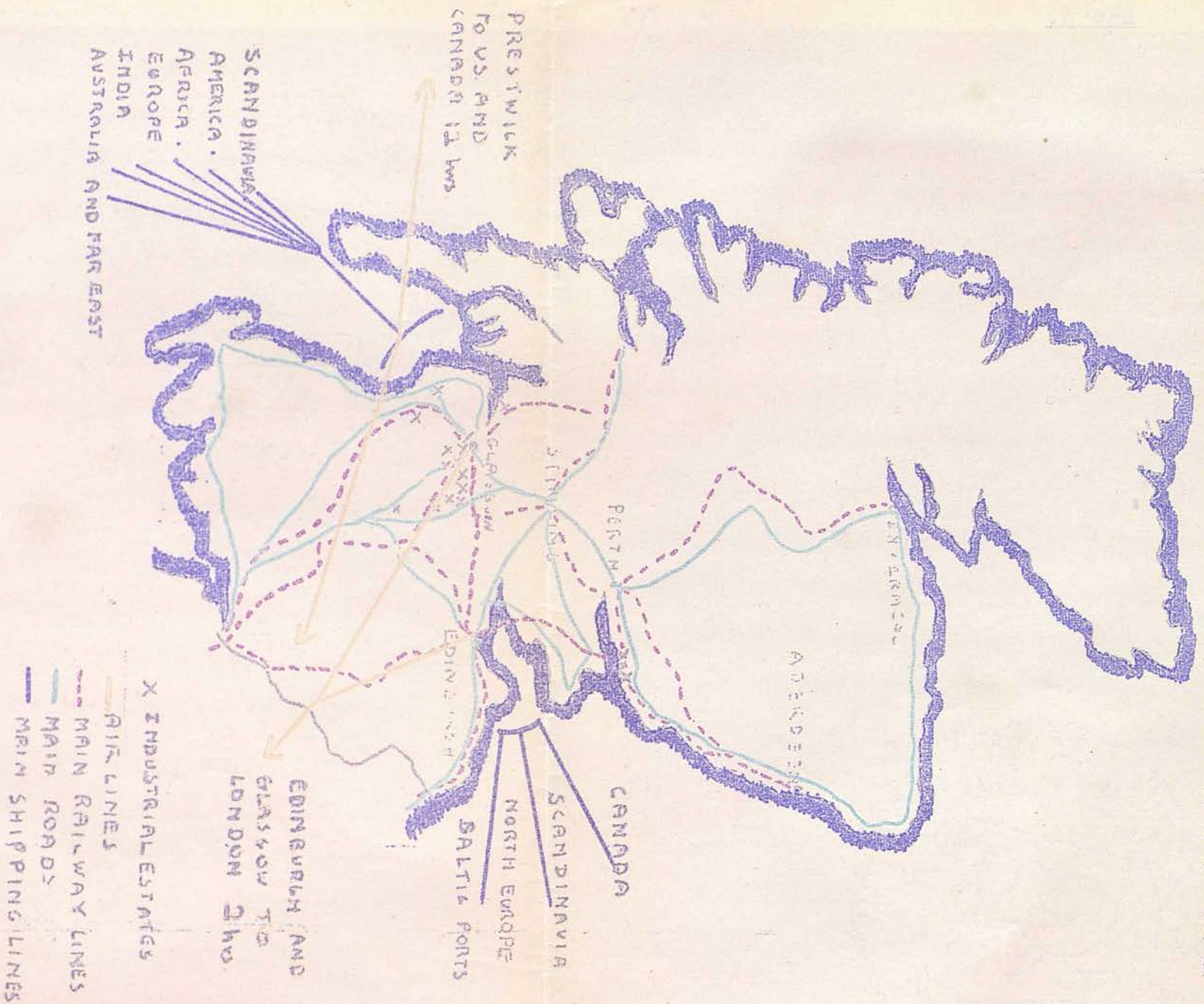
The ex-government factories however, mainly located for strategic reasons, were less likely to offer similar location advantages. A number of them have nevertheless been adapted for private industrial uses. These were transferred to the Board of Trade . In the Scottish Development Area they are administered by the S.I.E.Ltd.

In 1952 there were 21 factories built by the S.I.E.Ltd. on individual sites. Fifteen ex-government factories on separate sites were administered by the company. The Cardonald Ordnance factory in Glasgow which was converted into the Craigton Industrial Estate housed 12 tenants.

factory of goods to satisfy the civilian demand. After the war Rolls-Royce Ltd. gave up some of the blocks of the two million sq. ft. factory built for the company by the Ministry of Aircraft

SCOTLAND

LOCATION OF THE SCOTTISH INDUSTRIAL ESTATES AND COMMUNICATION LINES



Chapter 12.Development of the Scottish Industrial Estates and individual and ex-government factories.

Not only the location but also the development of the industrial estates and of the individual site factories administered by the Industrial Estate Companies was influenced by the economic conditions. At the end of the war the demand for industrial premises soared and the government was faced with a threefold task of de-requisitioning industrial buildings, of converting the surplus government munitions factories to civilian industrial uses and of building new factories for private firms in the Development Areas, in accordance with the distribution of industry policy. The erection of government financed factories was, of course, not a new undertaking, as such factories had already been built by the Industrial Estate Companies in the days of the Special Areas administration.

There was approximately a million sq. ft. of developed factory space at the end of the war on the pre-war Scottish Industrial Estates at Hillington (excluding the factory occupied by Rolls-Royce Ltd.), Carfin, Chapelhall and Larkhall. During the war many of the factories on these estates were used for war production, but when de-requisitioned, were easily re-adapted for ^{the} manufacture of goods to satisfy the civilian demand. After the war Rolls-Royce Ltd. gave up some of the blocks of the two million sq. ft. factory built for the company by the Ministry of Aircraft

Production. (1) These blocks were converted by S.I.E.Ltd. and let out to tenants. Also a number of the government munition factories in Scotland were transferred to the Board of Trade to be administered by the S.I.E.Ltd. Some of them, after alterations were leased to firms as individual site factories. The Cardonald Ordnance Factory in Glasgow was converted into the Craigton Industrial Estate and a government factory in Dundee was adapted as the Craigie Industrial Estate.

Most of the factories now administered by the S.I.E.Ltd were erected after the war. Sixteen out of the twenty Scottish Industrial Estates are of post-war creation.(2)The building activity was at its highest between 1945 and 1947 when some 70% of the construction work on the estates and almost 65% on the individual sites, begun between 1945 and 1952, was started.(3) But progress was hindered by material shortages, especially in the early years.

(1) Ground at Hillington was feued to Ministry of Aircraft Production. On this site construction of a factory for Rolls-Royce was started in 1938 and 12 month later the company began aircraft production.

<u>(2) Construction work began.</u>	<u>Number of estates.</u>
1937) x	1
1938	3
1945	1
1946	7
1947 xx	5
1951	2

x North Cardonald Estate is, in fact, a post-war extension of Hillington, no separate date is therefore shown.

xx 3 are new estates, 2 are ex-government factories converted into estates.

(3) Tenants had been secured for the advance factories before construction was completed.

Factory construction all over Britain was held up at various times by short supplies of steel, timber, glass, asbestos roofing and lead. In 1946, with the shortage of bricks, it was necessary to limit their uses; consequently plans had to be changed, building was delayed and costs increased. The completion of factories was also held up because of the long delivery dates for boilers and heating equipment. Nevertheless, a great deal was accomplished. Between 1945 and 1947, work was started on eleven new estates and on the conversion of two government factories into industrial estates. Construction of 5,904,810 sq. ft. of factory floor area was started. Of this, 4,478,037 sq. ft. was on the estates and 1,426,773 sq. ft. on individual sites. 1,087,630 sq. ft. of the floor space on the estates and 99,661 sq. ft. on individual sites was allocated to tenants.

But in addition to building factories for successful applicants during the early years when capital was more plentiful than it became later, the government launched ^{an} advance factory building programme. In Scotland plans were made for the construction of 2,725,000 sq.ft. of new factory space in advance of specific demands from industrialists. Factories with floor area of some 900,000 sq. ft. were so constructed as to be particularly suitable for firms employing predominantly male workers. In the South West there still persisted a relatively high level of unemployment among men. By the end of February 1947 approximately 1,000,000 sq. ft. of the advance factories were provisionally allocated to industries,

Later, however, because of Britain's economic difficulties, the government was forced to cut down its capital expenditure and the construction of advance factories had to be suspended.

Few individual site factories were built in the Scottish Development Area until 1947. Work was concentrated on developing existing industrial estates and erecting new ones. Diversification of the industrial structure of wider areas was a more pressing problem and had therefore to be tackled first before dealing with the localised small pockets of unemployment. It may also be that industrialists preferred factories on the industrial estates. But even if they preferred a special factory they might have decided on renting a factory on the estates if one were quickly available. Time was an important consideration for firms wishing to launch their products on the markets while the post-war boom conditions continued. To build a special factory according to tenants specifications took some time.

From 1947 onwards, although the demand for industrial premises continued, the factory building programme was restricted because of the economic crisis which faced Britain. The short-lived attempt at currency convertibility in July 1947 increased the drain on dollar reserves and the proceeds of the Anglo-American Loan which were dwindling away at an alarming rate, became almost exhausted. (1) The deficit on the balance of payments account began to cause concern. To avert the crisis, exports had

(1) Anglo-American Loan. Cmd. 6708 and Cmd. 6968. (1945)

to be increased while imports from the hard currency areas had to be cut, consequently, the government's economic policy was directed towards that end. A White Paper on capital investment justifying the steps which had to be taken was published in 1947. (1) It was emphasised that new investment in the future had to be brought into proper relation with the reduced supplies of materials. All the available human and material resources which could be released, were needed to increase the export potential of British industries. But as these resources were limited, it was necessary to concentrate them so far as possible on such types of investment as were most likely to strengthen quickly the country's capacity to export or to save imports. New projects were therefore to be restricted in order to make speedy completion of priority schemes possible.

The White Paper was followed by the 'Special Memorandum on Capital Issues Control' to the Capital Issues Committee revising the emphasis of the original memorandum of guidance in view of the need for internal readjustment on account of the balance of payments difficulties. (2) Capital issues were to be restricted, at the same time the joint stock banks were asked to co-operate with the government by curtailing credit

(1) Capital Investment in 1948. Cmd.7268 (1947).

(2) First memorandum of guidance to the C.I.C., Cmd.6645 (1947) (May). Capital Issues Control, Special Memorandum on Capital Issues Control, Cmd. 7281, (1947 December).

(1)
 facilities to industries outside the priority group. Much of the reduction in investment however, was in the field of central and local government's expenditure.

The capital investment restrictions retarded progress in Scotland and prevented to some extent, a more balanced development. The establishment of many new projects with good long-term prospects had to be postponed and extensions of existing firms which neither earned or saved dollars, could not be carried out. The fall in government investment is clearly reflected in the sharp drop in work started by the S.I.E.Ltd. on the industrial estates and individual sites. In 1948 new factory building on the former was only about 1/14 and on the latter 1/11 of the annual average for the first two of the post-war years. Every effort was made to complete factories which had already been started and the allocation^{to} and occupation of floor space by tenants, during the year, exceeded the aggregate for the whole period since the war. (2) Throughout 1948 the main emphasis by the government was on consolidation of previous progress rather than on approval of a large number of new schemes. The area on which work was started in 1949 was down by over a half on the estates, but as it increased on the individual sites, the total for the year was just above the 1948 level by some 2,000 sq. ft. The allocation and occupation of factory space in 1949 well ex-

(1) D.I.Hewell, Finance of Business in Great Britain, Studi Economici, Anno 1X n 1-3, 1954.

(2) Ch. 12 p.187 Table 9 .

ceeded the figure for any other of the post-war years. After 1949, both declined considerably as a result of the earlier restriction on factory building. Later, although the restrictions were not altogether relaxed, the government's building programme began to expand again and in 1950 work started on the erection of new factories increased appreciably. It was partly due to an improvement in the economic position of Britain, partly to the intensified threat of world war as fighting broke out in Korea, and to the need of defence production, that the powers under the Distribution of Industry Act (1945) were extended. The Distribution of Industry Act ⁽¹⁹⁵⁰⁾ was passed and its supplementary provisions stimulated factory building in the Development Areas. In 1951, two new estates were started. On the East Kilbride Estate factories are being specially built for the Rolls-Royce Ltd. to enable the firm to expand its production. But as economic prospects deteriorated and the political situation improved, the increased pace of industrial development was not maintained in the following year.

Between September 1945 and December 1952 the S.I.E.Ltd. started factory building on 8,494,334 sq. ft. and allocated 7,773,319 sq. ft. The total area under construction or built and which is administered by the Company amounted, by December 1952, to some 14,739,000 sq. ft. (1) 330 tenants were listed. (2) The size of the different estates, having been dictated by the local needs, varies greatly from the Caird's Estate with only

(1) Table 6 p. 150.

(2) S.I.E.Ltd. handbook, (1953)

six acres and two tenants to the Hillington Estate with 246 acres and 147 tenants. (1) But neither the area of the factory space occupied by firms nor the number of tenants is a true indication of the employment created and of the extent of industrial diversification achieved in the Scottish Development Area which has to be discussed separately.

Comparison of industrial development in the Scottish and other Development Areas and the regions outside.(2)

A comparison of the industrial development in the different areas of Britain, on the basis of the floor area of new buildings and extensions of the existing ones, is also unsatisfactory from the point of view of estimating how far the local needs for industrial premises had been satisfied since the supply is shown unrelated to the demand for them. But a study of the factory floor area statistics for the different regions gives some idea of the relative importance of the Development Areas in the post-war building schemes. (3)

In accordance with the government's distribution policy, new factory buildings and extensions in the Development Areas were encouraged by direct financial aid from the Treasury and by priority treatment in the granting of building licences and later of the Industrial Development Certificates, and in the

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- (1) The figures for the Hillington Estate include the North Cardonald Estate.
 (2) An outline of industrial development in all the Development Areas for the early post-war years is given in the 'Distribution of Industry' White Paper, Cmd. 7450 (1948)
 (3) Table 7 p. 185.

allocation of building materials. Thus 41% of all the new factories and extensions completed in Britain by 1952 were built in the Development Areas. In the Scottish Development Area, although the number of projects was higher than in the other Development Areas, their aggregate floor area was only 11,875,000 sq. ft. compared with 14,392,000 sq. ft. and 16,233,000 sq. ft. in the North East Coast and the South Wales Development Areas respectively. These together with the Scottish Development Area, are the three largest ones. New factory buildings and extensions in the Scottish Development Area represented 10% of the total for Britain on the basis of the floor area and 7% in terms of the estimated value of the buildings. The corresponding percentages for the North East Coast Development Area were 12% and 8%. For the South Wales Development Area they amounted to 14% and 20%.

The value figures however are not a reliable indication of the amount of money actually spent on factory buildings and extensions. They are compiled from the original estimates of the cost of construction submitted by firms to the Board of Trade when applying for building licences. The final cost has probably for most firms been in excess of the estimates. There has probably been a tendency to underestimate the cost either intentionally (since permission to build was more likely to be granted for smaller capital outlay) or because a rapid rise in prices of some of the building materials could not have been foreseen at the time when plans were drawn. Furthermore

costs were often increased above the original estimates because shortages of certain raw materials delayed the completion of work. The extent to which costs have been affected by increases in prices was to some extent determined by the date when construction of the buildings was begun and when it was completed. Inflation and the lack of information on the dates of beginning and finishing of the different projects make the value figures not strictly comparable. It is impossible to adjust these figures so as to take into account the effects of inflation and intentional underestimation of cost, if it had in fact been made. The figures therefore have to be considered on their face value and regarded only as a very rough indication of the capital expenditure on factory buildings and extensions. The value figures in the Scottish Development Area appear to be lower than for the other Development Areas. This need not necessarily mean that the building programme was smaller. The estimates may have been prepared at an earlier date.

Comparison of the industrial development of the regions on the basis of a 'Relative Development Index' has the advantage that by expressing new factory buildings and extensions in relation to the working population, the local need for industrial premises is taken into account.⁽¹⁾ Thus, the relative industrial development of the different areas is shown more clearly. The comparison of ^{the} a mere number of new factories and extensions in different areas without reference to the labour

(1)

force of each has little meaning when an attempt is made to estimate the success or failure of the regional employment policy pursued by the government by encouraging new factory buildings and extensions in the Development Areas. The index for the Development Areas comprises both government and privately financed factories. Privately financed factory building in the Scottish Development Area was on a comparatively small scale in the post-war period. (1) Government financed factories were not available outside the Development Areas. The available figures are not so split up as to show new buildings separately from extensions to existing industrial premises. Since in the Development Areas there were previously few factories, it can be assumed that new factories were mainly for new firms to the locality and not so much extensions of established enterprises.

On the basis of the Relative Development Index it appears that the government had a large measure of success in steering new industries to the Development Areas and in discouraging the further growth of the congested industrial centres. The index for all the Development Areas in 1952 was 249 compared with 66 for West and South Britain and 144 for West and North. For the Scottish Development Area, however, the index was only 183.

A possible explanation of the relatively lower industrial development in the Scottish Development Area than in the others could have been the government's refusal to finance more new factory buildings in Scotland, lack of private investment

(1) Employment on the approved projects, table 26, p.331

capital for building, industrialists' reluctance to rent factories in this area, or a combination of all these factors. No figures are available to show on what basis and how much capital was allocated by the government to the different Industrial Estates Companies. There are no grounds on which it could be assumed that the S.I.E.Ltd. received less than its fair share. When industrial development in the rest of Scotland, which was privately financed, is compared on the basis of the Relative Development Index, it is also found to be below the level for most of the other regions outside the Development Areas. A possible inadequacy of financial resources of the S.I.E.Ltd does not therefore appear to be the explanation of the lower industrial development in the Scottish Development Area.

It may, of course, be that in the whole of Scotland the insufficient supply of capital slowed down factory building. Although the local supply of capital is limited in Scotland, savings are nevertheless appreciable.(1) In raising capital outside Scotland, the smaller Scottish firms, even though sufficiently large to apply for stock exchange quotations, may be at a disadvantage. They are less likely to be well known on the London money market than their English counterparts. Thus they may find it more difficult and costly to float issues. But the Industrial and Commercial Finance Corporation^{which} was esta-

(1) Scottish Home Office, Digest of Statistics, No 1 April 1953, Finance, Banking and Savings, XII.

published with the express object of helping the smaller firms, advanced a considerable amount of share and loan capital to applicants from Scotland. (1) Furthermore, in all the Development Areas a high percentage of ^{the} new production units are branches of established English firms which probably would be able to raise the required capital without great difficulty irrespective of the proposed location of the branch. The reason why a number of them went to the Development Areas in England in preference to Scotland must have been other than financial especially as moving to a government financed factory available on a rental basis reduced the need for capital outlay equally in all the Development Areas. ~~It has been shown by a sample~~

~~study~~ It is therefore probable that the lower industrial development in Scotland was not so much due to ^{su}fficient government and private resources for new factory building and extensions as to ^{the} relatively smaller number of applicants wishing to rent factories in the Scottish Development Area. Records of all those who made enquiries concerning industrial premises provided by the government cannot be disclosed because of the possible effects on the firms in question. Some approached the Board of Trade, others got directly in touch with the Industrial Estates Companies, or in Scotland, with the Scottish Council. It is unknown how many firms looking for factories in the post-war period, considered location in Scotland, or

(1) Annual Reports.

(2) Cmd. 5090.

ed between 1945 and 1952, going to Scotland and how many were deterred from doing so for some reason. But the opinions expressed by executives of nearly one third of the firms that did move to factories provided by the S.I.E.Ltd. go a long way in showing whether location in Scotland did, in fact, have serious disadvantages in the post-war period. (1)

(1) Ch.14.

New Factories and Extensions

New Factories and extensions to existing factories completed and/or occupied in Great Britain during the post-war years up to December 1952 (excluding schemes with less than 5,000 square feet of covered floor space and excluding war damage replacements).

Development Areas and Regions	Aggregate factory floor space	Insured Population 1948 (incl. new entrants to insurance)	Relative Development Index		
			col(c) col(e)	x 100	
(A)	'000 square ft. %	'000's	%	(f)	
(b)	(c)	(d)	(e)	(f)	
North East D.A. W. Cumberland D.A. Rest of N. Region Total Northern Region	14,989 1,202 490 16,681	11.76 0.94 0.38 13.09	988 51 204 1,243	4.78 0.25 0.99 6.02	246 376 38 217
South Wales D.A. Wrexham D.A. Rest of Wales Total Wales	16,651 228 1,581 18,460	13.06 0.18 1.24 14.48	669 34 220 923	3.24 0.16 1.07 4.47	403 113 116 324
South Lancs D.A. Merseyside D.A. Rest of N.W. Region Total N.W. Region	2,107 4,047 12,021 18,175	1.65 3.17 9.43 14.26	138 583 2,196 2,917	0.67 2.82 10.63 14.13	246 112 89 101
Scottish D.A. Rest of Scotland Total Scotland	13,054 3,351 16,405	10.24 2.63 12.87	1,159 952 2,111	5.61 4.61 10.22	183 57 126
E. & W. Ridings Region	10,213	8.01	1,800	8.72	92
Sub Total WEST & NORTH BRITAIN	79,939	62.71	8,994	43.55	144
of which, all D.A.'s	55,629	43.64	3,622	17.54	249
N. Midland Region	8,879	6.97	1,407	6.81	102
Eastern Region	6,840	5.37	1,074	5.20	103
London & S.E. Region	9,145	7.17	5,190	25.13	29
Southern Region	3,466	2.72	941	4.56	60
S. West Region	4,693	3.68	1,068	5.17	71
Midland Region	14,514	11.39	1,975	9.56	119
Sub Total EAST & SOUTH BRITAIN	47,537	37.30	11,655	56.44	66
Total GREAT BRITAIN	127,476	100.00	20,650	100.00	100

Source, Board of Trade.

New Factory Buildings and Extensions to Existing Factory Buildings, of over 5,000 square feet floor space in Great Britain; in the post-war period, at 30th June, 1952.

(a)	Completed						Under Construction					
	(cumulative total at 30th June 1952)											
	No.	%	No.	%	£'000	%	No.	%	No.	%	£'000	%
(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
	Number of projects	floor space '000 sq. ft.	estimated value (of building only)	Number of projects	floor space when completed '000 sq. feet	estimated value (of building when completed)						
N.E. D.A. W. Cumberland D.A. Rest of Northern Region	424	7.9	14,392	12.1	20,614	8.3	90	7.0	7,577	14.9	20,389	14.6
	43	0.8	1,172	1.0	1,609	0.7	6	0.4	98	0.2	193	0.1
	37	0.7	461	0.4	561	0.2	10	0.18	87	0.2	114	0.08
TOTAL N.	504	9.4	16,025	13.5	22,784	9.2	106	8.3	7,762	15.3	21,196	14.7
S. Wales D.A. Wrexham D.A. Rest of Wales	337	6.3	16,233	13.7	49,721	20.1	65	5.1	1,795	3.5	4,649	3.2
	15	0.3	213	0.2	352	0.1	8	0.6	871	1.7	2,208	1.5
	38	0.7	1,552	1.3	2,058	0.8	12	0.9	1,244	2.4	3,858	2.7
TOTAL of Wales	390	7.3	17,998	15.2	52,131	21.1	85	6.6	3,910	7.7	10,715	7.5
South Lancs D.A. Merseyside D.A. Rest of N.W. Region	70	1.3	1,880	1.6	2,372	0.9	14	1.1	268	0.5	4.7	0.3
	117	2.2	3,217	2.7	5,941	2.4	39	3.0	3,371	6.6	7,946	5.6
	521	9.7	10,295	8.7	31,914	12.8	119	9.3	4,007	7.9	10,340	7.2
TOTAL N.W.	708	13.2	15,392	13.0	40,227	16.3	172	13.5	7,646	15.1	18,703	13.1
Scottish D.A. Rest of Scotland	508	9.5	11,875	10.0	17,412	7.0	79	6.2	4,305	8.5	11,587	8.2
	194	3.6	2,963	2.5	4,729	1.9	62	5.4	2,436	4.8	12,577	8.8
TOTAL of Scotland	702	13.1	14,838	12.5	22,141	8.9	141	11.1	6,741	13.3	24,164	17.0
TOTAL all D.A.'s	1,514	28.2	48,982	41.3	98,021	39.6	301	23.6	13,285	36.1	47,889	33.7
E.M. Riding	610	11.3	9,565	8.1	11,898	4.8	167	13.1	4,245	8.4	8,420	5.9
N. Midlands	418	7.8	11,007	9.3	10,311	4.4	130	10.2	5,742	11.3	22,587	15.9
Eastern Region	336	6.3	5,875	5.0	13,044	5.2	74	5.8	2,656	5.2	14,854	10.4
London & S.E. Region	518	9.6	7,642	6.4	11,253	4.5	163	12.8	5,318	10.5	10,312	7.2
Southern Region	200	3.7	2,981	2.5	40,887	16.5	55	4.3	1,221	2.4	2,128	1.5
S.W. Region	247	4.6	3,996	3.4	5,424	2.2	63	4.9	1,825	3.6	3,263	2.3
Midland Region	744	13.9	13,128	11.1	16,432	6.6	116	9.1	3,558	7.0	5,741	4.0
GRAND TOTAL for G. Britain	5,377	100.0	118,447	100.0	27,032	100.0	1,272	100.0	50,624	100.0	142,083	100.0

Source, Board of Trade.

Government-financed Factory Schemes in the Scottish Development Areas Administered by the S.I.E. Ltd.

Post-war Building on Industrial Estates and Sites

(sq. feet)

Area	Date of beginning of the construction of the estates	Erection of factories - work started									Factories allocated and occupied						
		between Sep. 1945 and Dec. 1947	during					between Sep. 1945 and Dec. 1952	between Sep. 1945 and Dec. 1947	during					between Sep. 1945 and Dec. 1952		
			1948	1949	1950	1951	1952			1948-52	1948	1949	1950	1951		1952	1948-52
Blantyre	1946	389,024							389,024	75,000	60,700	66,650	37,450	140,000	15,000	319,800	394,800
Cairds	1951					174,000		174,000	174,000								
Garfin	1938	121,654							121,654	58,270	63,384		15,000	8,000	86,384	144,654	
Garntyne	1946	180,670							180,670		180,670	5,000		7,000	192,670	192,670	
Chapelhall	1938	97,500							97,500	97,500			15,000		15,000	112,500	
Coatbridge	1947	122,260				8,000		8,000	130,260			191,660	122,260		313,920	313,920	
Dundee	1946	362,020		5,000	258,388	10,000	3,000	276,388	638,408	111,084	64,276		2,000	7,000	254,000	327,276	
East Kilbride ⁽¹⁾	1951					532,000	46,000	578,000	578,000								
Hillington ⁽²⁾	1937	885,640	7,600	43,955		22,000	29,000	102,555	988,195	265,760	261,420	185,415	147,700	40,000	16,000	650,535	
Kilmarnock	1947	113,700	85,284		158,430	151,000	1,000	395,714	509,414		30,000	168,984		158,000	151,000	507,984	
Kilwinning	1946	30,000							30,000		15,000	15,000				30,000	
Larkhall	1938	242,360							242,360	35,000	207,360	95,000		103,000	405,360	440,360	
Newhouse	1945	705,265							705,265	330,830	96,670	71,485	111,740	145,000		424,895	
Port Glasgow	1946	224,860							224,860		109,400	63,460	41,600	10,000	224,460	224,460	
Queenslie	1946	585,164				15,000		15,000	600,164		100,000	264,086	51,678	169,000	22,000	606,764	
Thornliebank	1947	113,300	60,000	5,000				65,000	178,300		20,600	82,400	75,300		5,000	183,300	
Vale of Leven	1946	304,620				55,000	150,000	205,000	509,620		58,820	136,950	108,850		45,000	349,620	
Total of the Estates		4,478,037	152,884	53,955	416,818	967,000	229,006	1,819,657	6,297,694	973,444	1,087,630	1,521,760	703,578	787,000	538,000	4,637,968	
Individual Sites		1,426,773	62,995	163,872		423,000	120,000	769,867	2,196,640	99,661	561,817	593,874	355,555	195,000	356,000	2,062,246	
GRAND TOTAL		5,904,810	215,879	217,827	416,818	1,390,000	349,006	2,589,524	8,494,334	1,073,105	1,649,447	2,115,634	1,059,133	982,000	894,000	6,700,214	

(1) East Kilbride - the Rolls-Royce factory is built by the S.I.E. Ltd. as the agents of the Ministry of Supply.

(2) Hillington includes the North Cardonald Estate.

Craigie Industrial Estate, Dundee - a government factory was converted in 1947 into an Industrial Estate. 69,000 sq. ft. were occupied at the end of 1952.
 Craigton Industrial Estate, Glasgow. The Cardonald Royal Ordnance Factory was converted in 1947 into an industrial estate, 261,000 sq. ft. were occupied at the end of 1952.

Source:- S.I.E. Ltd.
 Scottish Office - Industry & Employment in Scotland,
 Cmd. 7125, 7459, 7676, 7937, 8223, 8521, 8797. (1st
 Industry & Employment in Scotland was publ. in 1947)

Chapter 13Management Policy, -the allocation of factories,
the tenancy pattern.

The management policy of the Scottish Industrial Estates Ltd. falls into two phases. Under the Special Areas legislation the company enjoyed autonomy. The management policy was formulated by its board of directors and the decisions were taken on the regional level. The period between the establishment of the industrial estates and the outbreak of the war was too short to allow such policies, as were decided upon, to exercise appreciable influence on the level of employment and on the industrial structure of the Scottish Development Area. The second phase began after the war. Since 1945 all but the most trivial decisions affecting the industrial estates companies have been made by the Board of Trade.

The priorities in the allocation of the government financed factories to tenants have been periodically altered to conform with the national policies pursued at the time. There were three main changes of emphasis.(1) Between 1945-47 the unemployment among men in the Development Areas was higher than the national average. With the demobilisation of men from the armed forces it was expected to increase. A priority in allocation of factory

(1) The dates of the three periods are very rough. There was some overlapping.

space was given to firms employing predominantly male labour. When the balance of payments problem developed the need to build up reserves of hard currencies became the overriding consideration. From 1948-50 the emphasis was changed to favour firms which exported a high percentage of their output, or which were engaged on production that saved imports, particularly imports from the dollar area. From 1950 when plans were laid for increased rearmament the emphasis was changed again. This time priority was given to firms that contributed to defence production. The impact of the changes on the priority basis on the tenancy of the Scottish Industrial Estates will be considered in more detail in the light of the sample survey.

The allocation of factories to meet short term demands arising from national emergencies may have been necessary but ^{it} also may have been detrimental to the effectiveness of the long-term policy which was designed to secure balanced industrial development on a regional level. In the South West of Scotland there has always been a lack of employment opportunities for women because of the domination of the area's economy by the heavy industries. The allocation of new factories to firms employing mostly men would therefore accentuate rather than redress the lack of balance in the industrial structure. A more balanced industrial development would have helped to stabilise the regional

economy and reduce the danger of wide-spread unemployment, The economy of the south west of Scotland was unstable during the inter-war period. The dependence of the heavy industries on foreign markets was one of the contributory factors. In the post-war period it was reduced. Nevertheless, concentration on the industrial estates after the war of firms producing largely for exports, could hardly be regarded as in line with the stabilisation sought in the general policy of a balanced distribution of industry. In the event of a prolonged recession that originated abroad or was caused by imports restrictions imposed by foreign countries on British goods, there would have been less safeguard against a wide-spread unemployment in the Development Areas. Equally the location there of defence projects although creating immediate employment was not a firm foundation for long term employment. The cancellation of rearmament orders previously had played havoc with the economy of the south west of Scotland. The effect of a fall in exports or in defence production on the employment level partly depends on the adjustability of the firms to other lines of production. Since the new light industries are more flexible than the heavy industries, the danger of wide-spread unemployment after the war may have been relatively reduced.

The shift in emphasis in allocation of factories may have also indirectly been responsible for the alleged let-

ting of factories after the war to bigger manufacturing units. Previously the policy was said to have been one of offering the facilities of the estates to small firms. Also, it may have been responsible for the acceptance of a large number of applications by companies wishing to establish their branches on the estates.

An examination of criticism of allocation of factories.

The policy of allocation of factories on the Scottish Industrial Estates after the war has been criticised because of the alleged-

- (a) departure from the company's former policy of providing a relatively large percentage of small factories to that of letting instead factories mainly to bigger tenants,
- (b) acceptance of a high percentage of branches of firms as tenants,
- (c) relative decrease in allocations to new firms of local origin. (1)

It was argued that maintenance after the war of a stable high level of employment and provision of a safeguard against future unemployment, would have been better served by allocation of relatively large numbers of factories to smaller manufacturing units, than by the allocation of relatively smaller number of factories to bigger tenants. But to accept this argument it has to be assumed first that the small undertakings are as stable and able to survive a trade recession as the big firms. It may well be however that the latter, with larger financial resources at their disposal are in a better position in this respect.

(1) Estate News, 18.8.51. Opinions expressed by industrialists and officials interviewed.

The policy of allocating factories to small undertakings was favoured because as a result a greater variety of industries could ~~have been~~ brought to the estates. This would have diversified further the industrial structure of the Scottish Development Area and provided a greater safeguard against wide spread unemployment. Apart from a general slump, the economic conditions which could have depressed one industry need not necessarily have affected others. A large number of manufacturing units producing a wide range of goods on the estates would therefore ensure a greater stability of employment. Further it was argued that in the event of a large manufacturing unit leaving an estate factory a problem of immediate and sizeable unemployment would be created and would be likely to persist for some time. The absorption locally of a large number of released workers might be a slow process.

Branches of firms have been regarded as less suitable tenants than sole manufacturing units. They tended on the average to require bigger factories, but what was more important they were thought to be more likely to leave the estates should a temporary recession develop. The transfer of a branch from a rented factory back to the parent plant was unlikely to be sufficiently difficult and costly to discourage a move if the branch could not have been operated at a profit for a considerable period. Therefore the acceptance of a high percentage of branch factories as

tenants for the Scottish Industrial Estates was criticised as providing less safeguard against the stoppage of production on the estates which would result in unemployment. It was argued that the sole manufacturing units were preferable as they offered better prospects of maintaining employment stability. It was felt that more encouragement should have been given to local enterprise, particularly to new Scottish firms. These, although starting on a modest scale were regarded as of importance to the long term industrial development of Scotland. The Scottish Industrial Estates were in a position to fulfil a useful function as a 'nursery ground' for the native industries.

An attempt may now be made to test the validity of the basis on which the criticism of the allocations of the factories in the post-war period was made. To this end the tenancy pattern of the Scottish Industrial Estates has been analysed. Some information was obtained from the Board of Trade as to the size, status (ie. whether the tenant is a sole manufacturing unit or a branch), and 'nationality' of 321 tenants out of 330 listed by the S.I.E.Ltd.(1) The difference is accounted for by the omission of premises let to banks and occupied by Post Offices located on the estates to provide services for the tenants. Of the 321 tenants for whom information was available 15 were ex-

(1) S.I.E.Ltd. handbook (1953) p62-93.

because of the lack of the statistical data required, except when no other premises are occupied outside the estates. The size of a manufacturing unit in this context is defined in terms of the factory space occupied. A definition in terms of employment would have been more meaningful in a study of the role played by the Scottish Industrial Estates in the government's employment policy. Figures of employment for individual firms were however not available.⁽¹⁾

A small manufacturing unit is taken to mean one which occupies a 'nest' factory or no more than two blocks of a standard factory unit 'A' or 'E', each of which is 5000sq.ft. It is assumed here that a relationship exists between the size of the factory floor area occupied and the labour force employed and that the former is an indication of the latter. This relationship varies between industries, depending on the capitalisation, methods of production etc. Since however the majority of the firms on the Scottish Industrial Estates are in the light industries group, (with such exceptions as Rolls-Royce Ltd., Massey-Harris Ltd, Pressed Steel Co.Ltd. and Euclid(Gt.Britain) Ltd. which are medium heavy^{engineering} undertakings) it can be expected that their floor-labour ratio will tend to be comparable.

(a) Pre-war policy. The design of the standard factories adopted by the S.I.E.Ltd. and the average floor area allo-

(1) The size of firms in terms of employment could only have been measured for those which were included in the sample.

Whether this was a result of a change in policy on the part of the S.I.E.S., or whether the change was forced on the estate to individual tenants appear to confirm the view that originally the policy of the Company was to provide factories for small tenants.

Design. The 'nest' type of factory as its name suggests was intended for undertakings just beginning their industrial life. The standard blocks 'A' and 'E' although big-er are nevertheless small factories. A large manufacturing unit would therefore have to rent several blocks. But unless adjacent blocks were available it could not be be accommodated conveniently.

Floor area allocated. Figures for the average floor area allocated to tenants indicate that factories were in fact let to small manufacturing units averaging 10,100 sq. ft. over the period. But the average size of the floor area allocated to individual tenants was even then increasing. In 1937 the average allocation did not exceed one standard block; by 1939 it was approximately two and a half blocks.

(b) War-years. The war years were too abnormal to be taken into account in the study of the development of the tenancy pattern on the Scottish Industrial Estates. Factories on the estates were re-allocated for war production purposes. New building, except such as was essential for the war effort, came practically to a standstill.

(c) The post-war tenants. After the war the tenancy pattern on the Scottish Industrial Estates changed.

Whether this was a result of a change in policy on the part of the S.I.E.Ltd., or whether the change was forced on the Company remains to be seen.

Although the standard type of factories built on the estates remained unaltered the average allocation of space to tenants increased. Thus over the post-war period the average space let on the estates was about double the pre-war allocation. This increase was made possible first, by letting of several blocks to tenants, these were not always adjoining and in some cases were on different estates and second, by building non-standard factories which tended to be larger. They were built both on the estates and on individual sites. Information, however, was not obtained on the basis of which the special factories on the estates could be distinguished from factories consisting of several blocks let together. Factories on individual sites were generally not of the standard type. Their average size was 87,000 sq.ft. The ex-government factories administered by the S.I.E.Ltd. were even bigger averaging 110,000 sq.ft. Neither of these two types of factories was available before the war. The average floor area of the ex-government factories, factories on individual sites and those allocated on the estates since the war was 34,000 sq.ft. This is about $3\frac{1}{2}$ times the average pre-war allocation. The statistical data available do therefore confirm the allegation that there was an increase in

size. Since 1945 factories were let out to relatively bigger tenants. It does not prove however that this was a result of a deliberate change of policy or of a preference on the part of the S.I.E.ltd. for the bigger tenants.

Branches. The second allegation was that after the war the proportion of branches of firms which were accepted as tenants for the Scottish Industrial Estates increased and was too high to provide an adequate safeguard against a widespread unemployment.

All manufacturing units in factories administered by the S.I.E.ltd. which are not sole manufacturing units are described as branches in the following analysis. It was felt that without fuller information on the organisation of the individual concerns little purpose would have been served by distinguishing here between a branch plant and a subsidiary company. The latter need not necessarily be more independent of the parent. Apart from the distinction in law, the difference in control exercised by the parent may be small and depend more on the organisation of the individual concern than on the status of the offshoot on the estates.

During the pre-war period 46% of the floor space was allocated to branches which represented 41% of the total number of tenants on the estates. In the post-war period allocations to branches amounted to 87% of the floor space and their number increased to 69%. The increase in the

average size of the factory space allocated to individual branches was evident throughout the post-war period.

The stability of employment will vary of course among the different branches. Whether production of the branch will be maintained or whether it will leave the estate factory in the event of a trade recession will largely depend on the attitude of the management of the different firms. It is not always based on purely economic considerations. What decision is made is partly determined by

- (1) the 'nationality' of the parent company,
- (2) the original reasons for establishing the branch in a factory of S.I.E.Ltd.,
- (3) the line of production at the branch.

'Nationality'. The analysis of the 'nationality' of the parent companies whose branches are in S.I.E.Ltd. factories is of interest in this context, in so far as it throws some light on the original reasons for establishing branches and on the likely course of policy in the event of a recession. The classification of the tenants in the factories administered by the S.I.E.Ltd. on the basis of 'nationality' cannot be made with any high degree of accuracy because of the lack of a satisfactory definition of a firm's 'nationality'. It can be thought of in terms of the place of registration, the location of the policy making and controlling body, or even in terms of the nationality of the owners when the firm is not a corporate body. None of these concepts is however adequate. The class-

ification on the basis of the place of registration is the most straightforward method, but for the purpose of indicating the employment stability of branches can be misleading. The registered office and the main plant need not necessarily be in the same place. It is the location of the main works in relation to the branch which is of importance when the concentration of production is contemplated. The picture is further complicated if holding companies exist. Their existence makes it also more difficult to classify firms on the basis of the location of the policy making and controlling body. Such classification is in any case impossible without inside knowledge of the organisations considered. The nationality of the owners is the least meaningful concept. It has a very limited application as it excludes companies.

The definition of 'nationality' adopted for the purpose of the classification is two fold. When a tenant of the S.I.E.Ltd. has only one manufacturing ^{unit} which is on the estates, in ^{an} individual site or ex-government factory, that manufacturing unit is classified as a Scottish firm. When the tenants are branches their 'nationality' is determined by the location of the main works of the enterprise, as was known in 1952. Thus for example a Scottish sole manufacturing unit acquired before 1952 by another firm whose main works were in England, will be classified as

an English branch. When the main plant is known to be outside Britain the branch is described as foreign. This term is therefore applied to Canadian firms which have their branches on the Scottish Industrial Estates.

A comparison of the composition of the branch group before and after the war shows a significant change in the numerical distribution. Thus in the pre-war period Scottish branches represented 20% of all the branches, English 70% and foreign 10%. In the post-war period the corresponding percentages were 32%, 48%, and 20%. The latter figures include branches both on the estates and in ex-government and individual site factories. During both periods the aggregate floor area allocated to ^{branches} English was the largest, but whereas during the 1930's the Scottish branches held the second place, between 1945-52 ~~period~~ it was taken by foreign branches. The aggregate floor area allocated to all branches increased, but the share of foreign branches increased more spectacularly. Compared with the pre-war figures their increase was 23%, that of Scottish branches 15%, that of English branches rose by only 1%. The share of sole manufacturing units declined sharply by 39%. (3).

The reasons for establishing branches. The Board of Trade records might have answered the question why the different firms came to the S.I.E.Ltd. factories. But these

records were confidential and therefore not accessible. The Peculiar motives of those firms that have been included in the sample have been ascertained in the course of the survey. The results of which will be discussed in the following chapter. The general reasons which decided firms of different 'nationalities' can however be surmised. Probably all the North American firms established branches in Gt. Britain for the same reasons. After the war imports from the hard currency areas were restricted. The firms therefore established branches in this country to produce goods for sale in the Sterling Area. As at that time few modern factories were vacant and building materials were in short supply factories in the Development Areas which were provided by the government were attractive to the foreign firms. But why 80% of the North American firms chose the Scottish Development Area in preference to the others, where government financed factories were also available, remains to be explained. Their choice was likely to have been influenced by the vigorous publicity campaign and the contacts established by the S.I.E.Ltd. and the Scottish Council who sent their representatives to the United States and Canada. As a large number of the American firms which came to Scotland were either originally founded by , or have on their boards of directors, men of Scottish extraction, it may well be that sentimental ties with the 'old country' played some part in their decision.

It is more difficult to determine why the English firms established their branches in S.I.E.Ltd. factories. Two general reasons may be inferred from a consideration of the locations of 91 parent plants which are known, out of the total of 96 English branches on the Scottish Industrial Estates and in ex-government and individual site factories. First, since the majority of the parent plants were located in the London area and the Midlands, it is likely that some of them suffered war damage. The shortage of building materials would have considerably delayed repairs, even when repairs were possible. The immediate availability of factory space in a Development Area was a considerable incentive to these firms to transfer those departments which could not continue in the original premises. If however factories were available at the same time in other Development Areas some additional factors must have influenced the individual decisions in favour of Scotland. Generalisations about these decisions are not possible. Second, probably a high percentage of the 91 branches was established in the S.I.E.Ltd. factories because it was the easiest and quickest method of expansion. In the London area and the Midlands there was likely to be little room for expansion of the main factory. Few factories were vacant and building licences were difficult to get. Moreover labour was scarce. A number of English firms moved

Table 10.

Location of main works of firms with branches on the Scottish Industrial Estates and in ex-government and individual site factories.

English Branches,		Scottish Branches.	
Number of branches	Location of their parent works.	Number of branches	location of their parent-works.
43	London	27	West of Scotland-Glasgow
6	South of England	5	Paisley
5	Midlands-Birmingham	5	other towns in-Lanarkshire
1	Coventry	4	Renfrewshire
3	Leeds	5	Edinburgh
2	Liverpool	4	Rest of Scotland
4	Manchester		
2	Sheffield		
19	other towns in the Midlands		
6	Rest of England		
91		50	

Source; Board of Trade records.

branches in the first two categories are most likely to be

to Scotland out of necessity, although most were likely to have been offered a choice of the other Development Areas. Some English firms come to Scotland with the intention of entering the local market.

Neither a local scarcity of labour nor a lack of room for expansion was likely to have been the reason why Scottish firms established branches on the estates. Some of the 27 branches whose main plants are in Glasgow may be exceptions. The main works of the other 23 branches were not in areas which were so congested as to make local expansion difficult. Their expansion would not have been discouraged by the Board of Trade since about 80% of these firms were already in the Scottish Development Area. The lack of capital to build the additional space required for increased production might have been one of the reasons why these firms rented S.I.E. Ltd. factories.

Lines of production. The third general factor likely to influence the continuity of production in a branch on the estates is the nature of its product. The branches can be divided roughly into four categories, branches-

- (1) producing the same goods as the parent plant,
- (2) processing a product at a particular stage of production, usually performing a simple operation. The product is later returned to the parent plant.
- (3) servicing goods produced by the parent firm,
- (4) manufacturing an entirely different article.

Branches in the first two categories are most likely to be provided against unemployment than if some factory space

closed down and production concentrated at the main works in the event of a recession. A high percentage of the English branches is likely to be in these categories. The location of the parent plants suggests, that as expansion of production on the original sites was impossible, these branches are 'overspill' departments. Branches in the third category are more independent of the current production. In fact, in the event of recession and a fall in demand for new products, the repair work of the old is likely to increase. Furthermore, since those branches were set up to service a particular area and often to act as sales organisations, they are less likely to be closed down. Finally the branches that are engaged on entirely different lines of production from the parent and are self contained units, are likely to have the highest employment stability of the different types of branches. But there was no information available to show how the production in the branches compared with that of the parent plants.

Such information as has been obtained and analysed here shows that the allocation to branches, both in terms of their numbers and the floor area occupied increased after the war. This was coupled with an increasing average size of allocation of floor area. It could be argued that, as a result of both these trends, less safeguard was provided against unemployment than if more factory space

had been allocated to sole manufacturing units and the size of the average allocation had been kept lower. The predominance of English branches, if they are merely 'overspill' departments may be considered as undesirable. These branches are most likely to be closed down should the general level of economic activity temporarily decline. A fall in demand for a firm's products is likely to encourage the concentration of production at the parent works. Even if the demand for their particular products does not decline, a slack in the economy generally may lead to ^{the} concentration of production, if the supply of labour and factory space in the neighbourhood of the parent plants becomes available. Thus the original motive for coming to the Scottish Development Area would have been removed. The danger of considerable unemployment might be greater if the English branches left, than if the same number of Scottish branches closed down. The former are on the average bigger, in terms of the factory floor area occupied, and employ more workers. It is not suggested however that all the English branches are 'overspill' departments and are therefore less desirable as tenants.

Scottish branches as a group may however be regarded as preferable, if the arguments stated above are accepted. They tend to be smaller and fewer of them are 'overspill' departments.

It is the foreign branches however that are ^{the} most likely of the branches to continue production irrespective of the fluctuations of trade. Their heavier transfer costs provide a greater incentive to attempt to tide over a down swing in ~~in~~ the trade cycle. What may be more important, a withdrawal from this country could mean losing a foothold in the sterling markets, especially so long as restrictions on imports from the hard-currency areas continue. The end of these restrictions would not however necessarily imply that the foreign branches would be closed. Some of them found that their operative costs in Scotland were low compared with those of the parent plants, although the economies of large scale production have not yet been achieved. Should Scotland lose this economic advantage, the departure of foreign branches would have serious repercussions on the employment level since on the average foreign branches are bigger than either the English or Scottish branches.

The total number of branches accepted as tenants after the war and the floor area allotted to them is high compared with the sole manufacturing units. As a result of this, the maximum safeguard against unemployment in the future might not have been secured. But the higher percentage of floor area let to a greater number of branches has probably not reduced the prospect of the employment stability to the extent the figures alone might suggest. The reasons why

the branches were established in the S.I.E.Ltd. factories and the nature of their products have to be taken into account. The increased share after the war of the allocated space going to Scottish and foreign branches, leading to a more balanced distribution among the three categories of branches may lead to a greater employment stability. The factors affecting the Scottish, English and foreign undertakings, apart from a general slump, are likely to vary considerably even if they are in the same industries. The danger, therefore, that the level of activity of all the branches will decline at the same time is somewhat reduced. A sole manufacturing unit need not automatically be a more stable and desirable tenant.

Native and New Firms. Finally the third criticism that relatively little encouragement was given to native firms, particularly to the new ones, by allocation to them of S.I.E. Ltd. factories remains to be considered. The first part of the criticism is but another way of saying that the share allocated to the English and foreign branches was too high. That the distribution of factory space among the different categories of tenants was not balanced, has been confirmed by such figures as were available. There is no indication however that the allocations to the English and foreign branches were made at the expense of the Scottish firms. It is the

second part of the criticism that has to be examined now.

Scottish branches are not regarded here as new undertakings. It is assumed that a firm would have to be fairly well established before it would set up a branch. Thus only sole manufacturing units will be considered. Here again the problem of definition arises. There does not seem to be a satisfactory definition of what is a new firm. In this context two bases for determining newness have been used - the existence of previous premises and the age of the units at the time of allocation of factory space. It was ascertained from the Board of Trade records that 60 out of the 109 sole manufacturing units had previously occupied a factory. On this basis only 45% of the units were new firms. But it may be argued that the number of the older firms was in fact not as high, since some of the undertakings may have started in temporary premises, while awaiting completion of the factory on the estates. The age of the units at the time of the allocation of the factory space is a better indication of newness.(1) The period required by undertakings to establish themselves is bound to vary depending among other

(1) Information both on previous location and on age was not available in all cases. The results of the two analysis are not derived from the study of the same firms.

factors on the industry to which they belong. Firms which have occupied a government financed factory for five years are considered by the government as established and are no longer entitled to a rent rebate. A firm which has been in existence for five years or less is regarded as a new undertaking for the purpose of this analysis. The period during which the units were in existence before the allocation to them of S. I. E. Ltd. factories was ascertained from the Board of Trade records in respect of 57 firms. Only 30% of these were five years old or less.(1) This is an even lower percentage than on the first basis. Whichever basis is used it would appear that the majority of the 109 sole manufacturing units were not new undertakings.

Thus all the three allegations appear to be based on facts. Allocations of bigger factory floor area were made to individual tenants. A high number of branches were accepted as tenants. Industrial Estates facilities were offered to Scottish firms, particularly to new undertakings, on a relatively small scale. The question still remains as to what extent

(1) Age of prospective tenants at the time of the allocation of factories.

Number of years in existence.	Number of tenants, percentage.
-------------------------------	--------------------------------

0-5	30	} 100%
6-10	23	
11-30	12	
21-30	11	
31-50	11	
51-1000	8	
over 100	5	

this was ^{the} result of a policy on the part of the authorities and to what extent has it been brought about indirectly by a change in the economic conditions. Whether the interpretation of these facts fully justifies such criticisms as have been made must also be considered.

The S.I.E.Ltd. is not in the strict sense a business undertaking. But it cannot ignore the preference of firms for particular types of factories, if it is to attract tenants. Offering of small factories was probably the most practical way of securing them before the war. It was to the small firms that the industrial estate facilities were most likely to appeal. ^{Their} Limited capital resources, ^{the} uncertainty of the economic prospects, ^{the} difficulty of research into the suitability of location, made the availability of government financed factories on ^a rental basis and ^{the} supply of information on location free of charge, a considerable inducement for the small firms to go to the Scottish Development Area. These considerations were of less importance to big and established undertakings, especially as the level of economic activity in the country as a whole was low and there was little industrial expansion anywhere.

A change in the economic conditions after the war may have been partly responsible for bigger average allocations to individual undertakings. The trade boom, the increased demand for factory premises and the consequent scarcity of

vacant factories, the difficulty in obtaining of building licenses and in accumulating capital reserves on account of inflation and taxes, tended to increase the attractiveness of the industrial estates. Factories which could ~~have been~~ occupied immediately, or within a relatively short time without capital outlay, became a considerable inducement also to bigger firms to move to the Development Areas. These firms however required more factory space. Had the S.I.E.ltd not provided them with larger factories, they would probably not have come to Scotland.

It may be however that in so far as priority in allocation of factory space had been given by the Board of Trade to firms with high export potential the scales have been tipped somewhat in favour of the bigger firms. The small firms tend to concentrate on the home market. Sales abroad involve more risk. There is the difficulty of finding agents. The cost of an independent selling organisation is often prohibitive for a small firm. Some have pooled their resources for the purpose of sales promotion abroad and have broken into foreign markets. These are however the exception rather than the rule. It may therefore be that as the Scottish firms in the light engineering group tend to be smaller than the English, fewer of them were eligible for the Scottish Industrial Estates factories on the grounds of

export potential. Those that have come to the estates after the war have also on the average been larger.

The increasing average allocation of floor space on the Scottish Industrial Estates may reflect a general trend in British industry towards larger manufacturing units.(1)

The increased attractiveness^e of the industrial estates facilities to bigger undertakings resulted in willingness on the part of a considerable number of English firms to come to Scotland. The acceptance of them as tenants for the S.I.E.Ltd. factories created immediate employment. There is therefore some advantage in this immigration even if only on a short term basis. Should most of them stay permanently there would be a positive long term gain.

The forebodings of those who criticised the allocations of the S.I.E.Ltd. factories have not so far been realised. The number of tenants who have left is small.(2) Although on the average they occupied medium size factories, their labour value was low, since they did not reach their potential employment level before leaving.(3) In the aggregate their labour force amounted to 6% of the total number of workers employed in 1952 in the S.I.E.Ltd. factories. Thus no appreciable unemployment was created as a result of their departure. Even when, as in one case, a large number of workers

(1) J. Jewks^e, Size of a Factory, Economic Journal, vol. LXII, 1952
p.243

(2) Ch.14, p.250

(3) Ch.13, p.215

Table 11

The sizes of firms which have left the Scottish Industrial Estates classified on the number of workers employed.

Numbers of workers. employed.	Number of firms.
1- 10	4
11- 20	9
21- 50	5
51- 70	2
71- 100	2
100- 200	1
201- 300	2
301- 400	-
401- 500	-
501- 1000	2
	27 x

x The total figure does not include one firm

(1) for which the labour value was not available.

Source, The Scottish Industrial Estates Ltd.

was involved no prolonged unemployment developed. The surplus workers were quickly absorbed by neighbouring firms. Had economic conditions been less favourable generally such rapid absorption might not have been possible. So far English branches have not shown a lesser stability of employment. Of the tenants who left, English branches represented 38%, Scottish firms 55% and premises released by the government 7% (1) The English branches which were allocated factories after the war have shown a somewhat higher rate of industrial growth than the other categories of tenants. Thus, if the trend continues they offer good prospects of increasing employment in the long run.

The Industrial Growth of Tenants. The growth of tenants of the S.I.E.Ltd. has been estimated on the basis of the

(1) No information was obtained on how many of the Scottish firms which left the estates were branches and how many were sole manufacturing units. They could therefore not be expressed separately as percentages of the total number of branches and of the total number of sole manufacturing units.

Of the firms which came to the Scottish Industrial Estates after the war, 76 were English branches and 125 Scottish firms. - Ch.13, p.219,

The English branches which left between 1946 and 1952 represented 14% of those allocated factories during this period, the figure for Scottish firms was 12%.

following formula, -

$$\frac{\text{Floor expansion (sq. ft.)}}{\text{Original allocation (sq. ft.)}} \times \frac{\text{the period of tenancy}}{\text{original manufacturing allocation - units.}} = \text{coefficient of growth}$$

As the labour figures for individual tenants (with the exception of those included in the sample) were not obtainable, the additional floor area acquired since the time of the original allocation of factory premises was used as an indication of growth. These figures are not altogether satisfactory because some of the tenants might have acquired additional floor area in anticipation of, and not as a result of actual expansion in production. In so far as this has happened the additional floor area acquired does not reflect real growth. To obtain the coefficient of growth the number of years the individual firms had been on the estates had to be taken into account, since the duration of tenancy has some effect on expansion. English and foreign branches showed the greatest growth. Some of the expansion since the war may have been however merely an increase in the floor area to meet the original space requirements, which might not have been fully satisfied when the initial allocation was made. But the information obtained suggests that the greater part of the expansion was motivated by ^{an} increased level of production. This may be taken as an indication that location in the S.I.E.Ltd. has proved satisfactory. A fuller treatment of this point is only possible on the basis of opinions voiced by the business men concerned. These will be the subject matter

of the following chapter.

Table 12.

Coefficient of Tenants' Growth.

Year of original allocation.	Sole Scottish manufacturing units.	Branches		
		Scottish	English	Foreign
1937	0.067	-	-	-
1938	0.066	-	0.070	0.070
1939	0.055	0.003	0.100	-
1945	0.008	0.009	0.018	-
1946	0.036	0.040	0.180	0.130
1947	0.025	-	0.194	0.064
1948	0.110	0.084	0.120	0.170
1949	0.030	0.030	0.005	0.050
<hr/>				
In factories on individual sites.				
<hr/>				
1944	-	-	0.135	-
1945	-	-	0.074	-
1946	-	-	0.038	-
1947	-	0.039	0.398	-
<hr/>				
In ex-government factories.				
<hr/>				
1944	-	0.023 ⁽¹⁾	0.009	0.0218
1947	-	-	0.001	-
1950	0.238	-	-	-

(1) Expansion built privately.

Source, Board of Trade.

Industrial Estates Corporation of Scotland in the Scottish Development Area. Trends in unemployment between 1945 and 1952 are considered. 1929 is the earliest year for which unemployment figures are available that are comparable with

Table 13 is a large, faint table with multiple columns and rows. The text is extremely light and difficult to read. It appears to be a statistical or financial table, possibly containing data for various categories or time periods. The structure includes a header section at the top, followed by several rows of data, and a final section at the bottom that might be a summary or a separate set of data. The columns are not clearly labeled, but there are approximately 5-6 columns visible. The rows are separated by horizontal lines, and there are some vertical lines as well, suggesting a grid structure. The overall appearance is that of a low-quality scan of a document page.

Number of Undertakings and the Size of Factory Space Allocated

Period	Total No.	of Tenants Area sq.ft.	Scottish Units		Branches						Govrment and Semi-government establishments.	
			No.	Area sq.ft.	Scottish No.	Area sq.ft.	English No.	Area sq.ft.	Foreign No.	Area sq.ft.	No.	Area sq.ft.
Pre-War	49	496.600 (10.135)	29	269.400 (9.225)	4	16.200 (4050)	14	201.000 (14.357)	2	10.000 (5.000)	-	-
War	16	177.360 (11.085)	5	48600 (9.720)	4	95.000 (27;250)	6	32560 (5.426)	1	1.200 (1200)	-	-
Post-War	241	8.183.024	75	1.003.837	50	1.474.554	76	3.410.266	32	2.056.287	8	238.080
Total 1937-1952.	306	8.856.984 (28.944)	109	1.421.837 (13.044)	58	1.585.754 (27.340)	96	3.643.826 (37.956)	35	2.067487 (59.071)	8	238.080 (29.750)

average floor area.

Number of undertakings and the size of factory space originally allocated expressed as a percentage.

Period	Total	Number of Tenants as a percentage.					Factory space as a percentage.					
		Scottish Units	Branches			gov. and semi-gov. estab.	Total	Scottish Units	Branches			gov. and semi-gov. estab.
			Scottish	English	Foreign				Scottish	English	Foreign	
Pre-War	100	59	8	29	4	-	100	54	3	41	2	-
	100	31	25	38	6	-	100	27	54	18	1	-
Post	100	31	21	32	13	3	100	13	18	42	25	2
Total	100	35	20	31	11	3	100	16	18	41	23	2

Chapter 14.

The success achieved by the Scottish Industrial Estates.

The success achieved by the S.I.E.Ltd. can be looked at from three points of view, that of the inhabitants of the Scottish Development Area, that of the tenants of the S.I.E.Ltd. and ^{that} of the economy as a whole. We shall therefore consider, -

the role of the S.I.E.Ltd. in the government's policies for employment and the diversification and distribution of industry,

the performance of the tenants of the S.I.E.Ltd.

the economic and social gains and losses from the point of view of the economy of the whole country.

The primary objects of the industrial estates were to create employment and to diversify the industrial structure on a regional basis. Thus the first question which has to be asked is to what extent has the S.I.E.Ltd. been successful in achieving these objectives.

(a) Employment.

An outline of the unemployment position in Scotland before and after the establishment of the S.I.E.Ltd. will be helpful in assessing the contribution of the Scottish Industrial Estates to ^{the} creation of employment in the Scottish Development Area. Trends in unemployment between 1929 and 1952 are considered. 1929 is the earliest year for which unemployment figures are available that are comparable with

with those of later years. This year is associated with the economic crisis. But the crash occurred in the second half of the year and did not have an immediate effect on the level of employment. 1929 was not an abnormal year in so far as the unemployment figures are concerned. The use therefore of 1929 as the base year neither minimises the effects of the slump in employment, nor exaggerates the extent of the subsequent recovery. The trends of unemployment in Scotland are shown by unemployment percentage series and by the unemployment indices. (1) Numbers of unemployed workers are expressed yearly as a percentage of ^{the} insured workers in Scotland from 1929 to 1952. The indication of trends in unemployment by the percentage series has the disadvantage in that the National Insurance Scheme was altered. It was extended in 1948. The new groups brought into the scheme included; non-manual labourers with salaries over £420 p.a., self-employed persons, temporary civil servants and local authorities' employees. The statistical data before and after 1948 is therefore not strictly comparable. Unemployment among members of these groups was likely to have been low. When therefore the numbers of unemployed workers are expressed as a percentage of the 'new' insured population, the level of unemployment would appear to have fallen more than it actually did. But since in Scotland the insured

(1) Table 24, p. 329

Table 14.

Percentage Unemployed in 'peak' year -1932.

Principal towns in Scotland where unemployment in 1932 exceeded the percentage of unemployment for Scotland.

Local office of Ministry of Labour.	Unemployment as at July 1932.			Insured population as at July 1932.			% unemployment.
	Male	Female	Total	Male	Female	Total	
Clydebank,	11580	2032	13612	18400	4780	23180	58.7
Port Glasgow,	4140	634	4774	6250	2130	8380	57.0
Dundee,	18200	19113	37313	38320	32200	70520	52.9
Airdrie,	5519	527	6046	9710	2080	11790	51.3
Motherwell,	10401	824	11225	19150	3170	22320	50.3
Coatbridge,	7717	624	8341	15080	2110	17190	48.5
Greenock,	10357	1298	11655	20120	6350	26470	44.0
Glasgow.	-	-	123302	-	-	39237	31.4

for the output does not fully justify it. This is particularly Source, Ministry of Labour records.

ly area of the heavy industries in which most work is of importance. Another factor might also have accounted for the earlier high unemployment among women in Scotland. In the 1930's a high percentage of those who were employed were in domestic services. In some places there was no alternative work for them, particularly in the West of Scotland where the heavy industries were the main sources of employment. At the time of falling incomes the dismissal of domestic servants was likely to have been one of the first household economies.

From 1934 onwards a slow recovery began. This could not have been ascribed to the beneficial effects of the Special Areas

ital goods industries in Scotland were not the first to contract. On the basis of the trade cycle theory one might have expected them to have done so. In spite of what appears to be the evidence to the contrary, it is probably true that they did in fact contract first. The earlier peak of unemployment among women could have been caused by the tendency on the part of the employers to dismiss women first, especially as a higher percentage of them were unskilled. It may well have been that employers in the capital goods industries endeavoured to retain their labour force intact as long as possible even though the volume of production decreased. There is a considerable advantage in maintaining teams of highly trained workers in anticipation of future demand, even at the time when the demand for the output does not fully justify it. This is particularly true of the heavy industries in which team work is of importance. Another factor might also have accounted for the earlier high unemployment among women in Scotland. In the 1930's a high percentage of those who were employed were in domestic service. In some places there was no alternative work for them, particularly in the West of Scotland where the heavy industries were the main source of employment. At the time of falling incomes the dismissal of domestic servants was likely to have been one of the first household economies. From 1934 onwards a slow recovery began. This could not have been ascribed to the beneficial effects of the Special Areas

(Development and Improvement) Act which was only passed in that year. The improvement in employment was more likely to have been caused by a general economic recovery and the adoption by the government of the rearmament programme in 1936. The first Scottish Industrial Estate was not established until 1937. The government's regional employment policy could not therefore have had much impact on the employment ~~policy~~ position before the war broke out.

'Full' employment was reached during the war. The effect of the mobilisation of all available human resources is reflected in Scotland in the unemployment figures, for 1940 the first full year of war, 1943 the peak year of the war effort and finally 1945 the last year of war. The increase in unemployment among women in 1940 over the 1939 level and a drop of some 50% in the number of unemployed men was caused by ^{the} mobilisation of men for the armed forces on the one hand and on the other by ^{the} registration for war work by women, who could not be immediately absorbed by industries. In 1943 the total unemployment was reduced to the unprecedentedly low level of 1%. The unemployment indices dropped from 136 in 1939 to 17. By 1945 there was very little change in the employment position. The end of war production and the release of men and women from the armed forces increased slightly in 1946 the unemployment level. This increase was however temporary and was largely caused

because the former 12 months averages, and the latter were calculated on the basis of the July figures.

by readjustment to the 'semi' peace-time economic conditions. Even in 1946 which was the year of highest unemployment in the post-war period only 5% of the insured workers were unemployed, compared with 29% in the peak year of the inter-war period. On the average unemployment in Scotland of approximately 3% during the 1945-52 period was roughly six times less than between 1929 and 1939.

There has therefore been no serious unemployment in Scotland since the war. The level of unemployment in Scotland has nevertheless been higher than in England. (1) Furthermore such unemployment as there has been in Scotland has not been distributed evenly over the country. The unemployment problem had not therefore disappeared altogether. The same was also true of the other areas defined formerly as the Special Areas. The pre-war government-sponsored industrial estates scheme was extended by the Development Areas legislation to cope with the regional unemployment which still remained.

The impact of the Scottish Industrial Estates Ltd. on the employment in Scotland can only be studied in the post-

(1) Percentage of Insured Persons Unemployed.

Year	Scotland	England	Source, Royal Commission on Scottish Affairs, 1952-54, Cmd. 9212, (1954), p. 19.
1938	16.3	12.0	
1948	2.7	1.0	
1949	3.0	1.0	
1950	3.1	1.0	
1951	2.5	1.0	
1952	3.3	2.0	There is a small difference between the above figures for Scotland and those in table 24 because the former are 12 months averages, and the latter are calculated on the basis of the July figures.

war period. As has already been pointed out the estates were in existence before the war for too short a time to have had much effect on the Scottish economy. It would be incorrect to compare the annual changes in the level of employment provided by the projects on the estates with the changes in the level of employment in the regions within which they are located and to hold the former entirely responsible for the latter. There was a number of other factors in operation in the post-war period which affected the level of unemployment in the Scottish Development Area. This is partly shown by the much greater variations in the level of unemployment than in employment created by the new projects. The considerably greater decrease in unemployment than the increase in employment on these projects was to some extent the result of the multiplier effect of the employment initially created. The size of the multiplier can not be estimated here. It is nevertheless possible to obtain some rough idea of the contribution of the S.I.E.Ltd. to the reduction in unemployment in Scotland by considering the volume of employment created by projects in the government financed factories and the changes in the level of unemployment in the areas within which they are located.

For the purpose of the following analysis, unemployment in Scotland is shown on a regional basis. ^{for men and women} (1) Figures are given separately for each region in which an industrial estate, or estates are located. There are six of these regions:

(1) Table 25, p. 330

Glasgow and East Dunbartonshire, Dunbartonshire West,
 Lanarkshire, Ayrshire North & Central,
 Renfrewshire, Dundee.

All of them are in what is now scheduled as the Scottish Development Area. In the accompanying table under the heading of the 'Rest of the Development Area' are included small places, where the pockets of unemployment did not justify the establishment of estates, but where individual government financed factories were erected. Unemployment figures were compiled for the purpose of comparison on the same regional basis from 1929 to 1952. This meant that they had to be calculated as if the Scottish Development Area existed in its present shape from 1929 onwards. Returns of the Ministry of Labour local offices had to be grouped together to give the unemployment figures on the required basis.

These figures are given in table 25 for a number of selected years. They were chosen to show the unemployment position at certain times when the current events were likely to influence the level of employment. 1929 was the earliest year for which statistics comparable with those of later years were available. In 1932 the culminating point of the slump was reached. In 1934 the Special Areas (Development and Improvement) Act was passed. In 1936 the rearmament programme was initiated. 1938 was the last pre-war year and one during which the level of activity was relatively high. The pre-war unemployment figures are given to show how small in com-

parison was the problem of unemployment after the war. They also show that the uneven distribution of unemployment in Scotland was not a temporary phenomena. Throughout the 1929-52 period the percentage of unemployed insured workers in the 'Scottish Development Area' was higher than in the rest of Scotland.(1)

The employment created by the projects in the S.I.E.Ltd factories after the war may be compared with the existing unemployment. The graph on page 230 shows the changes in the employment of men and women in the factories in relation to unemployment in Scotland.(2) Workers of different ages could not be treated separately because some of the firms in this study were unable to supply information on this point. In 1946, 4.7% of the insured workers were unemployed in Scotland; 2.7% of them were in the Scottish Development Area and 2% in the rest of the country. During 1947-48 there was a decline in unemployment, while employment on the industrial estates in all the regions with the exception of Ayrshire markedly increased. This contributed on a considerable scale to the fall in unemployment in the Scottish Development Area. In 1948-49 the holding off on the part of foreign buyers from placing orders in Britain, in anticipation of devaluation, affected the level of employment in Scotland. Unemployment increased. At the same time, restrictions imposed by the British government on capital investment which was not on priority lists slowed down the building of the government financed factories. This accounted partly for the lower rate of increase in employment on the new projects during 1948-49 in the Scottish Development Area. The combined effect of the

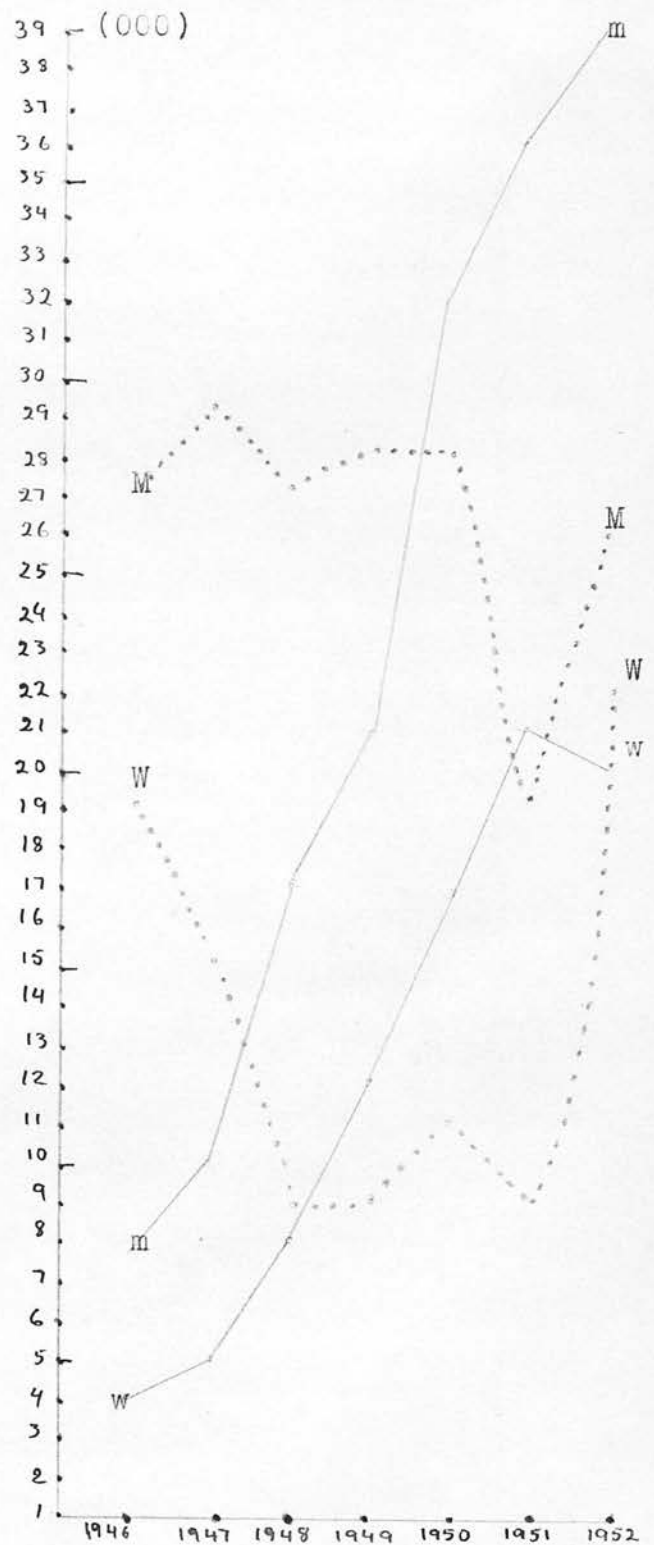
(1) Table 25.p.230

(2) Table 26.p.231, table 27.p.232.

Employment in government
financed factories in the
Scottish Development Area,
m men,
w women.

The insured unemployed
in the Scottish Develop-
ment Area,
M men,
W women.

Source, Ministry of Labour.



different factors was to reduce employment during 1949-50 still further. The number of new privately financed projects decreased both in the Development Area and in the rest of Scotland. The number of new projects located in the S.I.E.Ltd. factories during 1949-50 suggests that the government tried to counteract the unemployment trend by encouraging new projects to go to the Scottish Development Area. The fall in unemployment during 1950-51 may be partly attributed to this policy. But the rate of expansion on the Scottish Industrial Estates was not maintained during 1950-51. By 1951-52 unemployment increased. Restrictions on imports imposed by some of the Commonwealth countries, to cope with their balance of payments difficulties, had repercussions on the British economy. Scottish industries were not immune from the effects. For the first time since the war employment on the Scottish Industrial Estates fell. When total employment on all projects in the S.I.E.Ltd. is considered, there was some increase. This was in contrast to the general trend, as employment in the six regions of the Scottish Development Area and in other parts of the country fell. Thus the figures in the accompanying tables suggest that the projects in the S.I.E.Ltd factories have shown not only employment stability but even expansion in the face of the adverse economic conditions.

By 1952, 73% of the approved post-war projects sited in Scotland which accounted for approximately 81% of the newly created

employment were located in the Scottish Development Area. (1) Of these 57% were in the government financed factories and provided 82% of the newly created employment in the Scottish Development Area. The above figures show that the industrial development, as measured in terms of employment, in privately built factories was on a relatively small scale in the Scottish Development Area and even smaller in the other parts of Scotland. Since there was no restrictions on factory building in the Development Areas, this must have been the result partly of inability and partly of unwillingness on the part of private investors to finance factory construction in Scotland. There would not however appear to have been similar unwillingness to carry on manufacturing in the Scottish Development Area, judged by the number of successful applicants for the S.I.E. Ltd. factories. - Information on both the successful and unsuccessful applicants would have been more meaningful but it was not available for the latter.- It can therefore be assumed that if the programme of building government financed factories had not been carried out in the post-war period, the rate of the industrial development in the Scottish Development Area would have been slower.

The immigration of the new manufacturing undertakings to the Scottish Development Area although it reduced the numbers of unemployed workers, did not alter the incidence of unemployment in Scotland. The distribution of the unemployed workers on the regional basis in the post-war period hardly

(1) Table 26.p.351

differed from that of the pre-war days. (1) In the late 1920's and in ^{the} 1930's on the average 72% of the unemployment in Scotland was concentrated in the 'Development Area', but only about a half of the population of Scotland lived there. In the post-war period about 70% of the unemployed workers were in the Development Area. Its population in relation to the rest of Scotland hardly changed. Since the majority of the new projects after the war were located in the Development Area, a bigger reduction in the incidence of unemployment there might have been expected. A drop in employment by the heavy industries, such for example as had been caused by the closure of some of the mines in Lanarkshire, might have to some extent neutralised the effects of locating new projects in the government financed factories. But had the S. I. E. Ltd. not attracted new firms the concentration of unemployment in the Scottish Development would have increased.

On the basis of the statistics which have been obtained it can be argued that the S. I. E. Ltd. has achieved a measure of success in reducing unemployment in the Scottish Development Area. But as it has already been pointed out, no definite targets have been laid down. It is therefore impossible to assess precisely how much success has been achieved in terms of reduction in unemployment as a result of a deliberate employment policy on the part of the government carried through the S. I. E. Ltd.

(1) Table 28. p. 553

(b) The Diversification and Distribution of Industry.

The second objective that the government sought to achieve by the establishment of the industrial estates was to diversify the industrial structure of the Development Areas and at the same time to secure a more balanced distribution of industry generally. The role of the Scottish Industrial Estates in relation to the diversification of industry in the Scottish Development Area and in relation to the distribution of industry in Scotland, remains therefore to be considered. As a background to this study it will be helpful to sketch roughly the industrial structure of Scotland. An indication of the relative importance of the different industries in the Scottish economy could be obtained from the analysis of output figures of the different industries or from their employment figures. The former would have to be expressed on the basis of a common denominator, for example in the terms of money. But the value of the output or the cost of production are subject to a variety of factors for which due allowance could not be made here. A more important drawback to the use of the output figures is that there are no comprehensive output statistics for the different Scottish industries for the period 1929-52. Employment figures for the different industries in Scotland are however available for all these years. The employment figures are preferable therefore to the output figures as an in-

dication of the industrial structure of Scotland. The employment figures were consequently arranged to show:-

- (a) the diversity of industry in Scotland, (table 17),
- (b) the distribution of industries in terms of employment between the Scottish Development Area and the rest of Scotland, (table 18),
- (c) the changes in the employment levels in the different industries in the Development Area and the rest of Scotland, (table 19).

Methods of computation of the employment figures. It was felt that it was unnecessary for these purposes to give employment figures annually, instead, a number of years was selected, which were of particular significance. The pre-war and war years were chosen for the same reasons as before. The post-war years were chosen for the following reasons:- 1945, the last year of war; 1947, the economic crisis; 1948 the change in the National Insurance Scheme and in the Ministry of Labour standard industrial classification, balance of payments difficulties which led to the devaluation; 1951, outbreak of the Korean war; 1952, the last year of this study.

The employment figures for these years have been obtained by subtraction of the number of unemployed from the number of insured workers in the same industry. Only the total employment figures are given. No distinction is made between male and female workers since both groups tend to be concentrated in the same localities. Separate figures would not throw additional light on the distribution of industries. The employment figures have been compiled for the manufacturing

also shows the relatively small part played by them in the

industries in Scotland, - with the exception of very small employers of labour, - for construction and related industries and for the distributive trades. The main concern of this study is with the manufacturing industries. The construction and related industries were included because they recruit from the same pool of male labour. The distributive trades were included because they offer alternative employment to factory work, particularly for women.

The industries considered have been grouped on the basis of the standard industrial classification of the Ministry of Labour. The exception is the coal mining industry which was included in the tables together with the other heavy industries under the heading of the 'investment industries'. As the Ministry of Labour classification was changed in 1948 to conform with the international classification, some adjustment of the employment statistics in the tables was necessary to maintain the same composition of the industrial groups. The Ministry of Labour classification was the most practical for the purpose of this study since the employment statistics could be extracted from the Ministry of Labour records.

The significance of the tables. In table 17 employment in Scotland is classified under the headings of industrial groups and expressed as a percentage of the total insured population in Scotland. This table shows that there were light industries in Scotland even in the 1930's. But it also shows the relatively small part played by them in the

Scottish economy with the exception of the food and textiles industries. There was particularly little development of the newer types of light industries, such as those included in the construction and repair of vehicles and aircraft, electrical engineering and precision instruments. It can be seen from the employment percentages that the heavy industries declined in relative importance during the 1929-52 period. Only during the war years did the shipbuilding and ship-repairing, marine engineering, steel melting, iron puddling and iron and steel rolling industries improve upon their 1929 position. The pig iron and coal mining industries steadily decreased in relative importance in the Scottish economy. It is of interest to note that the share of employment provided by the construction and building industries increased in 1932. This suggests that so far as Scotland is concerned, the public works programme might not have been as ineffectual in counteracting a cyclical trend as it has been supposed to be. (1) The increase in the employment percentage of the distributive trades in the late 1930's is however surprising. It might have been that the redundant industrial workers who sought employment in these trades, which before, because of the lower wage structure, were less attractive, remained in their new jobs even though conditions in industry improved again.

The war had a considerable effect on the industrial structure of Scotland. The relative importance of the food, textiles, clothing, furniture and other consumer industries

(1) Ch. 1 p. 16.

declined, as workers were transferred to industries more directly concerned with the war production. A revival of the heavy industries followed. These changes in the relative importance of the different industrial groups were of a temporary nature. The stimulus given to the newer industries by the war production which increased their relative importance had however long term effects on the industrial structure of Scotland.

After the war the Scottish economy did not settle back to the same pattern as in the 1930's. But the change in the country's industrial structure was very gradual. The heavy industries were still the dominant group although their relative importance had somewhat declined. The industries producing consumer goods had on the whole regained the ground which they had lost during the war. The construction and related building industries declined. Shortages of building materials and restrictions imposed by the government on non-essential building were partly responsible for this. The decrease in the relative importance of the distributive trades from 1948 onwards is again somewhat puzzling. The manufacturing industries, which in the post-war period were in need of labour, might have been able to draw away some of the workers from the distributive trades. If that did in fact happen, it would explain the decline in the relative importance of these trades in terms of employment. But the extension of the

National Insurance Scheme to cover self-employed persons should on the other hand ^{have} increased the level of employment in this group, since there is a particularly large number of one-man or family businesses.

The important difference between the pre- and post-war pattern of the industrial structure of Scotland was the result of a considerable advance made by the newer industries. There were three factors working towards this change: the decentralisation of industry during the war, particularly as the South of England became a danger area, the stimulus given to the new light industries by the armament production, and the government's post-war policy for the regional diversification of industry.

When the industrial structure of Scotland as a whole is considered in the light of table 17 the need for industrial diversification does not appear so obvious. The light industries were not entirely unrepresented. It was the small scale on which they had developed which created problems. These problems were particularly serious in the Scottish Development Area. Thus the government's regional diversification of industry policy had to be considered not only in terms of bringing new industries to the Scottish Development Area but also of encouraging there the growth of light industries.

The concentration of the heavy industries in the Scottish Development Area (excluding Dundee and the Inverness area)

had also created the problem of unbalanced distribution of industry in Scotland generally. In the 19th century and in the early 1920's these industries attracted an increasing number of workers. The area became the centre of industrial population in Scotland. Other industries therefore tended to move to , and new ^{industries} to establish themselves in, the south-west of Scotland. The unbalanced distribution of industry in Scotland is shown in table 18. In it the numbers of workers employed in the different industries located both in the 'Development Area' and in the rest of Scotland are expressed as a percentage of the insured population in those industries. In considering the following figures it has to be remembered that the Scottish Development Area is about $\frac{1}{17}$ th. the size of the rest of Scotland. Thus the concentration of industries in the west is even greater than might appear at first sight. On the average in the 1930's about 89% of all workers employed in the heavy industries were working in the Scottish Development Area. In the post-war period this percentage was 84%. Employment in coal mines is not included in these figures. The distribution of coal mines as between the Development Area and non-Development Area is more even, but that of course could not ha^{ve} been the result of a location policy. If the employment figures in the mining industry are included with the other heavy industries, then the percentage of workers in the group as a whole who were employed in the Development

Area was approximately 72% in both the pre- and post-war periods.

The distribution of the light industries in Scotland, although more even, still falls far short of what could be regarded as a balanced distribution of industry. The highest concentration in the Development Area appears to be among firms in the tailoring industry. On the average in the 1930's about 78% of their employees were working in this area. After the war this percentage increased to 82%. The other light industries the concentration of which increased in the Development Area in the post- as compared with the pre-war period were: furniture and upholstery, leather goods (excluding footwear) and tanning, boots and shoes (excluding rubber). The percentage increases were respectively 69-73%, 63-72% and 58-67%. The distribution of the chemical industry remained more or less unchanged with about 61% of the workers in the Development Area. The division of employment between the Development and Non-Development Area in the food, textiles and paper industries, was roughly in the ratio of 1:1 and there was little difference between the two periods. The newer light industries, particularly the precision instruments industry, gravitated towards the Development Area. The overall picture of industrial location in Scotland is therefore one of unbalanced distribution not only of the heavy industries but of the light industries as well.

The change in the employment trends in the different industries in Scotland partly accounts for the change in their relative importance in the Scottish economy and for the distribution of industry in the country generally. The level of employment in the different industrial groups within an area is influenced by two factors, the varying fortunes of the member firms and the introduction of new undertakings. The employment indices in table 19 reflect both. It has however been impossible to attribute the variations in the employment trends to each cause separately.

The employment indices are calculated for the same industrial groups as were included in table 17. 1929 is the base year. But because of the extension of the National Insurance Scheme, which made the pre- and post- 1948 figures not strictly comparable, an alternative set of indices was calculated with 1948 as the base year. The new entrants to the scheme had probably little effect on the level of employment in the manufacturing industries generally as shown by the statistics extracted from the Ministry of Labour records. Thus the first series of indices is likely to have been little affected by the expansion of the National Insurance Scheme. It is therefore preferable to the series based on 1948 as it covers a much longer period.

The employment indices for all the industrial groups in table 19 were higher in 1952 than in 1929, with the exception

of the coal mining and pig iron industries. The level of employment in these two industries declined in absolute terms. The relative decline in importance of the heavy industries as a group in the Scottish economy is however to be accounted for, not by a fall in the total level of employment, but by a relatively lower rate of expansion than that of the light industries. The increase in employment in the different industries in those two broad categories was not uniform. The new light industries: motor vehicles (aircraft), electrical engineering and precision instruments industries expanded most and out of all proportion to the others.

The trends in the activity of the industries in the Development Area did not exactly parallel the trends in the rest of Scotland although the same economic factors would have been expected to affect similar industries regardless of location. On the whole the light industries expanded most in the Development Area. The greater rate of expansion is probably attributable not to the greater success on the part of the firms located there, but to immigration and the establishment there of new undertakings. Preference for location in the Development Area was undoubtedly influenced by general economic factors and the topography of Scotland. But the government's policy of regional diversification and distribution of industry was probably an important factor in influencing the location of light industry in the Scottish Development Area.

The impact of the Scottish Industrial Estates on the industrial structure of the Scottish Development Area and on the distribution of industry.

The contribution of the Scottish Industrial Estates to furthering the diversification of the industrial structure of the Scottish Development Area is roughly indicated by the tenancy of the factories. It was impossible to express the extent of industrial diversification created by allocation of the S.I.E.Ltd. in terms of employment. Employment figures for individual undertakings could not be disclosed by government departments. In any case since^c the diversification of industry is a long term policy and the majority of the S.I.E. Ltd. tenants rented factories after the war, their contribution to the industrial diversification in the Scottish Development Area could not be fully assessed at this stage. As has been shown in the table 26 the actual employment on the new projects was considerably below the potential employment as estimated by the firms themselves. The spread of firms among the various industries does however show that a foundation has been laid for a diversified industrial structure.

In table 20 the 330 tenants of the S.I.E.Ltd. are classified on the basis of industrial groups. The same Ministry of Labour classification was used as in the preceding tables in this chapter. The facilities of the Scottish Industrial

Estates are intended primarily for manufacturing units. But premises were provided for : canteens, banks, post offices and Ministry of Labour exchange office to service tenants on the estates. Undertakings providing services represent 2.1% of all the tenants. The manufacturing undertakings are fairly evenly divided between producers of investment and consumer goods. The former represent 43% and the latter 49.4%. Tenants in construction and related building industries account for 5.5%. Producers of investment goods on the estates and those in the construction etc. industries are not however in the heavy industries class. Although the final output of a few of the firms in the engineering group could be regarded as involving heavy engineering work, they are engaged on assembly work only. Those tenants classified under shipbuilding and ship-repairing are ancillary industries in the light industries group.

Table 20 shows that in the allocation of S.I.E.Ltd. factories among firms in different industries a balance has been maintained as well as diversity achieved. The diversity is greater than the broad classification suggests. The variety of goods produced by the S.I.E.Ltd. tenants is impressive. They range from synthetic jewels to earth moving equipment.

The contribution of these various undertakings to the diversification of the industrial structure can be considered from two angles, first whether they were new to the area,

second, to which industrial group they belong. Of the 306 tenants for whom more detailed information was obtained 12 were English Branches which were known to have had previous premises in Scotland. These had been vacated on allocation of S.I.E.Ltd. factories. 58 were branches of Scottish firms of which 2/3rd. have been established in the Scottish Development Area for some time. All these undertakings were therefore not new to the area. But since presumably these undertakings were allocated factories to facilitate their expansion, if they did in fact expand, they helped to redress the balance in favour of the heavy industries. Allocation of factories to them can therefore be regarded as in keeping with the government's policy of regional diversification of industry through encouragement of light industries.

On the basis of industrial classification it would appear that at least some 22% of the tenants belonged to industrial groups which were already fairly well represented in the Scottish Development Area. A considerable number of tenants belong to the food and drink, textiles, clothing, and paper and printing industries. It could therefore be argued that firms belonging to these industrial groups were not the best types of tenants from the point of view of in-

employment in the light industries. Their importance in the Scottish economy, can be partly attributed to the government's policy of diversification of industry through the establishment of the S.I.E.Ltd.

dustrial diversification. In this respect those tenants who are classified under shipbuilding and ship-repairing industry are even less desirable. However, ^{the} interests of local industries could not have been altogether ignored. Some of the established firms were very badly housed. It was important not only to attract new undertakings, but to prevent the emigration of existing firms.

Among the new undertakings attracted to the Scottish Development Area by the S.I.E.Ltd. was a number belonging to industries new to Scotland. Among them were industries which had been only recently established in Britain. One of these is the accounting and office equipment industry. Branches of five well-known firms belonging to it are located in the Scottish Development Area. The other new industries brought to the area are electronic and aircraft ^{engines} industries. The range of precision instruments manufactured in the Scottish Development Area was expanded by ^{the} introduction of new firms.

The general conclusion is therefore that the S.I.E.Ltd. by offering its facilities attracted new firms and new industries to the Scottish Development Area and encouraged expansion of existing light industries. Thus the increase in employment in the light industries there, and in their importance in the Scottish economy, can be partly attributed to the government's policy of diversification of industry through the establishment of the S.I.E.Ltd.

The distribution of industry policy has only been successful in so far as industrial firms were steered away from the congested centres in the south of England and in the Midlands to the Scottish Development Area. The very success achieved in diversification of the industrial structure of this area by the introduction of new undertakings there, accentuated the problem of the unbalanced distribution of industry in Scotland. The south west was already the industrial centre of the country. In view of the topography of Scotland and the pattern of economic development, the S.I.E.Ltd. could not have achieved both objectives of the government's policy. The success of the S.I.E.Ltd. can only be considered with reference to the diversity of industry achieved in the Scottish Development Area, because its activity was restricted to that Area. From the point of view of ^{the} inhabitants of the Scottish Development Area the S.I.E.Ltd. has achieved a measure of success.

The success of the S.I.E.Ltd. from the point of view of tenants.

It is not enough to bring new undertakings to the Scottish Development Area, if they are to contribute to the creation of employment and to industrial diversification, it is necessary to ensure that these firms remain there. The success of the S.I.E.Ltd. has therefore to be also considered with regard to the company's ability to retain its tenants. To succeed from this point of view, the S.I.E.Ltd. has to provide suitable

factories, in locations that satisfy industrialists' requirements. Whether it has succeeded in this respect can be estimated on the basis of, the opinions expressed by the industrialists interviewed, (which will be discussed in the next chapter), the number of firms which expanded and contracted in terms of floor area occupied, and the number of tenants who left.

The firms which expanded. Application by the tenants for an additional floor area may be taken to indicate that they intend to remain in the S.I.E.Ltd. factories and are satisfied generally with the facilities provided. Information was obtained only for tenants who applied for and received additional floor area. It might have been that, had additional space been more readily available, more tenants would have expanded. It is unlikely, however, that a high percentage of the applicants have been refused. In order to qualify for the allocation of factories in the first instance they had to satisfy the Board of Trade priority requirements.

24.8% of all the tenants listed in 1952, expanded in terms of the floor area occupied during the period 1937-52. (1)

The additional floor area acquired accounted for 21.0% of the total area built or being built in December 1952.

The firms which contracted. During the period 1937-52 (excluding ^{the} war years) only 0.9% of the tenants contracted. The space released represented 0.005% of the total area built

(1) Table 15 p.250.

Table 15.

Expansion by Tenants 1937-52.

Tenants	Industrial Estates		Individual Site Factories		Ex-Government Factories		Total	
	no.	Area sq.ft.*	no.	Area sq.ft.*	no.	Area sq.ft.*	no.	Area sq.ft.*
Scottish Units.	24	444 411			1	11 768	25	466 179
Scottish Branches.	12	371 243	1	2 668	1	18 800	14	392 711
English Foreign	22 11	713 282 987 959	4	360 837	2 1	7 963 84 084	28 12	1082 082 1072 043
Total	72	2516 895	5	363 505	5	122 615	79	3003 015

* Area of expansion

Source, Board of Trade, records.

or building in December 1952.

The firms which left the S.I.E.Ltd. factories. A possible measure of the success achieved by the S.I.E.Ltd. is the rate of closure of the manufacturing units.

It can be assumed, that the three firms which left the Scottish Industrial Estates during the war and subsequently returned to bigger premises must have been satisfied with the facilities provided by the S.I.E.Ltd.

Besides these three, information was obtained only for the tenants who left since 1946. Before the war the estates were in existence for such a short time that the tenants hardly had the time to establish themselves let alone fail. During the war those who had to stop production on the estates, did so on account of exceptional circumstances. For these two reasons, the lack of information on the rate of departure from the estates before 1946 is of little importance.

Twenty eight tenants terminated their leases between 1946* and 1952. (1) Twenty six of them were located on the estates and two on separate sites. The total number of the firms that left represents 8.5% of all the tenants listed in 1952. This percentage cannot be accepted as an indication of the number of tenants who were dissatisfied with the facilities

(1) Although leases of the S.I.E.Ltd. factories are usually for 10, or for 21 years, with the option of a break at the 7th and 14th year, the company has been prepared to release firms from their contracts at an earlier date in cases of serious difficulties or special circumstances. Table 16.p.252.

Table 16 .

Number , Area and Labour Value of the firms which left the S.I.E. Ltd. factories.

Year	Number of firms	Area, sq. ft.		Labour Value	
		Total	Average	Total	Average
1946	3	66 500	22 200	328	109
1947	2	15 000	7 500	27	14
1948	2	39 000	19 500	1050	525
1950	3	77 200	25 700	230	77
1951	3	53 500	17 800	115	38
1952	15	926 600	61 800	1823	121
	28	1 177 800	42 100	3573	128

Firms.

28 tenants as a percentage of all the 330 tenants listed in S.I.E.Ltd. handbook (1952) pp.62-93. = 8.5%

Area.

1 177 800 sq.ft. as a percentage of the total approximate factory floor area built or being build in 1952 (14 739 000 sq.ft.) = 7.1%

Labour.

3573 workers as a percentage of the total labour force employed in S.I.E.Ltd. factories, estimated at 58,787 in June 1952. = 6.0%

Source, S.I.E.Ltd.

provided by the S.I.E.Ltd., without analysing the reasons for their departure. Four firms left on completion of a particular line of production.(1) It was understood from the beginning that their leases were temporary and there was no question of them remaining. Only 24 (7.3%) firms at most may have found the tenancy unsatisfactory for one reason or another. Eleven out of those 24 ceased production because they went into liquidation. It is impossible to say whether the location on the Scottish Industrial Estates contributed to their difficulties and was therefore in any way responsible for their failure. Whatever were the reasons for their liquidation, the

(1) Firms' reasons for leaving Scottish Industrial Estates.

Number of firms	Reason for leaving
3	Termination of work in connection with war
1	Experimental work completed (special 3
2	Purchased own factory. year lease).
2	Found alternative accomodation.
6	Transferred production to parent factory in another area.
1	Change of ownership, transferred production to another area.
1	Could not get skilled labour of the type required.
1	Personal reason.
11	Liquidation.
28	

(2) Industrial groups to which the firms which went into liquidation belonged: clothing 2, electrical engineering 2, light engineering 5, Textiles 1, household goods 2, various 1.

rate of failure on the estates and in the factories administered by the S.I.E.Ltd. was low. (1) Only 3.3% of the tenants listed in 1952 went into liquidation. This percentage can be roughly compared with the percentage of liquidations of 9.1% and 7.3% in Scotland and in England and Wales respectively. The latter two figures were obtained by expressing the number of companies which went into liquidation between 1946 and 1952 as a percentage of all the companies on the registers in Scotland and in England and Wales in 1952. An accurate comparison of the rate of liquidations in the S.I.E. Ltd. factories with that in Scotland and in England and Wales generally was impossible. The total figures of liquidations were obtained from the Board of Trade annual Company Reports. In these reports however no distinction is drawn between manufacturing and non-manufacturing companies. All the eleven tenants of the S.I.E.Ltd. were manufacturing companies.

Classification of the eleven firms on industrial basis shows that they belonged to a variety of industries. (2)

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- (1) Mr. G.R.Allen's supposition that the rate of failure would be higher on Trading Estates than in other locations because of a relatively greater ease of starting a business in an estate factory, was confirmed by his study of the Slough Trading Estate. The study of the Scottish Industrial Estates has shown ~~to~~ the contrary. The fact that the two studies cover different periods does not affect the results since the rates of failure on the estates are considered in relation to failure outside them.
- G.R.Allen, *The Growth of Industry on Trading Estates 1920-29 with Special Reference to Slough Trading Estate.*, Oxford Economic Papers, 1951, Oct. No. 3.
- (2) Industrial groups to which the firms which went into liquidation belonged: clothing 2, electrical engineering 2, light engineering 3, Textiles 1, household goods 2, unknown 1.

Other tenants belonging to the same industries have done well on the estates. This suggests, that the liquidations of the eleven firms were not caused by the uns^uitability of the S.I.E. Ltd. facilities for the particular types of light industries to which they belonged. Their difficulties were probably caused by factors unrelated to their location.

It would appear that only 13 out of the 28 who left, ie. 3.9% of all the tenants, found the facilities provided by the S.I.E.Ltd. in some way unsatisfactory. It can be argued therefore that the S.I.E.Ltd. has from the point of view of the tenants been ^a successful venture.

The stoppage of production by the 28 firms did not create an unemployment problem in the locality in which they were situated. The labour value of all of them was small at the time of the termination of leases, although, on the basis of the floor area occupied, a considerable potential employment could have been expected.(1) Since the factories vacated by them were re-allocated, the employment level in the area concerned was not affected.

On the basis of the above analysis it can be concluded that the S.I.E.Ltd. has succeeded, not only in attracting new undertakings to the Scottish Development Area, but also in retaining them as tenants. Thus it had contributed to the creation of employment and to the diversification of the regional industrial structure.

(1) Table 16, p 252.

The employment in a number of industries expressed as a percentage of the insured population in Scotland, 1929-52.

Year	Shipbuilding & repairing.	Fig iron	Steel melting, iron puddling, rolling.	General engineering	electrical engineering	Motor vehicles, cycles, aircraft
1929	3.93	0.22	1.40	5.24	0.41	0.77
1932	2.23	0.12	0.83	3.36	0.42	0.63
1936	2.29	0.13	1.01	3.92	0.60	0.73
1938	2.28	0.24	0.97	4.08	0.58	1.00
1940	3.19	0.14	1.37	5.11	0.71	1.43
1943	4.73	0.15	2.01	9.08	1.04	3.88
1945	4.48	0.14	1.55	7.91	1.28	3.58
1947	3.20	0.09	1.25	5.88	1.20	1.91
1948	2.79	0.11	1.20	4.71	0.75	1.93
1951	2.45	0.10	1.14	5.21	4.34	0.79
1952	2.44	0.10	1.13	5.15	4.45	0.80
	Coal mining.	Construct- ional & civil eng- ineering.	Distribut- ion.	Food.	Textiles.	Tailor- ing.
1929	8.34	2.40	13.96	4.45	5.44	1.36
1932	6.31	2.77	12.54	3.70	4.01	1.09
1936	5.86	2.54	15.30	4.00	4.51	1.23
1938	4.97	2.26	14.13	3.90	3.98	1.11
1940	5.76	3.84	14.13	3.86	4.47	1.30
1943	5.81	2.67	12.04	3.61	2.93	1.03
1945	6.01	1.70	12.63	3.86	2.85	1.00
1947	5.10	2.43	13.19	4.05	3.82	1.26
1948	4.71	1.97	11.01	3.65	4.33	1.17
1951	4.34	1.80	11.16	3.96		1.34
1952	4.45	1.84	11.17	3.89	4.13	1.21
	Chemicals	Furniture	Rubber	Leather & tanning	Boots & shoes	Wood
1929	1.07	0.76	0.68	0.27	0.40	1.10
1932	0.81	0.61	0.60	0.21	0.31	0.86
1936	0.87	0.62	0.49	0.24	0.33	0.92
1938	0.83	0.58	0.50	0.22	0.30	0.79
1940	0.86	0.52	0.75	0.26	0.31	0.82
1943	1.14	0.41	0.46	0.23	0.26	1.21
1945	1.15	0.39	0.53	0.25	0.30	1.17
1947	1.13	0.65	0.59	0.31	0.31	0.92
1948	0.96	0.65	0.51	0.24	0.27	0.82
1951	1.00	0.64	0.47	0.25	0.28	0.82
1952	1.00	0.54	0.43	0.25	0.26	0.81

continued,

Table 17, continued.

Year	Paper.	Precision instruments.
1929	2.70	0.19
1932	2.26	0.16
1936	2.51	0.23
1938	2.04	0.29
1940	2.58	0.38
1943	1.69	0.51
1945	1.44	0.52
1947	2.41	0.35
1948	2.18	0.34
1951	2.18	0.39
1952	2.15	0.38

Source, Ministry of Labour records.

Year	Civil and constructional engineering		Mechanical engineering	
	Number of employees	Percentage of total employees	Number of employees	Percentage of total employees
1929	1,421	1.4	1,421	1.4
1932	1,421	1.4	1,421	1.4
1936	1,421	1.4	1,421	1.4
1938	1,421	1.4	1,421	1.4
1940	1,421	1.4	1,421	1.4
1943	1,421	1.4	1,421	1.4
1945	1,421	1.4	1,421	1.4
1947	1,421	1.4	1,421	1.4
1948	1,421	1.4	1,421	1.4
1951	1,421	1.4	1,421	1.4
1952	1,421	1.4	1,421	1.4

Construction and related industries - Distribution

Year	Civil and constructional engineering		Mechanical engineering	
	Number of employees	Percentage of total employees	Number of employees	Percentage of total employees
1929	1,421	1.4	1,421	1.4
1932	1,421	1.4	1,421	1.4
1936	1,421	1.4	1,421	1.4
1938	1,421	1.4	1,421	1.4
1940	1,421	1.4	1,421	1.4
1943	1,421	1.4	1,421	1.4
1945	1,421	1.4	1,421	1.4
1947	1,421	1.4	1,421	1.4
1948	1,421	1.4	1,421	1.4
1951	1,421	1.4	1,421	1.4
1952	1,421	1.4	1,421	1.4

Source, Ministry of Labour, records.

Distribution of industry in Scotland, 1929-52.

Numbers of workers employed by different industries in the Scottish Development Area and the rest of Scotland, expressed as percentages of the total numbers of workers in the particular industries in the whole of Scotland.

Investment goods industries and coal mining.

Year	Shipbuilding lig iron		Steel melting Iron puddling I.S. rolling		General engineering			
	D.A.	N.D.A.	D.A.	N.D.A.	D.A.	N.D.A.		
1929	87.1	12.9	87.5	12.5	87.2	2.0	85.2	14.8
1932	82.1	17.9	83.3	16.7	86.8	3.2	82.2	17.8
1936	85.2	10.8	92.0	8.0	96.5	3.5	86.1	13.9
1938	86.0	14.0	99.0	1.0	95.5	4.5	93.9	6.1
1940	83.3	16.7	98.4	1.6	97.3	2.7	86.9	13.1
1943	75.7	24.3	97.6	2.4	98.5	1.5	80.3	19.7
1945	75.8	24.2	93.1	6.9	97.9	2.1	79.9	20.1
1947	76.8	23.2	95.1	4.9	98.1	1.9	83.1	16.9
1948	78.1	21.9	92.9	7.1	99.3	0.7	84.6	15.4
1951	77.4	22.6	91.7	8.3	98.6	1.4	84.6	15.4
1952	77.7	22.3	94.1	5.9	98.0	2.0	91.0	9.0

Year	Electrical engineering		Motor vehicles, cycles (aircraft)		Coal mining.	
	D.A.	N.D.A.	D.A.	N.D.A.	D.A.	N.D.A.
1929	74.2	25.8	51.9	48.1	47.8	52.2
1932	61.7	38.3	49.9	50.1	42.6	57.4
1936	57.4	42.6	50.1	49.9	42.1	57.9
1938	66.1	33.9	54.4	45.6	38.0	62.0
1940	59.9	40.1	45.6	54.4	41.1	58.9
1943	56.4	43.6	69.4	30.6	41.6	58.4
1945	62.1	37.9	65.3	34.7	41.0	59.0
1947	66.5	33.5	52.0	48.0	38.9	61.9
1948	56.7	43.3	46.2	53.8	38.7	62.3
1951	55.0	45.0	54.1	45.9	32.3	67.7
1952	55.6	44.4	58.2	41.8	32.5	67.5

Construction and related industriesDistribution

Year	Civil and constructional engineering		D.A.	N.D.A.
	D.A.	N.D.A.		
1929	53.6	46.4	57.6	42.4
1932	46.8	53.2	56.0	44.0
1936	51.8	48.2	58.1	41.9
1938	59.6	40.4	60.1	39.9
1940	54.1	45.9	59.2	40.8
1943	52.0	48.0	58.7	41.3
1945	66.5	33.5	59.0	41.0
1947	67.3	32.7	58.4	41.6
1948	67.0	33.0	58.3	41.7
1951	58.4	41.6	58.6	41.4
1952	56.5	43.5	59.0	41.0

Distribution of industry in Scotland, continued.Consumer and intermediate goods industries.

Year	Food		Textiles		Tailoring		Chemicals		Furniture	
	D.A.	N.D.A.	D.A.	N.D.A.	D.A.	N.D.A.	D.A.	N.D.A.	D.A.	N.D.A.
1929	46.6	53.4	60.1	39.9	67.0	33.0	62.8	37.2	64.0	36.0
1932	43.8	58.9	57.5	42.5	69.3	30.7	56.2	43.8	63.2	36.8
1936	47.9	52.1	60.8	39.2	75.6	24.4	61.9	38.1	60.8	39.2
1938	48.8	51.2	58.1	41.9	87.5	12.5	64.3	35.7	65.6	34.4
1940	50.1	49.9	57.5	42.5	79.0	21.0	70.0	30.0	67.1	32.9
1943	49.8	50.2	55.7	44.3	81.0	19.0	60.0	40.0	73.5	26.5
1945	49.6	50.4	55.5	44.5	91.0	9.0	66.2	33.8	85.1	14.9
1947	48.8	51.2	56.1	43.9	82.2	17.8	64.5	35.5	69.3	30.7
1948	48.3	51.7	46.1	53.9	79.3	20.7	59.7	40.3	66.5	33.5
1951	48.4	51.6		83.0	83.0	17.0	57.3	42.7	68.3	31.7
1952	54.7	45.3	51.2	48.8	75.3	24.7	57.0	43.0	70.5	29.5

Year	Rubber		Leather & tanning		Boots & shoes		Woods etc.		Paper	
	D.A.	N.D.A.	D.A.	N.D.A.	D.A.	N.D.A.	D.A.	N.D.A.	D.A.	N.D.A.
1929	36.5	63.5	69.1	30.9	54.9	45.1	47.6	52.4	50.3	49.7
1932	38.1	61.9	65.0	35.0	55.7	44.3	41.6	58.4	49.3	50.7
1936	36.8	63.2	71.6	28.4	64.5	35.5	46.6	53.4	52.0	48.0
1938	43.1	56.9	71.3	28.7	65.7	34.3	42.9	57.1	54.6	45.4
1940	43.9	56.1	77.3	22.7	66.0	32.0	45.2	54.8	58.0	42.0
1943	51.1	48.9	78.8	21.2	66.4	33.6	33.9	66.1	50.0	50.0
1945	56.2	43.8	77.8	22.2	67.9	32.1	38.0	62.0	36.0	64.0
1947	42.9	57.1	80.0	20.0	65.4	34.6	42.0	58.0	51.7	48.3
1948	39.6	60.4	75.8	24.2	64.0	36.0	41.3	58.7	50.1	49.9
1951	40.0	60.0	71.9	28.1	68.6	31.3	45.2	54.8	48.6	51.4
1952	46.9	53.1	75.2	24.8	70.9	29.1	31.6	68.4	49.3	50.7

Precision instruments

Year	D.A.	N.D.A.
1929	65.4	34.6
1932	66.8	33.2
1936	75.5	24.5
1938	82.3	17.7
1940	89.1	10.9
1943	92.4	7.6
1945	88.8	11.2
1947	82.3	17.7
1948	84.6	15.4
1951	82.6	17.4
1952	87.0	13.0

Source, Ministry of Labour records.

Employment indices of main industries in Scotland.

1929-52

Investment goods industries. *

Year	Shipbuilding and repairing		Fig Iron		Steel melting, iron puddling, I.&S.rolling.		General engineering.		Electrical Engineering		Motor vehicles cycles and aircraft		Coal mining	
	D.A.	N.D.A.	D.A.	N.D.A.	D.A.	N.D.A.	D.A.	N.D.A.	D.A.	N.D.A.	D.A.	N.D.A.	D.A.	N.D.A.
1929	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1932	56	82	53	75	63	72	65	81	91	161	84	91	71	88
1936	69	57	71	43	83	103	88	82	130	278	106	114	72	90
1938	74	81	161	11	88	144	111	41	164	241	176	159	61	91
1940	95	129	89	10	120	115	122	106	172	331	199	257	74	74
1943	127	275	90	16	176	93	198	281	233	518	818	389	74	94
1945	112	257	81	42	128	94	162	236	230	525	672	385	71	93
1947	92	198	61	22	118	70	142	167	341	494	323	322	65	93
1948	103(100)	195(100)	91(100)	48(100)	141(100)	37(100)	144(100)	152(100)	227(100)	497(100)	363(100)	455(100)	64(100)	105(100)
1951	92(89)	180(92)	76(84)	47(99)	136(94)	69(189)	163(113)	171(113)	235(104)	553(111)	432(119)	395(87)	58(91)	112(107)
1952	92(89)	177(91)	82(89)	36(74)	135(95)	96(261)	173(120)	103(68)	242(107)	557(112)	530(149)	44(90)	60(94)	114(109)

Consumer and intermediate goods industries.

Year	Food		Textiles		Tailoring		Chemicals		Furniture		Rubber		Leather and tanning	
	D.A.	N.D.A.	D.A.	N.D.A.	D.A.	N.D.A.	D.A.	N.D.A.	D.A.	N.D.A.	D.A.	N.D.A.	D.A.	N.D.A.
1929	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1932	83	92	74	83	87	79	76	100	83	86	97	91	77	92
1936	107	102	97	94	118	71	93	96	97	111	83	82	106	94
1938	119	109	91	99	137	40	102	95	100	94	112	85	106	95
1940	114	99	96	107	138	74	112	82	187	176	162	119	130	85
1943	105	93	60	72	111	53	123	139	75	48	114	63	115	69
1945	106	94	56	67	113	22	130	112	76	24	136	61	117	74
1947	124	113	85	100	147	65	140	130	20	95	132	101	173	96
1948	138(100)	129(100)	99(100)	174(100)	165(100)	87(100)	156(100)	156(100)	143(100)	128(100)	132(100)	116(100)	162(100)	115(100)
1951	153(111)	142(110)	107(100)	153(88)	165(100)	110(126)	178(102)	178(114)	147(103)	122(95)	123(94)	117(92)	157(97)	138(119)
1952	170(123)	123(95)	107(100)	153(88)	165(100)	110(126)	178(102)	178(114)	130(91)	97(76)	135(103)	88(76)	167(103)	122(106)

* Ministry of labour classification.

‡ Alternative indices from 1948 onwards, figures in brackets were calculated taking into account the extension of the National insurance.

Consumer and intermediate goods industries continued.

Year	Boots and shoes		Wood etc.		Paper etc.	
	D.A.	N.D.A.	D.A.	N.D.A.	D.A.	N.D.A.
1929	100	100	100	100	100	100
1932	85	82	72	92	87	90
1936	114	76	94	98	112	104
1938	116	74	85	100	127	107
1940	117	67	86	95	113	82
1943	98	60	95	167	75	76
1945	107	61	97	143	44	77
1947	121	78	95	120	119	112
1948	130(100)	89(100)	104(100)	135(100)	130(100)	131(100)
1951	147(114)	81(92)	116(112)	129(96)	129(99)	138(105)
1952	141(108)	70(79)	80(77)	158(118)	129(99)	134(102)
Precision instruments.						
	D.A.	N.D.A.	D.A.	N.D.A.	D.A.	N.D.A.
1929	100	100	1940	328	1947	291
1932	89	84	1943	448	1948	363(100)
1936	158	97	1945	418	1951	418(115)
1938	243	99			1952	430(119)
						119
						125(100)
						167(133)
						123(98)

Construction and related industries.

	D.A.	N.D.A.
1929	100	100
1932	107	140
1936	119	128
1938	135	106
1940	198	194
1943	132	140
1945	101	59
1947	165	93
1948	166(100)	95(100)
1951	136(82)	112(118)
1952	134(80)	119(126)

Distribution industries

	D.A.	N.D.A.
1929	100	100
1932	92	98
1936	128	126
1938	139	126
1940	127	120
1943	106	102
1945	106	101
1947	124	120
1948	129(100)	126(100)
1951	134(104)	129(103)
1952	136(105)	128(102)

Source, Ministry of Labour records.

DIVERSIFICATION OF INDUSTRY AND EMPLOYMENT CREATED BY FIRMS ON THE SCOTTISH INDUSTRIAL ESTATES

County	Ayrshire		Dunbartonshire	Renfrewshire		Lanarkshire										Angus		TOTAL FOR THE ESTATES	INDUSTRIAL SITES	EX-GOVERNMENT FACTORIES	TOTAL OF INDUSTRIAL SITES AND EX-GOVERNMENT FACTORIES	GRAND TOTAL			
	Unemployment by counties 1932		13,655	7,558	29,853		134,247										37,922								
	Kilmarnock (1)	Kilwinning	Vale of Leven	Caird (2)	City of Glasgow					County					Dundee										
					Pre-war	Hillington (3)	Carradyne	Craigton (4)	Queenslie	Thornliebank	Plantyre	Coatbridge	East Kilbride (5)	New House	Pre-war estates								Craigie	Dundee	
<u>Employment created by firms on the estates</u>																									
Employment 1952	1358	96	1691		471	8141	612		2648	502	2032	382			1795	355	470	1521	2876	24950	9305	24532	33837	58787	
Potential Employment	1295	100	2860		633	12676	712		3905	669	2735	577			3194	1159	878	2284	4187	42760	16168	29937	46105	88865	
<u>Industrial Classification of firms on the estates</u>																									
A. Investment Goods																									
1. Metal manufacture																									
						3		1												4	1		1	5	
2. Shipbuilding and repairs																									
	2	1		2	1	39	2	5	8	7	4	1	1	3	3	3	3		2	87	6	6	12	99	
3. Engineering																									
					1	15	1	2	1		3	1		1	1					26	1	1	2	28	
4. Metal goods																									
						4			1		1								1	10				10	
5. Construction and repair of vehicles																									
A. Total Investment Goods	2	1		2	2	61	3	7	11	7	8	2	1	4	5	5	3		3	127	8	7	15	142	
B. Construction and related industries																									
1. Building and civil engineering																									
						1														1				1	
2. Building and material equipment																									
						8		1	1					3	1					14		3	3	17	
B. Total Construction and related industries						9		1	1					3	1					15		3	3	18	
C. Consumer Goods Industries																									
1. Food, drink and tobacco																									
						19		1	1					1						22				22	
2. Textiles																									
		1				1			1	1	1						2		1	8	5		5	13	
3. Clothing																									
	1				2	7	2		1	1	4			1		1	2		2	24	1		1	25	
4. Consumer durable goods																									
(a) Household goods																									
					1	6	1		2	2	1						1	1	1	16	1		1	17	
(b) Other manufacturing industries																									
		3			1	9		1	6					1	1				5	27	4	2	6	33	
5. Chemical and intermediate goods industries																									
						16					1			1	1	1				20	1		1	21	
6. Printing, paper & pottery																									
						9	1		2		1				1	1				13		1	1	14	
7. Miscellaneous																									
						5				1	1			2	1	1	1		2	15		2	2	17	
8. Agriculture & fisheries																									
				1																1				1	
C. Total Consumer Goods Industries	1		4		5	72	4	2	13	5	9			6	3	4	6		2	10	146	12	5	17	163
Services																									
						5		1												7				7	
GRAND TOTAL																									
	3	1	4	2	7	147	7	11	25	12	17	2	1	13	9	9	10		2	13	295	20	15	35	330

- (1) Kilmarnock Estate - actual employment has exceeded the estimate of potential employment.
- (2) Caird Estate - factories had not been completed by 1952 but tenants were secured for them.
- (3) North Cardonald (Lanarkshire) is included under Hillington (Renfrewshire). They form in fact one estate.
- (4) Craigton Estate is the former Cardonald Ordnance Factory. Employment figures are included under ex-government factories.
- (5) East Kilbride - factories are built by S.I.E. Ltd for the Rolls-Royce Company. Figures are not available.

Chapter 15.

A sample study of tenants of the S.I.E.Ltd.

Objects. In the preceding chapters the tenancy of the Scottish Industrial Estates and the location factors have been discussed in general terms. This sample study of the tenants of the S.I.E.Ltd. was undertaken to obtain more detailed information. The objects of the sample were:-

- (a) to discover,
 - (1) the type of firms attracted,
 - (2) what effect if any, the change in emphasis in priorities given by the government when allocating factories, had on the tenancy of the S.I.E.Ltd.,
 - (3) the reasons of firms for coming to the Scottish Industrial Estates,
 - (4) the views of firms on the advantages and disadvantages of being tenants of the S.I.E.Ltd.
 - (5) the location factors considered by firms to be of importance.
- (b) to estimate the extent to which the tenants requirements had been satisfied,
- (c) to consider the alleged disadvantages of a location in Scotland,
- (d) to obtain information on the basis of which the economic and social gains or losses resulting from the establishment of the Scottish Industrial Estates could be considered from the point of view of the tenants of the S.I.E.Ltd., the Scottish Development Area and the economy as a whole.

The planning of the sample. Size. The sample was planned to cover one third of the tenants of the S.I.E.Ltd. (1)

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- (1) The total number of firms was 306 because 24 of the 330 listed in the S.I.E.Ltd. booklet (1952) were excluded from the study of the tenancy of the Scottish Industrial Estates for the reasons given on page 193.

Choice of firms. Some information was available on the 'status', 'nationality' and the factory floor area occupied in respect of 306 firms. It was therefore possible to select firms so as to get a representative sample of the different types of tenants, such as Scottish units, Scottish branches, English branches, foreign branches and government and semi-government establishments, proportional to the total numbers. The aim was also to include a number of firms from each of the Scottish Industrial Estates, and some from the firms located in factories on individual sites or in the ex-government factories. (1)

The way the information was obtained. A questionnaire was prepared to serve as a basis for interviews. The firms selected were approached by post and an interview with the managing director or works manager was requested. During the first few interviews it was found that better results were obtained if the questionnaire was not produced. Opinions were more freely expressed in conversation, than when answering the questionnaire's questions one by one. Only one firm asked whether a questionnaire which could be left with them was available. They said that they would prefer to consider the questions and to return it by post. When the questionnaire

(1) The term Scottish Industrial Estates will be used to describe all the three types of location. Specific reference to tenants on individual sites and in ex-government factories would in some cases make identification of the firms possible.

was returned most of the spaces were found to have been left blank. Questionnaires were sent to five firms, either because it was inconvenient for the director to grant an interview or the works manager wished to consult the head office before giving any information.

Response to the sample. The response to the sample was about 80%. A number of the firms approached either did not answer or replied that they could not give information. In order to obtain a sample of 100 tenants, alternative firms were asked for an interview. As a result of this, the numerical distribution between the different types of tenants of the firms which were eventually included in the sample was somewhat less balanced than originally planned. (1)

The field research was carried out over a period of approximately one year. It was completed in 1953 when 100 firms had been interviewed. On the whole the firms approached were very co-operative. The amount and value of the information given varied considerably depending to

(1) Number of firms of different types as a percentage of the total in the sample.	Firms in the sample as a percentage of a corresponding group of the 306 firms.	
Scottish Units	40	37
branches- Scottish	9	16
English	34	35
foreign	15	43
government and semi-government establishments,	2	25
	<u>100 %</u>	

to some extent on the status in the company of the person interviewed. Those who gave interviews were usually the managing directors or works managers. A few were accountants or personnel officers. When the tenant was not a self contained manufacturing unit but a department separated from the parent company, with records kept at the head office, the information which a works manager could give was often limited. The accountants or personnel officers were not always closely acquainted with the broader policies of location etc. Thus some of the information represented personal opinion. ^{adequate} No information could be obtained on the capital structure of the firms interviewed or on their finances. Discussion of this subject is therefore impossible.

The types of firms attracted to the Scottish Industrial Estates. The information obtained showed that the Scottish Industrial Estates did not appeal primarily to small firms. Analysis of the size of tenants in terms of the factory floor area occupied, or in terms of employment indicated that on the average the tenants were of medium and not small size. (1) The average floor area occupied by tenants in the sample was 36,737 sq. ft. A comparison of the size of the undertakings in terms of employment showed that on the Scottish Industrial Estates the percentage of smaller establishments was lower than either in the Development Areas, or

X
(1) Ch.13, p.194.

in Scotland and Britain as a whole. (1)

The sample study confirmed the conclusion arrived at on the basis of the statistical data supplied by the Board of Trade and obtained from the Stock Exchange Year Book in respect of 57 tenants of the S.I.E.Ltd., that mainly established firms had been located on the estates. (2) The sample study had a wider coverage. The age of the firms at the time of arrival was obtained for 84 tenants, i.e. 84% of those in the sample. Only 14% were new undertakings without a previous location. (3) Altogether 23% were either new or had been in existence for less than five years. Thus, 77% of the tenants of the S.I.E.Ltd. can be regarded as established businesses at the time of entry into ^{the} factories. But it was the new or the recently established firms which

(1) Table 21 , p 268 .

(2) Ch. 13 p. 210

(3) Age of firms on arrival on the estates.

Number of years in existence	Number of firms as a percentage.
------------------------------	----------------------------------

0-5	23
6-10	5
11-20	17
21-30	17
31-50	10
51-100	27
over 100	1

	100%

(1) Table 21. Size of establishments.

Number of employees.	Number of establishments as a percentage of the total.					
	Scottish Industrial Estates. 1	Development Areas			Scotland	Britain
		2	3	4		
11-24	16	26	28	25	31	31
24-99	35	46	40	44	44	44
100-499	34	23	25	23	20	31
500-1999	6	3	5	5	4	2
1000-1999	9	1	1	2	-	1
2000 or more.	-	1	1	1	-	1
	100	100	100	100	100	100

Y figures for D.A. in which there are industrial estates are shown.
+ less than one percent.

2-6 col. source , Ministry of Labour Gazette, December 1952. pp.411-2
(figures for West Cumberland are not shown separately.)

courage small and new undertakings.

It seems more probable that relatively fewer small and new firms had applied for the grants factories. In the post-war period these factories were attractive to bigger firms; they were available and they had a shortage of factory space. It was easier to find a workshop.

which were more likely to be short of capital and therefore attracted by factories available on a rental basis. Thus the age distribution of the tenants is contrary to what might have been expected.

Two reasons can be suggested why relatively few small, and new or recently established firms had been located on the Scottish Industrial Estates. Either relatively large number of applications by these types of firms have been turned down by the Board of Trade, or relatively few of them have applied. The bigger and established firms tend to have larger financial resources at their disposal. These would enable them to tide over a trade recession. Furthermore established firms are more likely to have built up 'good will' and acquired regular customers. Thus the bigger and established firms may be regarded generally as safer tenants offering a greater stability of employment. For these reasons they might have been given preference by the Board of Trade in allocation of factories. There is however no evidence to suggest that this was the case. It is one of the objects of the industrial estates to encourage small and new undertakings.

It seems more probable that relatively fewer small and new firms had applied for the estate factories. In the post-war period these factories were attractive to bigger firms; they were available and there was a shortage of factory space. It was easier to find a workshop.

Although a good factory on a rental basis is undoubtedly an advantage for a small or new firm, proximity to the markets may be an overriding consideration. Such a firm has to build its connections. Much depends on personal contact. One man may have to combine the duties of works manager, raw material buyer and sales representative. The volume of production may not justify at first even the renting of a 'nest factory'.

The wide range of products manufactured by tenants suggests that the Scottish Industrial Estates Ltd. has attracted a variety of light industries. The firms in the sample were as follows:-

final consumer goods producers,	52
intermediate goods manufacturers,	43
service branches,	4
research centre.	<u>1</u>
	100

Although some of the light industrial groups are represented on the Scottish Industrial Estates by several firms, their products are not identical. For example, there are a number of tenants in the textile industry, but each of them specialises in a different type of material. Similarly the firms in the clothing trades produce for customers in different income groups. The 95 tenants who are in production manufacture some 95 different main products. In fact, the range of goods produced is much greater as many firms manufacture a number of products. The variety can be indicated by listing some of the products manufactured

on the estates:-

agricultural machinery,	leather tanning,
batteries,	marine instruments,
conveyor belts,	nylons,
drilling equipment,	ophthalmic lenses,
electrical gearing,	paper boxes,
furniture,	refrigerators,
golf clubs,	swimming suits,
horological jewels,	typewriters,
ink,	wringers,
juices (fruit),	yarn,
kuitwear,	

(a) Allocation of factories, change in emphasis. The effect of the changes in priorities granted by the Board of Trade in allocation of factories on the Scottish Industrial Estates remains to be considered. (1)

Emphasis on (a) employment of men (1945-47),
 (b) production earning or saving hard currency (1948-50),
 (1) Exports. (c) rearmament contribution (1951-52).

Year # of products exported

(a) As shown by the sample study from 1945 to 1947 the allocation of factories on the Scottish Industrial Estates to firms employing mainly men was higher than to those employing mainly women. (2) But it was lower when compared with the later periods.

(2) (b) No information was available on the numbers of firms whose production saved imports. 33% of the firms in the sample directly exported some of their production. This

(1) Ch. 13 p.188.

(2) Employment,

Period	As a percentage of total number of firms, firms employing -			Total number of firms
	mainly men	mainly women	ratio 1:1	
1945-47	52	37	11	27
1948-50	55	37	8	49
1951-52	57	14	29	7

15 firms came before the war, 1 figures not available 83

1 not in production at the time of the sample = 17
 100

This percentage would have been higher if the output of the manufacturers of component parts, later exported as an incorporated part of some final product, could have been included. No estimates of indirect exports were available. Of the firms which exported directly, 67% came to the Scottish Industrial Estates between 1948 and 1950. (1)

(c) It was impossible to estimate accurately the number of firms contributing to the rearmament programme. The only indication was the number of firms working under government contracts. Eleven percent of the firms interviewed said that they were doing work for the government which was in connection with the defence programme. (2) Only one of these firms

(1) Exports.

Year % of production exported.	Number of firms arriving on the estates each year.									
	1938	1939	1946	1947	1948	1949	1950	1951	1952	Number of firms
5-10					1	5	1			7
11-20				1	1	1	1			4
21-40	1	1		1	1	3		1		8
41-60	1	1	1	3	1	3				10
61-80					2	1	1		1	5
81-100				2			1		1	3
	2	2	1	7	6	13	4	1	1	37

(2) Government contracts.

Date of arrival on the estates.	1939	1946	1948	1947	1951	Total number of firms.
Number of firms.	2	1	2	5	1	11

came to the Scottish Industrial Estates between 1951 and 1952. The analysis of the sample study suggests that the change in emphasis on priorities granted by the Board of Trade in the allocation of factories had on the whole little effect on the tenancy of the Scottish Industrial Estates. The arrival on the Scottish Industrial Estates however between 1948 and 1950 of a high percentage of firms exporting part of their product - ion was probably to some extent the result of the change in priorities.

The reasons for coming to the Scottish Industrial Estates.

The reasons why the various firms came to the Scottish Industrial Estates did not differ appreciably as between the different types of tenants. Some firms gave more than one reason. The reasons are listed on page 274 in the order of frequency with which they were mentioned. It is impossible in this summary to show the reasons in order of importance. Some firms considered several to be equally important. Seldom was the decision to rent a factory influenced by one factor alone.

Some of the reasons given, such as the availability of a factory or labour did not answer the question of why the Scottish Industrial Estates were preferred to the other government sponsored estates. Factories and labour were also available there. One of the points which emerged from this investigation was that the choice of a factory was not in most cases the result of intensive research into location possibilities. A

Reasons for coming were given by 96 tenants. The question was not applicable to the two government and semi-government establishments.

Reasons for coming.

The number of tenants giving the reason.

	Number	Percentage
(1) Expansion on the site previously occupied or where parent is located was impossible, (a) no space available, 34) (b) no labour available. 21}	55	40.5
(2) Immediate possession of a factory on the Scottish Industrial Estates or one soon available. This was particularly important for 5 firms whose original premises had been destroyed, (4 by enemy action during the war, one by fire).	24	17.6
(3) Local markets, firms wished to expand their share of the Scottish markets, or believed that there were potential customers.	17	12.5
(4) Factory offered, looked for premises, Scottish Industrial Estates suggested.	12	8.8
(5) Factory available on rental basis, had no capital to buy own premises, preferred to spend capital on modern machinery.	9	6.6
(6) Good factory provided by the S.I.E. Ltd,	7	5.1
(7) Cheap rent charged by the S.I.E. Ltd.	3	2.2
(8) Strategic location.	3	2.2
(9) Firms came during the war and decided to stay afterwards.	3	2.2
(10) 'Sentimental' Motives, directors of Scottish origin.	2	1.4
(11) Firms came for the sake of 'made in Scotland' label, good selling point.	1	0.7

136 100.0

number of firms did not look at alternative premises offered to them by the Board of Trade. Few mentioned that any estimates of manufacturing and distribution costs were made for the different locations as a guide to a choice of a site. A high percentage of the firms wished to expand or to go into new production as soon as possible, while the post-war boom conditions continued. The strong demand for products of all types after the war made cost a secondary consideration. What mattered most was to get premises and labour to start production. A number of firms said that they rented a factory on one of the Scottish Industrial Estates, although they preferred another because it was available sooner.

The reasons for the location on the Scottish Industrial Estates as shown by the sample are not strictly comparable with the reasons given by firms to the enquiries by the Board of Trade.(1) The pre-war Board of Trade surveys covered about three to four times as many firms as have been included in this sample. They were not confined to firms either in the Special Areas or on the industrial estates.(2) Some of the reasons in the summaries of the surveys did not appear in the summary of the sample reasons and vice versa. But when the two sets of reasons are examined side by side they suggest that the importance attached to the various location factors before and after the war was changed. Such differences as emerged were probably more the result of the changing economic conditions than of difference in the sample

(1) Board of Trade Industrial Surveys 1933-38

(2) Table 22 p 276 .

Location Motives.

Reasons for the choice of location given by the firms	(1)												
	Year of the sample	1933	1934	1935	1936	1937	1938	1933	1934	1935	1936	1937	1938
Number of firms in the sample	332	299	354	413	400	305	%	%	%	%	%	%	%
1. Accessibility of raw materials,	35	33	38	28	26	17	10.5	11.0	10.7	6.8	6.2	5.6	
2. Proximity of markets,	35	27	27	27	34	18	10.5	9.0	7.6	6.5	8.2	5.9	
3. Suitability of labour,	23	18	37	57	67	31	6.9	6.0	10.5	13.8	16.1	10.2	
4. Cheap land, low rent or rates,	14	17	19	23	34	20	4.2	5.7	5.4	5.6	8.2	6.6	
5. Proximity of other factories in the same industry	65	33	28	43	41	33	19.5	11.0	7.9	10.4	9.8	10.8	
6. Convenience of premises, #	90	163	198	222	212	182	27.3	54.7	55.9	53.7	51.0	59.6	
7. Branch factories, proximity to em-	47	-	-	-	-	-	14.1	-	-	-	-	-	
8. Proximity to em-ployers residence	17	4	7	13	2	4	5.1	1.3	2.0	3.2	0.5	1.3	
9. Transfer as part of process of rationalisation,	6	4	-	-	-	-	1.9	1.3	-	-	-	-	
Total number of answers,	332	299	354	413	416	305	100	100	100	100	100	100	

(1) In 1935, 1936 and 1937, samples were revised. Figures for the year as reported in the sample survey of that year were used. First Industrial Survey was made in 1933 and published in 1934. Source Board of Trade. # The term 'convenience of premises' was not defined.

basis. In the Board of Trade samples the reason most frequently given for a choice of location was the convenience of premises. In the sample study of firms on the Scottish Industrial Estates it was the availability of premises and labour. The proximity of other factories in the same industry was not mentioned in the latter sample. This of course is not surprising as there were none, or relatively few firms in the same industry on the Scottish Industrial Estates. It is of interest to note that some of the firms interviewed considered it advantageous to be the only firm of a type in the neighbourhood. The reason given for this was that the labour turnover of trained labour was smaller. Knowing that there was no market 'next door' for labour with the particular skill, workers had a greater incentive to be more efficient.

It might therefore be that such success as has been achieved by the S.I.E.Ltd. in attracting firms has been considerably facilitated by the economic conditions in the post-war period. These put a premium on factory space which was quickly available and on the supply of labour. The ability of the S.I.E.Ltd to retain its tenants and to attract new ones will be put to a more severe test should the general level of economic activity decline.

Tenants views on the advantages and disadvantages of being tenants of the S.I.E.Ltd. The advantages of being on the Scottish Industrial Estates given by the tenants who

were interviewed were:-

<u>Advantages.</u>	Number of tenants.
(1) factory available on rental basis, thus no capital outlay,	40
(2) modern well designed factory	36
(3) amenities generally, pleasant surroundings etc.,	19
(4) labour available,	18
(5) immediate possession of a factory or early date of entry,	18
(6) low rent,	
(7) community services, canteens, sports grounds etc.,	14
(8) industrial services, maintenance of buildings by S.I.E.Ltd. arrangements for supply of electricity etc.	14
(9) collective security, Tenants' Association, help with repairs of machinery, some inter-trading,	6
(10) proximity of markets,	2
(11) location in an area which is not industrially congested,	2
(12) security of tenure,	2
(13) strategic location.	1

These advantages were enumerated by 88 firms, Ten did not think that there were any advantages in location on the Scottish Industrial Estates. One government establishment was excluded. In one case no answer was given. The above summary shows the frequency with which the various advantages were mentioned. Most firms stated more than one. The answers obtained were further analysed to discover which advantages were considered as the most important and whether the emphasis put on them by the different types of tenants varied significantly. (1) A factory available on a rental basis was considered as the most important advantage by the largest number of firms, followed in a descending order by good premises and

the availability of factories and labour. The importance attached to the advantages by the different types of tenants varied. 66% of the firms which considered a factory on a rental basis as the most important advantage were Scottish units. 94% of these units were private companies. Thus the saving of capital outlay on buildings appears to have been particularly attractive to the small undertakings. A number of English and foreign branches of public companies also regarded a factory available on a rental basis as the most important advantage. As they were starting production in an area of which they had no previous experience, it was not unreasonable that they preferred not to tie up their capital from the start. The majority of the English branches, because they were established as a result of an expansion by the parent, attached more importance to a readily available factory and the supply of labour.

As might have been expected some of the advantages of being a tenant of the S.I.E.Ltd., given by the firms were the same as the reasons for coming to the Scottish Industrial Estates. But the frequency with which they were mentioned differed. Thus only 9 firms ^{gave} the availability of a factory on a rental basis as one of the reasons for coming to the Scottish Industrial Estates. Forty mentioned it as an advantage. A readily available factory and the supply of labour were given as reasons by 24 and 21 firms respectively. Both separately were considered as advantages by 18 firms. It

may well be that these differences reflect changes in the economic conditions. Some of the firms were on the Scottish Industrial Estates for several years. During that period the replacement of old, or the introduction of new plant and machinery, which was postponed during the war had to be carried out by many of the firms. Prices however had increased. At the same time the high level of taxation made it difficult to plough profits back into the business on a sufficient scale. A factory therefore which was available without a capital outlay became an increasing advantage.

Although the general level of prosperity continued, there was a slackening in some sectors of the economy. This may account for a slight reduction in the premium put on the supply of labour and a readily available factory. Both however remained on the whole scarce. A modern, well-designed factory and amenities, such as pleasant surroundings were considered as the two other important advantages. It was argued that it was easier to get labour if good working conditions were offered. There was also some saving of production costs, especially as the S.I.E.Ltd. standard factories have factory floors all on one level, material handling expenses were reduced. Machinery could be conveniently arranged. The rate of accidents among workers was lower. Pleasant surroundings improved their morale and performance. Furthermore they gave a favourable impression and added to the prestige of the firms generally. Customers therefore could be shown round the premises.

There was also some saving to firms because of the community services provided on the Scottish Industrial Estates. Canteens operated by the S.I.E.Ltd. on the estates were regarded as a considerable advantage. When they were run by the individual firms themselves usually an annual subsidy was necessary in addition to the original capital outlay.

When the facilities provided by the S.I.E.Ltd. are taken into account, the rent charged for the factories was regarded by a number of the firms as on the low side. The rents ranged from 10d to 1/5½ per sq. ft. depending on the location. Some thought that in the South of England or the Midlands they would have to pay 3 to 4 times as much per sq. ft. of the factory floor area. The comparison of rents is however difficult because of the different types of factories and locations. Some of the tenants belonged to firms with factories elsewhere, but they usually owned them. This was also generally true of those tenants who were not branches but had a previous location. Thus they had no experience of rented premises and were not sure how the rents would compare. Their rents on the Scottish Industrial Estates did not however seem to them excessive.

The other advantages of being on the Scottish Industrial Estates which were mentioned by the firms interviewed are self-explanatory. No comment is therefore necessary.

The disadvantages of being on the Scottish Industrial Estates

A number of the firms, which on the whole were satisfied with the factories and a location on the Scottish Industrial Estates

mentioned one or more disadvantage. None of them were however sufficiently serious in themselves to lead any of the firms to leave the estates. The disadvantages stated were:-

<u>Disadvantages.</u>	<u>Number of firms mentioning it.</u>	<u>The main disadvantage</u>	<u>Number of firms mentioning it.</u>
(1) transport difficulties,	10	(1) transport difficulties,	6
(2) distance from the centre of industry to which the firm belonged,	8	(2) distance from the centre of industry to which the firm belonged,	6
(3) high rent	6	(3) high heating charge,	4
(4) high heating charge	6	(4) no alteration to buildings allowed,	4
(5) labour shortage,	5	(5) high rent,	3
(6) no alterations to buildings allowed,	5	(6) unsuitable building	3
(7) no room for expansion,	4	(7) distance from the parent, parent,	2
(8) unsuitable building,	3	(8) no room for expansion	2
(9) site not easily accesible to customers,	2	(9) site not easily accesible to customers,	1
(10) distance from the parent, factory,	2	(10) labour shortage,	1
(11) red tape in dealing with the S.I.E. Ltd. and the Board of Trade.	2		
	<u>53</u>		<u>32</u>

These disadvantages can be roughly classified under two headings, criticism of the S.I.E.Ltd. and of the location generally. The main criticism under the first heading was a high heating charge and rent. The S.I.E.Ltd. provides heating for the factories on the estates. The heating charge has to be paid irrespective of whether the heating was fully utilised or not. It was regarded by some tenants as too high. But few firms had

made estimates of what it would have cost them to provide their own heating. The cost of individual heating installations, maintenance, wages of a boilerman, fuel etc. would be likely to work out at more than with the heating centrally supplied. It was difficult to discover on what basis a number of firms regarded the rent of factories as high, or what they would have considered as a reasonable rent. Some of the tenants thought that the rents charged in Glasgow for privately rented factories were lower. These factories were however generally old buildings and not comparable with the factories on the Scottish Industrial Estates. Some of the firms said that if this were the only consideration they would prefer a poorer type of property and a lower rent.

Only a few of the tenants were dissatisfied with the factories on the Scottish Industrial Estates. Two found that the ceiling was too low for convenient handling of materials, One needed a particular type of floor. No alterations to the buildings were however permitted without the S.I.E.Ltd. consent. But this would probably apply to most rented premises. It was alleged by two firms that in dealing with the S.I.E.Ltd. there was some red tape because the approval of the Board of Trade was often necessary. This took time. It was argued that a decision from a private owner would be forthcoming sooner. Finally a number of tenants in factories where there was no room for expansion considered this as a disadvantage. Moving to a bigger factory on the same or another estate was regarded as trouble-

some. Of the more general criticisms of the location, the one most frequently made was that the transport facilities for workers were inadequate. Although the Scottish Industrial Estates were on or close to bus routes, the services operated often do not fully meet the requirements at the time of peak loads. At other times the intervals at which the buses run are long. Thus if somebody has to be sent from the factory to the customers' premises there is a waste of time. Some of the estates are near passenger railway stations; relatively few workers make use of the railway services. Buses are a more convenient mode of transport for them, as many travel only a fairly short distance.

A few of the firms found it difficult to recruit labour of the type required locally. Some of them considered location in an area where there were no workers available with experience of work in the particular industry to which the firm belonged as a disadvantage. For this reason they would have preferred to be in an area which was a centre of their industry. Being away from these centres was also regarded as a disadvantage by a number of other firms, because of the distance from the main markets or from the parent works. The latter tended to have been located in the centres of their industries.

Alternative location. Of the firms included in the sample, other things being equal, 18 firms would have preferred another location nearer to the markets. Most of them would have preferred to be near London which was the biggest market for their products.

A few which used bulky raw material with a low value content would have liked to have been close to the source of supply. Seventy six firms were not interested in an alternative location. Three have not considered it. Two did not know. One firm did not give an answer.

The opinion of the majority of the firms which were interviewed was that under the prevailing conditions the advantages of being on the Scottish Industrial Estates outweighed such disadvantages as existed. This view was substantiated by the fact that all of them were prepared to remain as tenants of the S.I.E.Ltd.

Location factors considered to be of importance and the extent to which requirements have been satisfied. The location factors considered by the tenants of the S.I.E.Ltd to be of importance were not necessarily those which influenced their decision to come to or even to remain on the Scottish Industrial Estates. The firms' views on the location factors do however help ^{us} to estimate roughly the extent to which their location requirements had been satisfied. The location requirements are grouped under four headings: industrial requirements, site, labour and transport. The following analysis of the different factors is based on the answers given by 98 tenants of the S.I.E.Ltd. One firm did not answer and the questions were not applicable to the government establishment. The importance attached to the different location factors did not vary so much with the type of the tenants as with the kind of goods produced by the firms and their methods of production and distribution.

(1) Industrial requirements. (a) The proximity of raw material markets. Twenty four firms considered ^{the} proximity of raw material markets to be an important location factor. The raw materials used by most of these firms were either bulky or perishable. It was suggested that when a factory was near to the producer or distributor of their main raw materials there was some saving of the costs of production. Transport costs were lower. The proximity made it easier to obtain new supplies quickly and reduced the need for the individual firms to carry large stocks. Thus less capital was tied up, floor space was saved and the cost of storage, such as insurance etc. was lower. It is doubtful however whether this consideration carried much weight in the post-war period with many firms. At a time of shortages of various raw materials there was a tendency to build up stocks whenever possible.

(b) The proximity of markets for finished products. More firms attached importance to the proximity of markets for their finished products. The main argument was that it was easier to obtain orders. If the factory was near to the customers, personal contact could be maintained without great difficulty and better service facilities could be offered if required. There was also saving in the costs of distribution such as the employment of agents, maintenance of showrooms in the areas where potential customers were to be found, transport etc.

The analysis of markets for the raw materials showed that 59% of the tenants of the S.I.E.Ltd. could obtain in Scotland all or some of their raw materials. A number of the branch factories

was directly supplied by their parent companies in England. As the purchases were done by the central buying departments, a local supply of raw materials was of no particular importance for the branches.

The analysis of markets for the finished products of the firms on the Scottish Industrial Estates showed that 29% sold their products locally. (1) While 61% sold both in Scotland and in England. No precise figures were available but the volume of sales was often said to be higher in the English markets which tended to be bigger. The eleven percent of tenants who did not directly sell in Scotland were branches. Their products were marketed through the parent companies in England. Some of the markets were abroad. As already stated the total volume of exports by the firms on the Scottish Industrial Estates could not have been ascertained.(2) Thirty seven percent of the

(1) Markets of the firms on the Scottish Industrial Estates.

Buy raw materials.

Sell their products.

Area.	Number of firms.	Area.	Number of firms.
Scotland,	18	Scotland	27
Scotland and England,	37	Scotland and England,	57
England, all areas,	18	England, all areas,	7
Midlands,	8	Midlands,	1
South of England,	12	South of England,	1
	<u>93</u>		<u>93</u>
service branches,	4		
government estab.	1		
research centre,	1		
(1) not available	1		7
	<u>100</u>		<u>100</u>

(2) Ch. 15 p. 271

tenants of the S.I.E.Ltd. in the sample exported directly part of their production. Exports by a number of those firms were substantial. (1) It was ^{as} important for them in some respects to be near to the docks as for the other firms to be near to markets. The bulk of the exports was shipped from the Clyde. Some of the products which were small in size and with a high value content, were sent by air from Prestwick or Renfrew.

The importance of the proximity of markets to a firm depends to some extent on the method of distribution adopted. If the goods are not sold from the factory directly to the customer as a result of personal contact, the location of a factory close to its main customers is not so important. Twelve percent of the firms interviewed marketed their products through wholesalers. Ten percent depended largely for orders on the response to the advertisements in the trade journals etc. Eleven percent were contractors to the government departments. Three percent have their own retail shops. Five percent have sales offices in a number of big towns.

Such information as could be obtained does not permit an assessment of the relative importance of the different markets to the firms on the Scottish Industrial Estates. It does however suggest that many of them have been able to find both suppliers and customers in Scotland. While those firms which are engaged in foreign trade have been located within easy reach of docks. (2)

(1) Ch. 15 p. 272

(2) Ch. 11 p. 162

Privately built factories are less likely to be erected on sites where much expansion is possible. Private owners may be unable or unwilling to invest more capital in enlarging premises for their tenants. Thus a firm may either be unable to expand or would have to terminate its contract before the expiry of the lease, thereby incurring a financial loss. On the Scottish Industrial Estates if there is no room for extension of the factory occupied by the tenant, he can move to a bigger one on the same or another estate. There is no loss arising out of the termination of a contract. The actual cost of transfer from one factory to another and the loss of time to production was insignificant for those firms which had moved.

Ninety one of the firms interviewed preferred a site in an industrial area and nine in rural surroundings. All the Scottish Industrial Estates are located in the industrial belt of Scotland. But with the exception of those in Glasgow they are not in an industrially congested area. Some of the individual site factories administered by the S.I.E.Ltd. are in locations which can be described as rural.

Special sites were either desirable or necessary for 10 of the tenants. One required an isolated site because the raw materials when processed gave off an offensive smell. The others needed them because the nature of their products required sites where the air was clear and free from dust. These firms were located on the estates which best suited their requirements.

Availability of a factory. One of the main location factors

in the post-war period was the immediate availability of a factory. The S.I.E.Ltd. was able to offer factories with an immediate or relatively near date of occupation. After the war a number of factories on the Scottish Industrial Estates was de-requisitioned. These became available immediately. The waiting time for the new factories which were being built varied. At times the progress was held up by shortages of building materials, but on the whole construction proceeded rapidly. No time was lost on preparation and approval of factory designs as the pre-war plans for the standard factories were available. Building could therefore be started right away. It was facilitated by the priorities given by the government for the construction of industrial buildings in the Development Areas.

Labour. The supply of labour was regarded as one of the foremost considerations in the location of the plants. But the demand for the different types of labour varied considerably. Thirty two firms required mainly skilled labour, 24 semi-skilled, 11 unskilled. Although the tenants on the Scottish Industrial Estates belong to the light industries, just over 50% of the firms in the sample were looking mainly for male workers.

The Scottish Industrial Estates were established, among other reasons, in order to bring work to places where there was a permanent surplus of workers and where there was a considerable underemployment. The supply of labour was therefore on the whole plentiful. But during the post-war period when the level of employment was generally high, the pool of labour from which

firms on the Scottish Industrial Estates could draw their workers was very much reduced. Few of the workers who were available had previous experience of light industrial work and had been 'factory conditioned'. This, in the opinion of the employers, was particularly true of women, among whom in the Scottish Development Area there was no strong tradition of factory work.

Although many of the workers did not possess the skills or the degree of skills required 87% of the firms in the sample found workers, who after training satisfied their requirements. Ten percent had been unable to find locally the skilled workers needed, or to train them fully by the time of the interview, as in some trades the period of apprenticeship is lengthy. Only 3% of the firms could not find labour that was at all suitable.

Altogether 93% of the firms included in the sample had to train some or all of their workers. Only 5 needed technical college facilities or further education centres for this purpose. All of them were located on the estates which were within a short travelling distance of colleges or other centres. One firm sent their most promising young men to Oxford or Cambridge. On the whole production by the firms on the Scottish Industrial Estates did not necessitate employment of a large number of highly qualified personnel. The majority of the workers were trained on the job. Fifty six percent had no other method. The rest in addition to training their workers on the job used other methods. A number established small training centres before the actual product-

ion was begun. Some sent selected workers to the parent company or to other branches for training. A fairly high proportion of the firms run their own training schemes. (1)

The recruitment of skilled workers or ^{the} bringing in of instructors was handicapped by the difficulty of finding housing accommodation for them. Some 250 key workers were brought in by the firms interviewed. A number of them was sent by the parent companies for such time only as was necessary to train the local labour force. Thirty seven of the firms in the sample applied for key workers houses.(2) Not all of them qualified since some

(1) Firms which trained their labour.

<u>Methods of training.</u>	<u>Number of firms.</u>	<u>Type of training scheme.</u>	<u>Number of firms.</u>
on the job only,	54	apprentice scheme	15
		T.W.I. schemes,	7
additional methods,-		technical colleges	
training centre		etc.,	5
before production		own welding school,	1
started,	3	regular training	
workers sent to		scheme,	1
parent or other		scholarships for	
branches,	5	university,	1
training schemes.	32	Trade Union courses,	1
		Analytical method of	
	<u>94</u>	Training, introduced	
		by a Management and	
		Training Consultant.	1

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Two firms sent their employees to the United States and Canada.

(2) Key workers houses and the definition of a key worker,
Ch. 11 p.157 .

were local firms. Not all of the men on whose behalf the firms applied were eligible for the key workers houses. Twenty six of the firms were allocated 160 key workers houses and 16 managerial houses. Five firms solved their own housing problem by buying houses and converting them into flats for their workers.

Transport. Good road and rail services were regarded by most of the firms as an important location factor both on account of workers and the distribution of products. Only one firm provided its own transport for its workers. Twenty four firms had their own haulage although few relied on it exclusively. More use was made of the road than of the rail services. Fifteen firms shipped their products from the Clyde or Leith docks. Four sent them by air and 8 dispatched mainly by post. The location of the Scottish Industrial Estates in relation to transport has already been discussed at some length. (1) It will therefore suffice to say now that the transport facilities are generally adequate.

The alleged disadvantages of a location in Scotland considered. Relatively few firms belonging to the light industries sited their factories in the Scottish Special Area before the war. This was partly the result of preconceived ideas by some of the industrialists about location in Scotland. The two main alleged disadvantages were, bad labour and the distance from the markets.

The prevalent opinion among employers in light industries that labour in the Special Areas was generally bad did not appear to have been based on personal experience. In 1928 the Industrial Transference Board found that many industrialists were under the

impression that workers from the depressed areas, who had been employed in the heavy industries, particularly in coal mining were of indifferent labour value. (1) The belief was that they were not easily adaptable to the requirements of other occupations and were prone to causing disturbances. In the opinion of the Board these views were based on ignorance. In 1932 the investigations undertaken on behalf of the Board of Trade by the Glasgow University showed that the impression that the industrial relations in the South West of Scotland were bad persisted. (2) The district was said by the industrialists to be 'seething with unrest which was of a subversive character'. The experience of the Local Development Board was that when businessmen were approached and asked whether they would consider a location in the South West, '...the answer invariably was that in their view, the reputation of the area for strife and disorder was so bad that they would not consider investing their capital in it.' (3) Statistics for industrial disputes published in the Ministry of Labour Gazette over the period 1927-30 do not show that the loss of working days owing to disputes in the South West of Scotland was high when compared with other areas. The report published by the Ministry of Labour in 1934 stated that the belief that

(1) Cmd. 3156, p.10

(2) Board of Trade, Industrial Survey (1932)

(3) *ibid.* p.140

that the labour in the Clyde area was troublesome and undisciplined was generally known to be untenable. (1) But industrialists were nevertheless still unwilling to risk their capital in the South West of Scotland. With the war there came a change. During and after the war labour was scarce. Industrialists were only too glad to employ any available labour. Thus they came into contact with workers from the South West of Scotland. The good quality of these workers was established.

A number of English firms which established their branches on the Scottish Industrial Estates said that their decision to come to Scotland had been influenced by their experience of Scottish labour during the war. Ninety four percent of the firms in the sample found workers in the Scottish Development Area to be adaptable, hard working and willing to learn. In the opinion of some of the firms the local workers were slower in learning new jobs than the workers in the industrial centres in England. This was attributed to the lack in the Scottish Development Area of a tradition of work in the light industries. Once the local workers have been trained, it was believed that they compared favourably. But a fair comparison was difficult as the work done at the branch and at the parent often differed. Two percent of the firms considered the workers to be fairly satisfactory but not hard working or responsive to financial incentives. Four percent were not satisfied with the labour they obtained. One percent found that

(1) Cmd. 4728, (1934) p. 224.

the quality of labour varied so much that a generalisation was impossible.

In some places where the unemployment during the inter-war years was particularly severe or the treatment by employers harsh, there still lingered a suspicion of, and hostility towards the employer. Little information was available on the employment of ex-miners. A number of the firms interviewed did not know what previous jobs were held by their workers. Only six said that they employed ex-miners. Four of these firms thought that on the whole they were good workers. One firm found that the older men found it more difficult to adjust themselves to factory conditions. Another believed that the mentality of some of the ex-miners was still affected by the trade depression of the inter-war period but that the effects were wearing off.

The relationship between workers and the firms on the Scottish Industrial Estates was good. Trade Union membership did not appear to have been high. No exact figures were available. A number of the firms had only a rough idea of how many of their workers belonged to a trade union. (1) On the whole the opinion was that the workers and particularly ^{the} women, were not active trade unionists. This was accounted for by two main factors. The wage rates were usually higher than the minimums specified

(1) Trade Union membership as estimated by the firms.

<u>Membership.</u>	<u>Number of firms.</u>
High (over 50%),	36
low (under 50%),	50
some percentage uncertain),	9
did not know (possibly none).	5

3 firms were 'closed shop'.

100

in the national agreements. The conditions of work were good. Thus workers had no major grievences. There was therefore no strong incentive to attend trade union meetings. If these were held in factories after working hours, the fact that some workers lived at a distance from the estates discouraged attendance. The relations between trade unions to which the workers belonged and the firms were on the whole amicable. Of the hundred tenants of S.I.E.Ltd. only one said that relations with a particular trade union were bad. One described them as 'not too bad.' Three firms found that they varied from time to time.

During their period of tenancy, up to the time of the interview, one firm had two strikes and four had one strike each. Two of the strikes had no trade union support. Only one was described as serious.

The allegation which was made before the war that the labour in the South West of Scotland was bad and 'seething with unrest', in the post-war period can be refuted on the basis of the experience of the firms on the Scottish Industrial Estates.

The second alleged disadvantage of a location in Scotland was the distance from the markets for the raw materials and finished products. The location of the firms on the Scottish Industrial Estates in relation to markets has already been discussed in the light of the sample study. It did not appear that these firms were at a serious disadvantage. Allowance has however to be made for the favourable economic conditions during the post-war period. It could nevertheless be argued that the Scottish markets

were likely to have been underrated, while the importance of proximity of a factory to the main markets has been overemphasised.

Chapter 12

was largely determined by the effect the location of the estates had on the costs of production and distribution of individual firms. In this chapter the economic gains and losses of firms resulting from their location on the Scottish Industrial Estates will be discussed. It would have been most meaningful to estimate the economic gains and losses of these firms by comparing their production and distribution costs with those of similar firms in other localities. Such a comparison was not possible because most of the firms interviewed were unable to disclose any cost figures. At best the cost of labour and materials were expressed as a percentage. These percentages might have been compared with corresponding percentages of the same firm in its previous location, or alternatively with estimated costs in a hypothetical location. If the tenant was a branch, then its costs might have been compared with those of the parent works. Such comparisons however, presented difficulties, that of the sole manufacturing units owned the previously occupied premises before renting a factory on the Scottish Industrial Estate. The proceeds of the sale of the buildings were used by a number of the firms to modernise their machinery. As a result, the firms felt that their costs in the two locations were not strictly comparable. Since only rough percentages of cost were available, a comparison of the costs of the firms on the Scottish Industrial Estates

Chapter 16 .Some aspects of the cost of the Scottish Industrial Estates.

The cost of the Scottish Industrial Estates to the national economy is largely determined by the effect the location on the estates had on the costs of production and distribution of individual firms. In this chapter the economic gains and losses of firms resulting from their location on the Scottish Industrial Estates will be discussed. It would have been most meaningful to estimate the economic gains and losses of these firms by comparing their production and distribution costs with those of similar firms in other locations. Such a comparison can not be made because most of the firms interviewed were unable to disclose any cost figures. At best the costs of labour and materials were expressed as percentages. These percentages might have been compared with corresponding percentages of the same firm in its previous location, or alternatively with estimated costs in a hypothetical location. If the tenant was a branch, then its costs might have been compared with those of the parent works. Such comparisons however, presented difficulties. Some of the sole manufacturing units owned the previously occupied premises before renting a factory on the Scottish Industrial Estate. The proceeds of the sale of the buildings were used by a number of the firms to modernise their machinery. As a result, the firms felt that their costs in the two locations were not strictly comparable. Since only rough percentages of cost were available, a comparison of the costs of the firms on the Scottish Industrial Estates

with those in a hypothetical location would have been impracticable. A comparison of the costs of a branch located on the Scottish Industrial Estates, with those of the parent company in another location was complicated by the fact that the production of the two often differed. It was therefore felt that on the basis of the information obtainable a discussion of the economic gains and losses was only possible in general terms.

Since the following discussion is based on personal opinions expressed by the industrialists interviewed, such terms as high and low with reference to costs and employment are used freely. It was felt that an analysis of opinions expressed by industrialists was both of interest and importance. In the past the location of industry was largely influenced by general beliefs. The investigation, carried out among firms in the Scottish Development Area, showed that even now few firms made ^a careful study of location. (1) The general beliefs are therefore likely to continue to influence the choice of sites by industries.

The fact that firms applied for factories on the Scottish Industrial Estates showed that they expected that the economic gains would outweigh any possible losses resulting from the location on the estates. The advantages of being on the Scottish Industrial Estates have been discussed on the basis of the sample study. Reference has also been made in the previous chapter to the disadvantages to firms resulting from their location on the Scottish Industrial Estates. To obtain some idea of the net gains, such losses as have been incurred need

(1) Ch. 15 p. 273 .

to be more fully taken into an account.

Broadly speaking, these losses could either be initial, i.e. incurred once and for all, or recurrent.

I Initial Costs. Transfer costs. First of all there were the transfer costs. These of course, were only incurred by those tenants who either had a previous location or were branch factories. It has been shown that relatively few of the tenants of the S.I.E.Ltd. were new sole manufacturing units.(1) It can therefore be assumed that some transfer costs were incurred by the majority of the firms. These costs consisted of transport charges, insurance etc. while stocks and machinery were in transit, the loss of production time and the loss of skilled workers who refused to be transferred.

The firms interviewed did not give their cost of transfer in money terms, but the opinion was that the cost of the transfer of machinery was a small percentage of its total value. A number of firms on moving from one factory to another took the opportunity to dispose of their old machinery and to replace it by new. Since the new machinery was delivered by suppliers to the factory on the estates, much of the costs of transporting the machinery from one place to another was avoided. Similarly, some of the branch factories were started with new equipment. The cost of transfer of stocks of raw materials was again considered by the majority of firms to have been low. Most of the firms did not carry large stocks; some were going to buy the

(1) Ch. 13 p. 209.

raw materials required locally and ~~to~~ build up reserves gradually.

The loss of production time due to the transfer from one factory to another varied as ^{was} shown by the answers given by 51% of the firms interviewed. (1) A number of the sole manufacturing units which had been previously located in the Scottish Development Area, moved by stages. There was therefore, either no complete stop or the break in production lasted for only few days. The length of the stoppage depended largely on the time it took to transfer the machinery and the period required for the training of labour. Several of the firms recruited workers and began to train them in temporarily rented premises, before a factory on the estates was available. Thus the loss of ~~the~~ production time was reduced. When it was several months, it was on account of some special circumstances. Some of the firms had to bring their machinery from abroad and this took time. One firm had to spend several months repairing plant salvaged from a parent factory which had been blitzed during the war. Another had to wait while the factory floor was reinforced to take a special type of machinery. The two firms which had the longest hiatus in production were held up by a delay in the supply of

(1) Loss of production time caused by the transfer.

<u>Period.</u>	<u>Number of tenants.</u>
No stop, labour force had almost at once,	2
few weeks,	12
one month,	11
2-3 months,	2
4-5 "	9
6-7 "	7
9 "	6
	2
	<u>51</u>

component parts for the articles manufactured by them.

The loss of skilled workers consequent upon the change of location was small. On the basis of the information given by all the firms in the sample study it would appear that only some 4% of the key workers required, refused to be transferred, or decided after a short time to return to the area from which they came for personal reasons. A practice frequently adopted by firms requiring key workers for their branches which were being set up on the Scottish Industrial Estates was to ask for volunteers from among the skilled workers in the parent plants.

None of the costs involved in the actual transfer of production were regarded by those who were interviewed to be prohibitively high. None of the firms in the sample study applied to the government under the Distribution of Industry Act, 1950, sec.3(1), for a grant towards the removal expenses.

Cost of training. All firms are faced with the cost of training labour but the degree of training required varies in different locations and can be regarded as primarily an initial or a recurrent cost depending on the labour-turnover. A number of the firms coming to the Scottish Industrial Estates brought new industries to the Scottish Development Area. As there were no local workers with the skills required, practically the whole of the labour force had to be trained. After the workers had been trained, so long as no other firms in the same industry came to the area, labour turn-over was negligible because there was no alternative employment of the same type in the neighbour-

hood. This was true of the skilled workers in the particular trades and did not apply to unskilled labourers who were easily interchangeable. Nevertheless, for the firms which brought new industries to the Scottish Development Area the cost of training labour tended to be more in the nature of an initial cost. None of the firms interviewed applied to the government under the Distribution of Industry Act, 1950, sec. 3 (1), for a grant to compensate them for the employment of inexperienced labour.

In conclusion it may be said that neither the cost of transfer accounted for by the loss of production time, the loss of skilled workers, nor the initial training expenses were considered by the management of the firms interviewed to have been a serious discouragement to their transfer to the Scottish Industrial Estates.

II Recurrent Costs. Secondly, an attempt was made to find out whether the recurrent costs, either variable or fixed, had increased or decreased after the firms in the sample study had established themselves on the Scottish Industrial Estates.

Variable costs.(a) The training of labour. The cost of training labour was a recurrent expense for all the firms on the Scottish Industrial Estates. Since most of them employed largely semi-skilled labour, the training was neither prolonged nor expensive. Furthermore the cost of training was kept down by the low labour turn-over.(1) Only a few of the firms considered their labour

(1) A study of 37 industrial groups showed that the overall percentages of labour turnover expressed as an annual rate were 27.2% for men and 42.0% for women during the 6 months period January to June 1949.

British Institute of Management, Labour Turn-over Analysis(1949)

turn-over on the estates to be higher than was usual for the industry to which they belonged, or to be above the labour turn-over which they had experienced in a previous location. The cost of training labour, was in the opinion of the firms interviewed, somewhat higher on the estates than in the areas which were the centres of light industries since the workers required a more thorough training. For the English branches there was said to have been no saving on the wage bill as a result of location on the Scottish Industrial Estates. The wage rates in the different industries, were very much the same for the Glasgow area as for Manchester or Birmingham; in the London area they tended to be somewhat higher.(1) Five of the Scottish Industrial Estates are located on the outskirts of Glasgow. Employers on the other estates usually paid the same wage rates since skilled workers have often to be recruited from the Glasgow area. Wages, however, represented more than 50% of the prime costs for only about a quarter of the firms in the sample study for whom some information on costs was obtainable.(2)

Transport costs. For approximately half of the firms in the sample the cost of raw materials accounted for more than 50% of the prime costs. These figures do not imply that the

(1) Ch. 16, p.307, table 23.

(2) Labour as a percentage of prime cost (ie. labour + material)

<u>Percentage.</u>	<u>Number of Firms.</u>	<u>Percentage.</u>	<u>Number of Firms.</u>
1-20	8	under 50	29
21-30	5		
31-40	11		
41-50	12	50	7
51-60	5	over 50	12
61-70	3		
71-80	3		
81-90	1		
			48

Table 23.

Hourly wages of adult workers in a number of selected occupations in October 1952.

Industry and occupation	Rates in shillings.			
	Glasgow	Birmingham	Manchester	London
<u>Furniture making, upholsterers</u>	3.50	3.50	3.50	3.67
<u>Printing & Publishing,</u> machine compositors, labourers (unskilled),	3.90 3.21	3.90 3.09	3.90 3.09	4.21 3.40
<u>Manufacture of Chemicals,</u> labourers (unskilled),	2.79	2.79	2.79	2.85
<u>Manufacture of Machinery,</u> iron moulders, labourers (unskilled),	3.14 2.53	3.04 2.52	3.09 2.52	3.14 2.59
<u>Electric light and power,</u> electric fitters labourers (unskilled),	3.54 2.85	3.54 2.85	3.54 2.85	3.87 3.19
<u>Food industry,</u> bakers,	3.17	2.73	2.87	2.62

Source, International Labour Review, Statistical Supplement, vol. LXVII, no. 5, 1953, p. 100.

the transport costs were necessarily high for all of them. Since some of the raw materials used were of high value in relation to their ^eweight and bulk, their transport cost was a small percentage of the purchase price. Many of the firms pointed out that if substantial orders were placed the cost of transport was often borne by the suppliers. The production costs of branch factories using bulky materials supplied by the parent would have been lower had the two been located closer to each other. But this was not necessarily the case when branches were set up on the estates with the object of directly supplying their customers in Scotland. The cost of transport of the finished products borne by the firms in the sample varied. Again, some of the products had a high value in relation to their size and weight. Although no exact figures were available, a high percentage of the total production of the firms on the Scottish Industrial Estates was said to be marketed or sent back to the parent factories in England. It is therefore obvious that if the firms had been located nearer to the customers or to the parent factories, the distribution costs would have been lower.

Sales costs. The distance from their main markets resulted in higher sales costs for some of the firms on the Scottish Industrial Estates. What the costs were ^{to some extent} depended on the sales methods used. As has already been pointed out some of the S.I.E.Ltd. tenants found it necessary to maintain show rooms

are likely to decrease as the light industries in Scotland de-

(1) Financial Times, 2.12.53.

(2) The Local Government Act, 1929, sec. 65.

or to have sales offices in England where most of their potential customers were to be found.

Other variable costs. The differences in charges for electricity, gas, and water in the Scottish Development Areas and the other regions were not regarded by the firms which were interviewed, to be of great importance from the point of view of production costs.

Fixed costs. The fixed costs such as rents and local rates paid by the firms on the Scottish Industrial Estates compared favourably with what they would have to pay in other locations in England. The difficulty of comparing rents has already been emphasised in a previous chapter. It may be noted however that the highest rent payable per sq. foot on the Scottish Industrial Estates was 1/5¹/₂. In the new towns in the South rents were higher, for example, at Harlow rents were from 4/- per sq.ft.(1) The burden of local rates on industry was reduced by the de-rating provisions for industrial property, therefore, the effect of variations in local rates on the fixed production costs in different locations was of little significance.(2)

On the basis of the information obtained, it may be concluded that the total costs of production and distribution were probably higher for many of the firms on the Scottish Industrial Estates, than would have been incurred by them were they located in the centres of light industries. Such disadvantages as there exist in being away from these centres are likely to decrease as the light industries in Scotland de-

(1) Financial Times, 2.10.53.

(2) The Local Government Act, 1929, sec.68

velop. The disadvantages experienced appeared however to have been outweighed by the two main advantages of the location on the Scottish Industrial Estates, the availability of modern factories on rental basis, and the supply of good labour. In the period 1945-52 only 7% of the tenants of the S.I.E.Ltd. left because they found the location unsatisfactory.(1) None of the firms interviewed contemplated termination of their leases in the foreseeable future. Twenty five percent of the firms analysed had expanded in terms of the factory floor area occupied.(2) Thirteen percent of the firms included in the sample study extended the range of goods produced. Since the firms on the Scottish Industrial Estates are undertakings carried on with the view of making profit, it can be argued that the economic gains must exceed the losses which result from the location on the Scottish Industrial Estates.

The value of the estates from the point of view of the Scottish Development Area. The Scottish Development Area's economic gain from the establishment of the Scottish Industrial Estates is unquestionable. In the economy of the area there was room for the development of both the light and heavy industries, and in introducing ^{the} new the government took care not to handicap the old. The effect of the diversification of the industrial structure of ^{the} area was twofold. First, employment opportunities were increased. Second, some safeguard was provided against a wide spread unemployment should the heavy industries contract.

Fears had been expressed that the allocation of factories

(1) Ch.14.p.255

(2) Table 15.p.250

on the Scottish Industrial Estates had not diversified the industry of the Scottish Development Area in the way most likely to maintain the stability of employment. (1) It had been argued that firms in the light industries exporting a high percentage, or contributing substantially to the defence production might prove no less vulnerable to unemployment than the heavy industries have been. (2) In the interwar period the loss of some of the foreign markets and the end of war contracts contributed to severe unemployment in the heavy industries in the Scottish Development Area. Such information as has been obtained from the sample study does not suggest that firms on the Scottish Industrial Estates depend heavily either on foreign markets or defence orders. Although the firms on the estates have not been put to the test of a severe recession, some were affected by the restrictions on imports imposed temporarily by Australia and South Africa. Even though orders fell, most of the firms were able to maintain stability of employment, either by switching to other markets or changing to other lines of production. During the period of readjustment a number of firms worked a shortened day. Only 3% found it necessary to lay off some of their workers. Eight percent of the firms in the sample changed lines of production at one time or another. Some did so for the above reason, others because of the saturation of markets for particular products, change in taste and increased competition from abroad which reduced profit margins.

Firms in the light industries are more flexible than those

(1) Ch.13p.191.

(2) Ch.13p.188-89.

in the heavy industries. Lines of production can be changed more rapidly and at less cost. Short of a general depression the former are therefore more likely to maintain stability of employment when faced with a decline in demand for their particular products. The establishment of the Scottish Industrial Estates has therefore contributed to provision of a safeguard against a wide spread unemployment in the future.

Social considerations. The true value of the Scottish Industrial Estates does not lie in the economic gains alone. and social considerations, even though they are not subject to measurement have also to be taken into account when an appraisal of the benefits derived from the establishment of the estates is attempted.

(a) Emigration. It can be assumed that the number of workers employed on the Scottish Industrial Estates represented a surplus of labour in the area. It can be further assumed that in the absence of the estates, the surplus workers would have been faced with the choice of applying for national assistance or of leaving the area in search of work. The emigration of population on a large scale results both in economic and social losses. It leads to a break up of families. It is the younger, the more skilled and enterprising persons who are most likely to leave. The prospects of attracting new industries to the area are thereby reduced.

(b) Furthermore emigration on a large scale is likely to result in the loss of social capital invested in the area. The

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investment in drainage, roads, street lighting etc. would be in excess of the reduced local demand, but these assets would have to be maintained to provide services for those who re-estimated presented them to Parliament as an 'experiment'. An experiment is usually carried out with a view to obtaining definite information. Usually an experimenter anticipates the result but the government did not suggest how it would be decided what this local industry because of the partial derating of industrial property, they would in all probability contribute to further an attempt to provide employment and to diversify industry in the depressed areas, but no criteria were suggested by which it could be decided whether an employment was generated, diversification, as was achieved, had been obtained at a reasonable economic cost. Nor was it suggested how it would be shown that actual shortage of skilled workers. Social investment in the establishment of the industrial estates was the best method houses etc. was inadequate and not excessive. In the future, however, should the economic conditions change and the heavy industries in the Scottish Development Area suffer again, it is hoped that the Scottish Industrial Estates by maintaining employment stability will help to decrease the rate of emigration and loss of social capital.

The idea that the estates should be an experiment was a noble one, but unfortunately it seems to have been still born. There is no evidence available to show that the government made efforts to collect all the detailed information which would have been needed to make a complete appraisal of the results. Most important of all the amount of money spent on the estates has been kept secret. Despite the inadequacy of the information an attempt will be made in this chapter to assess the results of the 'experiment'. To this end the past record of the Scottish Industrial Estates will be examined briefly and their future prospects considered.

Chapter 17.Conclusions.

The National Government which established the industrial estates presented them to Parliament as an 'experiment'. An experiment is usually carried out with a view to obtaining definite information. Usually an experimenter anticipates the result but the government did not suggest how it would be decided what this experiment had demonstrated. It is true that the experiment was an attempt to provide employment and to diversify industry in the depressed areas, but no criteria were suggested by which it could be decided whether such employment, as was generated, ^{or such} diversification, as was achieved, had been obtained at a reasonable economic cost. Nor was it suggested how it would be shown that the establishment of the industrial estates was the best method for dealing with the depressed areas.

The idea that the estates should be an experiment was a noble one, but unfortunately it seems to have been still born. There is no evidence available to show that the government made efforts to collect all the detailed information which would have been needed to make a complete appraisal of the results. Most important of all the amount of money spent on the estates has been kept secret. Despite the inadequacy of the information an attempt will be made in this chapter to assess the results of the 'experiment'. To this end the past record of the Scottish Industrial Estates will be examined briefly and their future prospects considered.

Employment. The reduction in unemployment in the Scottish Development Area which has taken place during the last twenty years can not be attributed entirely or even largely to the Scottish Industrial Estates. The change in economic conditions and the renewed prosperity of the heavy industries were mainly responsible for the decrease in the rate of unemployment ~~of~~ ^{from} 22% in 1932 to 2% in 1952 in the Scottish Development Area taken as a whole. The Scottish Industrial Estates nevertheless played an important part in reducing pockets of unemployment and the underemployment of women. In the 1930's unemployment among them was partly concealed because many of them did not register for industrial work as employment opportunities for women were few and far between. By 1952 58,787 workers were employed in the government factories in the Scottish Development Area ; 20,027 jobs have been created for women. At the same time, a greater number of senior supervisory and executive jobs became available for both sexes. Many firms which came to the Scottish Development area emphasised the difficulty of finding locally young persons suitable for training for managerial positions. This was attributed to ^{the} paucity of openings which previously existed for the ambitious and enterprising men and women. The old established firms in the heavy industries offered limited scope for ^{the} promotion for young people. It was believed that many of them moved to the London area of the Midlands, where prospects for an industrial career were better. This belief must have discouraged new firms from seeking locations in the Scottish

Development Area. If in the future the estates succeed in checking emigration they will have served Scotland well.

Diversification of industry. The contribution of the estates to the diversification of industry in the Scottish Development Area can be indicated by a study of the tenant firms. It has been shown in the preceeding chapters that a variety of light industries has been located on the Scottish Industrial Estates. Some of them were new to Scotland, among them being ^{the} aircraft (engines), business machinery, and clocks and watches industries. The extent of the diversification is greater than appears from the broad classification of the firms in table 20 . A list of some of the products gives an indication of the variety.

Aero engines,	accounting machines,	light fittings,	lubricants,
batteries,	biscuits,	machine tools,	matresses,
carpets,	cardboard boxes,	needles,	nylons,
dehydrators,	drills,	ophthalmic lenses,	oxygen,
electric shavers,	electrolytic copper,	paints,	plastic mouldings,
furniture,	fireplaces,	refrigerators,	rivets,
gauges,	golf balls,	switchboards,	soap,
hauling equipment,	hormones,	tents,	typewriters,
insulations,	intercommunication systems,	vacuum cleaners,	valves,
jelly crystals,	jigs,	watches,	wringers,
ketchups,	knitwear,	yarns (elâstic).	

It is difficult to see how a more diversified pattern of tenancy could have been achieved, if at the same time a nucleus of a number of light industries was to be built.

The value of the estates to the Scottish Development Area so far has not lain primarily in the reduction in unemployment, - this was not a major problem after the war. The impact of the estates on the economy of the area taken as a whole has been

small as yet. By 1952 the number of workers employed in the government financed factories was, on the basis of a rough estimate, 6% of those employed in the Scottish Development Area. The number of S.I.E.Ltd. tenants was only some 2% of the firms on the Scottish register of companies in 1952. The chief importance of the Scottish Industrial Estates lies, therefore, in the foundations which have been laid for ^{the} future development of a diversified industrial structure. The Scottish Industrial Estates have helped to dispel prejudices against the location of light industries in the Scottish Development Area. The task of securing as tenants firms in the light industries was made easier for the S.I.E.Ltd. by fortuitous economic conditions. After the war labour was scarce in the traditional centres of the light industries, while in the Scottish Development Area there was still some surplus labour. The development of the estates was also facilitated by the government control over the location of industry. Since licences for factory building outside the Development Areas were difficult to obtain, new firms or firms wishing to expand sought location on the industrial estates.

Future prospects. The prospects of the Scottish Industrial Estates depend largely upon the viability of the industries and firms which have already been drawn to them. The period when fresh firms can easily be attracted is now past. The chances of further development can be assessed by considering

The biggest firm in Scotland connected with the aircraft in-

the past growth of the industries. It is therefore necessary to study the history of some of the industries prominently represented on the estates.

Perhaps the most outstanding example of a growing industry which has been introduced to Scotland recently and expanded rapidly is the office and business machinery industry. Since the war the Scottish Development Area has become a centre of this industry which was also relatively new to Great Britain. The rate of growth of this industry in the U.K. can be illustrated by figures for production. In 1935 the output of office appliances was valued at £1,572,000. In 1952 it was £45,081,000. The leading manufacturers in this field, British Olivetti Ltd., Adding Machines Ltd., I.B.M. United Kingdom Ltd., National Cash Register Ltd., Remington Rand Ltd., have all established their branches on the Scottish Industrial Estates.

The clocks and watches industry is also new in the sense that the mass production of clocks and watches today is totally different from hand production by highly skilled craftsmen. Before the war Great Britain imported almost all its alarm clocks and a high percentage of its watches. Now the home demand, especially in the lower price range, is supplied on an increasing scale by manufacturers operating in the U.K. Three of the large firms in this industry, S. Smith and Sons (England) Ltd., Westclox Ltd. and U.K. Time Ltd. have their branches on the Scottish

Industrial Estates.

(2) The biggest firm in Scotland connected with the aircraft industry was as follows - (2) The sub-classification was not available for the indices of production.

dustry, the Rolls-Royce Ltd. is now housed in S.I.E.Ltd. factories. Originally the firm's Scottish branch moved to a factory built for them by the Ministry of Aircraft Production. The estates therefore can not claim to have attracted the industry to Scotland; they have however facilitated its expansion.

The indices of industrial production can be taken as an indication of the rate of industrial growth. Comparable official figures published by the Central Statistical Office and the Scottish Home Office are available for different industries in the U.K. and Scotland respectively.(1) The base year for the indices of industrial production is 1948 in each case. The value of the indices of industrial production is limited because of the short period which they cover, but they have to be used because there is no alternative.

The industries which, on the basis of these indices, have shown a rate of growth above the average in the U.K. and in Scotland are chemicals, engineering (including electrical engineering and shipbuilding). In the U.K. vehicles (including aircraft), food, paper and printing industries also tended to be above the average. In Scotland these industries have not done so well, but the textile industry was above the average.

The distribution of firms among the different industries which were allocated factories on the Scottish Industrial Estates was as follows, - (2)

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- (1) Monthly Digest of Statistics, Digest of Scottish Statistics.
 - (2) The percentages are based on figures in table 20. In it the Ministry of Labour industrial classification was used. Similar sub-classification was not available for the indices of production.

Industry. Number of firms as a % of total number of tenants.

Chemicals,	1.5	}	33.0
engineering,	30.0		
shipbuilding,	1.5		
vehicles,	3.3	}	14.1
food,	6.6		
paper and printing,	4.2		
textiles.	3.9		3.9
			<u>51.0</u>

Some 51% of the firms on the Scottish Industrial Estates belonged to industries which have done better than the average in the U.K. When the figures for firms associated directly with the shipbuilding industry are excluded the percentage is down to 49.5%. Taken by itself it does not suggest that the tenancy pattern was such as would hold out prospects of a high rate of growth of the light industries which would counterbalance the basic industries of the Scottish Development Area. There is on the estates a strikingly small number of firms in the chemical industry which shows the most rapid rate of growth in the U.K. Although many chemical plants could be classified as heavy industry and therefore not eligible for the S.I.E.Ltd. factories, this does not apply to the whole of the industry. The allocation of factories to firms closely linked with the shipbuilding industry is somewhat puzzling in view of the objectives of the industrial estates policy which aims at reducing dependence of the area on the heavy industries. The allocation of factories to a large number of firms in the clothing industry is also surprising. The industry is already well represented in the area. Many of the firms in the clothing industry moved to the estates from premises in Glasgow. The alloc-

cation could perhaps be taken as an attempt to encourage the growth of the local light industry. The clothing industry which in the past has been subject to severe fluctuations does not appear to be a happy choice from the point of view of maximising the employment stability.

The Scottish Development Area is not an unsuitable location for the chemical, light engineering, vehicles, food, paper and printing, and textile industries. Examples can be given of firms in all these industries which are operating satisfactorily in the area. Some have a long established connection with it. The Scottish Industrial Estates, nevertheless, do not appear to have been successful in attracting a substantial percentage of its tenants from those industries which have done better than the average. This fact although of importance is not by itself of primary significance in estimating the measure of success achieved by the Scottish Industrial Estates. Much depends on the particular firms which have been allotted factories. The picture is much more satisfactory when the individual firms on the estates are considered. The majority of these firms have good past records of performance, or if new undertakings, good prospects. The rate of growth among them has been considerable. The rate of failure has been very low. A high percentage of the firms are branches of well-established firms. Although in some cases the original motives for coming to the estates are no longer operative, the firms concerned have no intention of leaving.

The development of the Scottish Industrial Estates in the future is likely to be slowed down. The important limiting factor is the supply of labour. The changed economic conditions and past growth of the industrial estates have resulted in the reduction in unemployment to a level where a shortage of labour is already beginning to be felt in the Scottish Development Area. It has never been ^{the} government's policy that light industries should draw labour away from the basic industries and supplant them.(1) This does not mean that no more firms in the light industries will be needed. More mines are to be closed in the South West of Scotland, and judging on the basis of past experience, the encouragement to miners to transfer to the opening coalfields on the East coast is not likely to meet with any great success. Therefore, new industrial estates may be required to bring alternative work to the ex-mining communities. For this purpose no large influx of new firms should be required, but the need may be greater if the shipbuilding industry contracts. Difficulties in filling order books have already begun to be experienced. The high cost and uncertain delivery dates, have already led even some British shipowners to place orders in foreign yards.(2) If this policy continues the level of unemployment in the Scottish Development Area will probably rise.

In the future however, it will be more difficult for the Scottish Industrial Estates to find tenants, unless restrictions

(1) Employment Policy White Paper, (1944), Cmd.6527, Ch.5.

(2) Investors 'Chronicle, Feb.11, 1956, p.349.

Scottish Council (Development of Industry) 1952.
 (3) Ibid. p.41.

existing light industrial development in the newly opened on building outside the Development Areas are again tightened up by the government. In the past approximately 31% of the S.I.E. Ltd. tenants were English firms which came to Scotland largely because factories were available. This inducement has lost its power of attraction so that the growth of the Scottish Industrial Estates must now depend largely on the Scottish firms. A number of industries which may be regarded as the industries of the future, such as electronics, chemicals, synthetic fibres, industrial microbiology, plastics, mining machinery and high vacuum engineering have already established their roots in Scotland.(1) It is among these industries that the Scottish Industrial Estates should look for tenants when a change in the economic conditions warrants further development. At present the scope of activity of the Scottish Industrial Estates Ltd. is confined to the Development Area. Under the Distribution of Industry legislation there are no provisions which would enable the S.I.E.Ltd. to aid ^{the} development of industry in newly growing industrial communities. The importance of the 'developing areas' as contrasted with the Development Areas, has been emphasised in the Cairncross Report.(2) There it was suggested that the government should have powers to finance factories in the 'developing areas'. (3) In communities which are showing ^osp^ontane^ous industrial growth government help in the form of factory building might accelerate the process but is not of vital importance. A stronger case can be made for assist-

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- (1) A.K.Cairncross & R.L.Meier, New Industries and Economic Development of Scotland, The Three Bank Review, no.14,1952.
 (2) Report of the Committee on Local Development in Scotland, The Scottish Council (Development of Industry)1952.
 (3) ibid. p.41.

assisting light industrial development in the newly opened coalfields, so as to lay the foundations for a balanced industrial development from the start.

Industrial estates could with government aid be established in parts of Scotland by 'private site' companies, local authorities, or alternatively by an agency of the central government such as the S.I.E.Ltd. The government offer of financial help to the site companies met with no response in the 1930's and there has been no interest in it since. Although local authorities might be willing to undertake the responsibility for the estates, it is doubtful whether they are well placed to fulfil the task, since they are unlikely to have at their disposal staff of a high caliber comparable to that of the central government. Furthermore there is the question of finance. Local authorities in the 'developing areas' would not have capital reserves and would probably find it difficult, even with government help to raise the funds required for the establishment of industrial estates. If the government were to provide all the capital needed, there would appear to be no advantages in delegating the responsibility for industrial estates to the local authorities. A more satisfactory course for the central government would be either to set up a new public body for the purpose of establishing industrial estates or to amend the legislation to permit the S.I.E.Ltd. to do so outside the Development Area. The existence of two similar companies for adjoining areas, which apart from introducing an element of competition that might or might not be conducive to greater ef-

iciency, would not appear to have any obvious advantages. Considerations in favour of entrusting the responsibility for industrial estates outside the Development Area to the S.I.E.Ltd. are the company's know-how, and ability to co-ordinate industrial development over a wider area. Before such a step could be recommended it would be of value to know what the cost of the Scottish Industrial Estates Ltd. has been in the past and how efficiently the company has been managed.

The cost of the Scottish Industrial Estates. To be meaningful the cost of the Scottish Industrial Estates would have to be examined in relation to other policies which could have been pursued with the same objectives. Several policies could have been adopted with the object of reducing unemployment and several were tried. The surplus labour could have been transferred. The Industrial Transference Board was established for that purpose, but its success was limited. Financial help could have been given to the heavy industries, as was done when with the government's aid the building of the 'Queens' on the Clyde was resumed again. However, these could only be regarded as measures of relief. They did not offer a solution to the problem. New light industries were needed. To attract them to the Scottish Development Area, the government could have offered tax concessions or subsidies in the shape of a direct payment on the basis of some such formula as a per capita grant for the number of workers employed. Neither lends itself as a suitable basis for a long term fiscal policy.

It would appear that in the circumstances the establishment

of the Scottish Industrial Estates for the purpose of creating employment and of diversifying industry was the best policy from the point of view of the Scottish Development Area. From the point of view of the national economy it was the best policy only at a price. All that can be said is that compared with the other measures it was likely to be initially more expensive. Since it held out prospects of becoming self-financing or even a profit-making project the higher price was justifiable. How much was paid and whether the scheme is breaking even, can not be ascertained from the published accounts. Although figures for profits are available, figures of the amount of invested capital are not. The rate of return can not therefore be calculated. The inadequacy of the information on this subject has already been discussed in a preceding chapter. *to offer the strongest incentive to*

Efficiency. The efficiency with which the Scottish Industrial Estates Ltd. operates is an important factor bearing on the cost of the project. Here again the information available is insufficient for an assessment of efficiency. It would appear however that efficiency was reduced as a result of the change in the status and the method of finance of the company after the war. Since the change in the status from a principal to that of an agent, decisions have to be referred to the Board of Trade for approval. This involves additional work and wastage of time. The sanction of funds against each approved project, instead of block allocations has been cumbersome. The combined effect of both these changes has been to reduce the scope for initiative and

responsibility on the part of the company's board of directors. When the present members retire, the chances of finding new men of ability to whom the directorship will appeal, are likely to be very much reduced.

It is therefore suggested that in the interests of efficiency a reversion to the former status of the company is desirable. This would not require the abandonment of the planning of location on the national level. The policies of the separate industrial estate companies could be co-ordinated at meetings of their representatives under the chairmanship of an officer of the Board of Trade. To finance the activities of an industrial estate company a block grant on say a quinquennial basis or a loan of capital would appear to be the most suitable method of finance since it is likely to offer the strongest incentive to break even. Originally an element of subsidy was necessary if the estates were to achieve their objectives; since the war this has not been so. The economic conditions have changed and as a result, the availability of factories and of labour have been sufficient inducements in themselves.

It was not difficult for the industrial estates to secure tenants, so long as building outside the Development Areas was restricted, but this is no longer the case. Since the restrictions have been relaxed, the efficiency with which the estates are operated has become a much more important factor in their development than it has been so far.

They represent a method by which the government may control the economy without the disadvantages of directives or nationalisation.

This study of the Scottish Industrial Estates Ltd. suggests the conclusion that the 'experiment' of establishing the government sponsored industrial estates was worth making. It does not appear however that the 'experiment' was conducted by the government in such a way that the results could be ascertained in concrete terms. More detailed information on labour and industrial would have been necessary. No information seems to have been collected on the rate of growth of the different industries in the Development Areas and in the country as a whole. It does not appear that an effort was made to obtain information on such subjects as the production or distribution costs in various locations. Some information which has been gathered has not been released. In particular a comparison of the performance of the four industrial estates companies would have been interesting. The government attached great importance to the policy of establishing of the estates. The public was led to expect much of it, but the public has been given insufficient information to judge whether its expectations have been fulfilled. This is all the more regrettable because the information gathered in the course of this research points to the conclusion that the Scottish Industrial Estates have been well managed and successful. They represent a method by which the government may control the economy without the disadvantages of directives or nationalisation.

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Table 24, p. 329.

Table 25, p. 330.

Table 26, p. 331.

Table 27, p. 332.

Table 28, p. 333.

Table 24.

Table 24 is continued

	(1)	(2)	(3)	(4)	(5)
1.000	1.000	1.000	1.000	1.000	1.000
1.001	1.001	1.001	1.001	1.001	1.001
1.002	1.002	1.002	1.002	1.002	1.002
1.003	1.003	1.003	1.003	1.003	1.003
1.004	1.004	1.004	1.004	1.004	1.004
1.005	1.005	1.005	1.005	1.005	1.005
1.006	1.006	1.006	1.006	1.006	1.006
1.007	1.007	1.007	1.007	1.007	1.007
1.008	1.008	1.008	1.008	1.008	1.008
1.009	1.009	1.009	1.009	1.009	1.009
1.010	1.010	1.010	1.010	1.010	1.010
1.011	1.011	1.011	1.011	1.011	1.011
1.012	1.012	1.012	1.012	1.012	1.012
1.013	1.013	1.013	1.013	1.013	1.013
1.014	1.014	1.014	1.014	1.014	1.014
1.015	1.015	1.015	1.015	1.015	1.015
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1.017	1.017	1.017	1.017	1.017	1.017
1.018	1.018	1.018	1.018	1.018	1.018
1.019	1.019	1.019	1.019	1.019	1.019
1.020	1.020	1.020	1.020	1.020	1.020

Estimated Insured Population and the Number of Unemployed

Indices of Unemployment

July	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)			
	Number of Registered Unemployed			Estimated Insured Population			(1) as % of (4)	(2) as % of (5)	(3) as % of (6)			
	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total
1929	111,667	20,550	139,688	911,790	359,420	1,271,210	12.25	5.72	10.99	1929 = 100		
1930	170,879	54,235	238,160	933,160	374,650	1,307,810	18.31	14.48	18.21	153.03	263.92	170.49
1931	272,854	79,254	371,208	957,000	385,060	1,342,060	28.51	20.58	27.66	244.35	385.66	265.74
1932	318,799	71,536	390,335	968,980	371,330	1,340,310	32.90	19.26	29.12	285.49	348.11	279.43
1933	298,199	56,787	354,986	975,930	369,800	1,345,730	30.56	15.36	26.38	267.04	276.34	254.13
1934	267,164	58,886	326,050	984,510	367,770	1,352,280	27.14	16.01	24.11	239.25	286.55	233.41
1935	256,961	54,513	311,474	1,041,610	413,320	1,454,930	24.67	13.19	21.41	230.11	265.27	222.98
1936	219,308	49,187	268,495	1,051,560	422,710	1,474,270	20.86	11.64	18.21	196.39	239.35	192.21
1937	192,644	52,655	245,299	1,156,740	439,150	1,595,890	16.65	11.99	15.37	172.52	256.23	175.60
1938	199,014	55,009	254,023	1,180,700	457,240	1,637,940	16.86	12.03	15.51	178.22	267.68	181.85
1939	149,238	41,278	190,516	1,187,640	461,970	1,649,610	12.57	8.94	11.55	133.65	200.87	136.39
1940	62,218	52,273	114,491	1,058,492	497,281	1,555,773	5.87	10.61	7.36	55.72	254.38	122.07
1943	11,507	5,135	16,642	943,172	599,181	1,542,353	1.22	0.86	1.08	9.41	24.99	17.17
1945	16,172	9,190	25,362	892,340	565,613	1,457,953	1.81	1.09	1.74	14.47	44.72	18.16
1946	54,212	22,513	76,725	1,100,523	538,754	1,639,277	4.93	4.18	4.68	48.55	109.55	54.93
1947	41,296	16,132	57,428	1,136,775	512,872	1,649,647	3.63	3.15	3.48	36.98	78.50	41.11
1948	38,080	11,384	49,474	1,159,871	485,179	1,644,850	3.28	2.35	3.01	34.11	55.40	35.42
				(1,376,618) [≠]	(684,560) [≠]	(2,061,178) [≠]						
1949	40,428	12,202	52,630	1,389,570	696,980	2,086,550	2.91	1.75	2.52	36.20	59.38	37.68
1950	43,413	15,134	58,547	1,394,090	711,180	2,105,270	3.11	2.13	2.78	38.88	73.64	41.91
1951	29,699	12,613	42,312	1,378,530	726,060	2,104,590	2.15	1.74	2.01	26.60	61.38	30.29
1952	38,228	30,294	68,522	1,380,460	722,050	2,102,510	2.77	4.20	3.26	34.23	147.42	49.05

Source: Ministry of Labour

≠ An extended National Insurance Scheme was introduced in 1948. New groups brought into the scheme included non-manual labour with salaries over £420 p.a., self-employed, temporary civil servants, local authorities employees. Two sets of figures for the estimated insured population are available in 1948 on the old and the new basis. The statistical data before and after 1948 is not strictly comparable but since the percentage of unemployed in the new group is unlikely to be high, figures from 1929-1952 may be taken as a series.

Table 25 c.

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1	100.0	100.0	100.0	100.0	100.0	100.0
2	95.0	95.0	95.0	95.0	95.0	95.0
3	90.0	90.0	90.0	90.0	90.0	90.0
4	85.0	85.0	85.0	85.0	85.0	85.0
5	80.0	80.0	80.0	80.0	80.0	80.0
6	75.0	75.0	75.0	75.0	75.0	75.0
7	70.0	70.0	70.0	70.0	70.0	70.0
8	65.0	65.0	65.0	65.0	65.0	65.0
9	60.0	60.0	60.0	60.0	60.0	60.0
10	55.0	55.0	55.0	55.0	55.0	55.0
11	50.0	50.0	50.0	50.0	50.0	50.0
12	45.0	45.0	45.0	45.0	45.0	45.0
13	40.0	40.0	40.0	40.0	40.0	40.0
14	35.0	35.0	35.0	35.0	35.0	35.0
15	30.0	30.0	30.0	30.0	30.0	30.0
16	25.0	25.0	25.0	25.0	25.0	25.0
17	20.0	20.0	20.0	20.0	20.0	20.0
18	15.0	15.0	15.0	15.0	15.0	15.0
19	10.0	10.0	10.0	10.0	10.0	10.0
20	5.0	5.0	5.0	5.0	5.0	5.0

(Data from) used in volume 2000

1951	Men	1,378,530	10,579	3,933	2,645	404	445	1,041	19,047	436	19,483	10,216	29,699
			0.77	0.29	0.19	0.03	0.03	0.08	1.38	0.03	1.41	0.74	2.15
	Women	726,060	3,005	2,182	1,856	368	360	475	8,246	359	8,605	4,008	12,613
			0.41	0.30	0.26	0.05	0.05	0.07	1.14	0.05	1.19	0.55	1.74
Total		2,104,590	13,584	6,115	4,501	772	805	1,516	27,293	795	28,088	14,224	42,312
			0.65	0.29	0.21	0.04	0.04	0.07	1.30	0.04	1.33	0.68	2.01
1952	Men	1,380,460	12,595	3,675	3,134	389	700	4,482	24,973	675	25,648	12,580	38,228
			0.91	0.27	0.23	0.03	0.05	0.32	1.81	0.05	1.86	0.91	2.77
	Women	722,050	7,124	4,292	3,505	647	1,123	4,727	21,418	632	22,050	8,244	30,294
			0.99	0.59	0.49	0.09	0.16	0.65	2.97	0.09	3.06	1.14	4.20
Total		2,102,510	19,717	7,967	6,639	1,036	1,823	9,209	46,391	1,307	47,698	20,824	68,522
			0.94	0.38	0.31	0.05	0.09	0.44	2.21	0.06	2.27	0.99	3.26

Source: Ministry of Labour (unpublished)

- (1) In order to compare the past unemployment trend in the present Development Areas, unemployed persons are grouped together on a geographical basis as if the Development Areas (as defined now) existed in 1929. This is the earliest year for which figures are available.
- (2) "Rest of Development Areas" consists of - West Lothian, South and Calder, Linlithgow, Banquhar and the Highland D.A. Figures for the Highland D.A. are not accurate, as until 1949 there were no separate returns for Inverness D.A. and Inverness N.D.A.
- (3) As the National Insurance scheme was extended in 1948, the pre- and post-1948 figures for the insured population are not strictly comparable. OB = old insurance basis in 1948. NB = new insurance basis.
- * Unemployment figures for the Rest of D.A. and Total D.A. in this table differ from those shown in the Ministry of Labour returns. The difference is due to regrouping. Inverness and Linlithgow are included in the table under D.A. but not in the Ministry of Labour returns until 1949. The Ministry of Labour figures for D.A. are - 1946: Men 26,015, Women 17,910, Total 43,925; 1947: Men 28,790, Women 13,005, Total 41,795; 1948: Men 26,650, Women 9,306, Total 35,956.

(*) Less than one percent.

			S	L	R	D	A	D	1-6	Rest	Total DA	NDA	Total
1946	Men	1,136,775 1,100,513	8,988 0.79 0.82	6,793 0.60 0.62	4,098 0.367	634 0.056	2,064 0.189	2,797 0.25	25,374 2.2336	1,126 [#] 0.10	26,500 [#] 2.3341	27,712 2.446	54,212 4.77
	Women	512,872 538,754	8,630 1.66 1.60	4,754 0.93 0.88	1,888 0.385	631 0.12	1,043 0.2019	636 0.132	17,582 3.4526	440 [#] 0.098	18,022 [#] 3.5235	4,491 0.873	22,513 4.3917
	Total	1,649,647 1,639,277	17,618 1.07	11,547 0.70	5,986 0.3537	1,261 0.08	3,107 0.19	3,433 0.21	42,956 2.682	1,566 [#] 0.109	44,522 [#] 2.782	32,203 1.946	76,725 4.654
1947	Men	1,136,775	15,568 1.37	6,475 0.58	2,922 0.26	388 0.03	1,349 0.12	1,771 0.16	28,473 2.50	751 [#] 0.07	29,224 [#] 2.57	12,072 1.06	41,296 3.63
	Women	512,872	5,918 1.15	4,352 0.85	1,235 0.24	435 0.09	301 0.06	500 1.0	12,741 2.49	365 [#] 0.07	13,106 [#] 2.56	3,026 0.59	16,132 3.15
	Total	1,649,647	21,486 1.30	10,827 0.66	4,157 0.25	823 0.05	1,650 0.10	2,271 0.14	41,214 2.50	1,116 [#] 0.07	42,330 [#] 2.57	15,098 0.91	57,428 3.48
1948	Men (OB) (NB)	(1,159,671) (3) 1,376,618	14,536 (1.25) 1.06	5,713 (0.49) 0.42	2,815 (0.24) 0.20	442 (0.04) 0.03	974 (0.09) 0.07	1,917 (0.17) 0.14	26,397 (2.28) 1.92	601 [#] (0.05) 0.04	26,998 [#] (2.35) 1.96	11,092 (1.94) 0.81	38,090 (3.29) 2.77
	Women (OB) (NB)	(465,179) 604,560	4,386 (0.90) 0.64	3,228 (0.67) 0.47	879 (0.18) 0.13	164 (0.03) 0.02	178 (0.04) 0.03	340 (0.07) 0.05	9,175 (1.89) 1.34	201 [#] (0.04) 0.03	9,376 [#] (2.02) 1.37	2,008 (0.33) 0.29	11,384 (2.35) 1.66
	Total (OB) (NB)	(1,644,850) 2,061,178	18,922 (1.15) 0.92	8,941 (0.54) 0.43	3,694 (0.22) 0.18	606 (0.04) 0.03	1,152 (0.07) 0.06	2,257 (0.14) 0.11	35,572 (2.16) 1.73	802 [#] (0.04) 0.04	36,374 [#] (2.22) 1.77	13,100 (0.78) 0.63	49,474 (3.00) 2.40
1949	Men (NB)	1,389,570	15,975 1.15	5,047 0.36	3,117 0.23	601 0.04	813 0.06	2,209 0.16	27,762 2.00	523 0.04	28,285 2.04	12,143 0.87	40,428 2.91
	Women	696,960	3,753 0.54	2,274 0.33	1,225 0.17	284 0.04	270 0.04	1,313 0.19	9,119 1.31	294 0.04	9,413 1.35	2,789 0.40	12,202 1.75
	Total	2,086,550	19,728 0.95	7,321 0.35	4,342 0.21	885 0.04	1,083 0.05	3,522 0.17	36,881 1.77	817 0.04	37,698 1.80	14,932 0.72	52,630 2.52
1950	Men	1,394,090	15,991 1.15	5,303 0.38	3,030 0.22	593 0.04	736 0.05	1,909 0.14	27,562 1.98	633 0.04	28,195 2.02	15,218 1.09	43,413 3.11
	Women	711,180	4,395 0.62	2,552 0.36	1,820 0.26	371 0.05	302 0.04	699 0.10	10,139 1.43	378 0.05	10,517 1.48	4,617 0.65	15,134 2.13
	Total	2,105,270	20,386 0.97	7,855 0.37	4,850 0.23	964 0.05	1,038 0.05	2,608 0.12	37,701 1.79	1,011 0.05	38,712 1.84	19,835 0.94	58,547 2.78

Table 25 a.

Group 1		Group 2		Group 3	
Year	Value	Year	Value	Year	Value
1950	100.0	1950	100.0	1950	100.0
1951	105.0	1951	105.0	1951	105.0
1952	110.0	1952	110.0	1952	110.0
1953	115.0	1953	115.0	1953	115.0
1954	120.0	1954	120.0	1954	120.0
1955	125.0	1955	125.0	1955	125.0
1956	130.0	1956	130.0	1956	130.0
1957	135.0	1957	135.0	1957	135.0
1958	140.0	1958	140.0	1958	140.0
1959	145.0	1959	145.0	1959	145.0
1960	150.0	1960	150.0	1960	150.0

Regional Unemployment expressed as a Percentage of Insured Population⁽¹⁾

Year June	Sex	Number of Insured Persons	Development Areas - Unemployed Persons									Unemployed Persons	
			1	2	3	4	5	6	7	8	9	Non- Development Areas	Total Scotland
			Glasgow & East Dunbartonshire	Lanarkshire	Renfrewshire	Dunbartonshire West	Ayrshire North & Central	Dundee	Total Col. 1 - 6	Rest of ⁽²⁾ Development Areas	Total Development Areas		
1929	Total	1,271,210	4,976 3.92	22,269 1.75	9,290 0.73	2,075 0.16	5,297 0.42	7,907 0.62	96,603 7.60	2,514 0.20	99,117 7.80	40,566	139,683 10.99
1932	Men	968,980	114,633 11.83	51,972 5.36	26,100 2.69	6,529 0.67	11,062 1.14	18,672 1.93	228,968 23.63	7,404 0.76	236,372 24.39	82,427 8.51	318,799 32.90
	Women	371,330	19,614 5.28	4,797 1.29	3,753 1.01	1,029 0.28	2,593 0.70	19,250 5.18	51,036 13.74	682 0.18	51,718 13.93	19,818 5.33	71,536 19.26
	Total	1,340,310	134,247 10.02	56,769 4.24	29,853 2.23	7,558 0.56	13,655 1.02	37,922 2.83	280,004 20.89	8,086 0.60	288,090 21.49	102,245 7.63	390,335 29.12
1934	Men	984,510	92,227 9.37	41,961 4.26	19,731 2.00	4,451 0.45	9,471 0.96	17,314 1.76	185,125 18.80	6,485 0.66	191,610 19.46	75,554 7.68	267,164 27.14
	Women	367,770	16,931 4.60	4,207 1.14	3,209 0.87	836 0.23	2,024 0.55	15,549 4.23	42,756 11.63	646 0.17	43,402 11.82	15,484 4.21	58,886 16.01
	Total	1,352,280	109,158 8.07	46,168 3.41	22,940 1.70	5,287 0.39	11,465 0.85	32,863 2.43	227,881 16.85	7,131 0.53	235,012 17.38	91,038 6.73	326,050 24.11
1936	Men	1,051,560	76,631 7.29	37,035 3.52	14,876 1.41	3,249 0.31	7,316 0.70	8,984 0.85	148,091 14.08	5,073 0.48	153,164 14.56	66,144 6.29	219,308 20.85
	Women	722,710	16,605 3.93	5,261 1.24	3,318 0.79	844 0.20	1,497 0.35	6,811 1.61	34,336 8.12	559 0.13	34,895 8.25	14,292 3.38	49,187 11.63
	Total	1,474,270	93,236 6.32	42,296 2.87	18,194 1.24	4,093 0.28	8,813 0.55	15,795 1.07	182,427 12.37	5,632 0.38	188,059 12.75	80,436 5.46	268,495 18.21
1938	Men	1,176,948	61,770 5.25	37,014 3.15	12,718 1.08	2,302 0.20	5,782 0.49	8,701 0.74	128,287 10.90	5,007 0.43	133,294 11.33	65,720 5.58	199,014 16.91
	Women	462,151	17,648 3.82	5,486 1.19	3,869 0.84	816 0.10	2,302 0.50	7,152 1.55	37,273 8.07	623 0.13	37,896 8.20	17,113 3.70	55,009 11.90
	Total	1,639,099	79,418 4.84	42,500 2.59	16,587 1.01	3,118 0.19	8,034 0.49	15,853 0.97	165,560 10.10	5,530 0.34	171,090 10.44	82,933 5.06	254,023 15.49

Table with 11 columns and multiple rows of data. The text is extremely faint and largely illegible. The columns appear to contain numerical values, possibly representing measurements or counts. The rows are separated by horizontal lines, suggesting a tabular format. The overall appearance is that of a scanned document with very low contrast.

Employment - Position of Approved Projects

	Number of Projects							Employment as at June							Potential Employment as Estimated in June							
	1946	1947	1948	1949	1950	1951	1952	1946	1947	1948	1949	1950	1951	1952	1946	1947	1948	1949	1950	1951	1952	
Scottish Industrial Estates																						
Glasgow and East Dunbartonshire (1)	57	120	210	221	214	221	229	14	372	7,775	8,505	11,446	12,352	11,903	9,792	11,612	19,068	18,707	16,442	18,454	17,962	
Lanarkshire	30	56	50	55	73	77	78	1,006	1,597	2,646	4,063	6,191	7,302	6,555	13,614	13,363	12,769	9,396	9,960	10,824	10,827	
Renfrewshire	3	8	7	7	9	9	9	-	-	81	269	515	459	471	425	1,701	993	943	925	850	633	
Dunbartonshire West	-	3	5	2	4	6	7	-	-	-	222	809	1,640	1,691	950	1,004	1,179	550	1,850	2,260	2,860	
Ayrshire North and Central	1	2	4	6	7	8	9	-	499	-	201	944	1,128	1,454	500	528	419	639	1,108	1,408	1,395	
Dundee	7	9	12	13	16	15	15	-	-	92	1,044	1,959	2,224	2,876	1,482	1,714	2,255	2,058	3,666	4,168	4,187	
Total	98	198	288	304	323	336	350	1,120	2,468	10,594	14,304	21,864	25,105	24,950	26,663	29,922	36,683	35,293	33,951	37,964	42,754	
(a) Treasury financed and standard factories	=	24	23	29	27	38	38	1,404	1,842	3,693	4,397	6,762	9,563	9,305	11,435	11,661	12,557	11,982	10,871	20,213	16,168	
(b) Re-allocated Government premises																						
(1) D.A.	=	45	47	55	60	66	74	9,311	10,118	11,169	14,581	21,042	22,078	24,532	20,295	24,960	26,194	24,317	25,320	31,532	29,937	
(2) N.D.A.	8	15	17	19	21	21	20	629	3,560	5,481	5,665	6,196	7,334	7,985	2,440	6,378	8,734	7,971	7,228	7,650	9,226	
Total (a) and (b)		84	87	103	108	125	132	11,344	15,520	20,343	24,643	34,000	38,975	41,822	34,170	42,999	47,485	44,270	43,419	59,395	55,331	
Total for Government financed premises in D.A.	=	267	358	388	410	440	462	11,835	14,428	25,456	33,282	49,668	56,746	58,787	58,393	66,543	75,434	71,592	70,142	89,709	88,859	
Total for Govt. financed premises in D.A. & N.D.A.	=	282	375	407	431	461	482	12,464	17,988	30,937	38,947	55,864	64,080	66,772	60,833	72,921	84,168	79,563	77,370	97,359	98,085	
Privately financed projects																						
(1) D.A.	=	220	261	383	317	342	355	2,390	4,028	7,101	10,678	12,971	14,666	12,925	17,458	23,218	25,035	24,989	23,992	24,119	24,986	
(2) N.D.A.	85	162	199	286	242	265	285	261	550	2,868	4,383	5,256	7,504	8,023	11,842	11,687	12,578	12,902	13,674	14,038	14,688	
Total		382	460	669	559	607	640	2,651	4,578	9,969	15,061	18,227	22,170	20,948	29,300	34,905	37,613	37,891	37,666	38,157	39,674	
TOTAL D.A.	=	487	619	771	727	782	817	14,225	18,456	32,557	43,960	62,639	71,412	71,712	75,851	89,761	100,469	96,581	94,134	113,828	113,845	
TOTAL N.D.A.	=	177	216	305	263	286	303	890	4,110	8,349	10,048	11,452	14,838	16,008	14,282	18,065	21,312	20,873	20,902	21,688	23,914	
GRAND TOTAL	=	664	835	1,076	990	1,068	1,120	15,115	22,566	40,906	54,008	74,091	86,250	87,720	90,133	107,826	121,781	117,454	115,036	135,516	137,759	

Source: Ministry of Labour (unpublished)

D.A. = Development Area
N.D.A. = Non-Development Area

= not available

	Employment on approved projects. in Scotland.														
	1946		1947		1948		1949		1950		1951		1952		
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Scottish Industrial Estates in -															
Glasgow & East Dun-															
bartonshire,	10	4	219	153	5243	2532	535	3	3152	7307	4139	7698	4654	7513	4390
Lanarkshire,	327	679	462	1115	1024	1622	1530	0	2533	2337	3854	3065	4237	3433	3122
Renfrewshire,	-	-	-	-	18	63	6	0	189	138	377	137	322	151	320
Dunbartonshire,	-	-	-	-	-	-	9	9	123	440	369	922	718	1020	671
Ayrshire North & central,	-	-	380	119	-	-	19	1	10	873	71	1034	94	1331	123
Dundee,	-	-	-	-	73	19	627	1	417	953	1006	1058	1166	1709	1167
Total	337	683	1081	1387	6358	4236	788	0	6424	12048	9816	13914	11191	15157	9793
a) Treasury financed and standard factories,	747	657	1161	681	2086	1607	212	7	2270	3146	3616	4875	4688	4279	5026
b) Re-allocated gov. premises															
(i) D.A.	6850	2461	7313	2805	8736	2433	1129	9	3282	16800	4242	17343	4735	19324	5208
(ii) N.D.A.	476	153	2710	842	4194	1287	421	1	1454	4910	1286	5804	1530	6295	1690
Total (a) & (b)	7073	3271	11192	4328	15016	5327	1763	7	7006	24856	9144	28022	10953	29898	11924
Total for gov. financed premises in the D.A.	7934	3801	2555	4873	17180	8276	2130	6	11976	31994	17674	36132	20614	38760	20027
Total for gov. financed premises in the D.A. & N.D.A.	7410	3954	12273	5715	21374	9557	2551	7	13430	36904	18960	41936	22144	45055	21717
Privately financed projects, in-															
D.A.	1389	1001	2440	1500	4567	3514	6113	1	3965	3105	4866	9106	5560	8618	4307
N.D.A.	127	134	356	194	1790	1078	2575	1	1008	2100	290	4578	2926	5544	2479
Total D.A.	9323	4802	11995	6461	21747	10810	2801	9	15941	40099	22540	45238	26174	47378	24334
N.D.A.	603	287	3074	1036	5984	2365	6786	1	3262	7870	3582	10382	4456	11839	4169
Grand total	9926	5089	15069	7497	27731	13175	3480	5	19203	47969	26122	55120	30630	59217	28503

D.A. signifies Development Area in Scotland

N.D.A. signifies the rest of Scotland

Source, Ministry of Labour records.

Unemployment: Regional Distribution

Number of persons registered as unemployed in districts expressed as a percentage of the total unemployment in Scotland

		1	2	3	4	5	6	7	8	9	10	11
		Glasgow and East Dunbartonshire	Lanarkshire	Renfrewshire	Dunbarton West	Ayrshire North and Central	Dundee	Total 1 - 6	Rest of D.A.	Total Development Areas	Non-Development Areas	Scotland
1929	Total	35.63	15.94	6.65	1.49	3.79	5.66	69.16	1.80	70.96	29.04	100
1932	Men	35.96	16.30	8.19	2.05	3.47	5.86	71.82	2.37	74.15	25.85	100
	Women	27.42	6.71	7.65	1.44	3.62	9.72	71.34	0.95	72.30	27.70	100
	Total	34.39	14.54	5.56	1.94	3.50	3.27	71.73	2.07	73.81	26.19	100
1934	Men	34.52	15.71	7.39	1.67	3.53	6.48	69.29	2.43	71.72	28.28	100
	Women	28.75	7.14	5.45	1.42	3.44	26.41	72.61	1.10	73.70	26.30	100
	Total	33.48	14.16	7.04	1.62	3.52	10.08	69.89	2.19	72.08	27.92	100
1936	Men	34.94	16.89	6.78	1.48	3.34	4.10	67.53	2.31	69.84	30.16	100
	Women	33.76	10.70	6.74	1.72	3.04	13.84	69.80	1.14	70.94	29.06	100
	Total	34.73	15.75	6.78	1.52	3.28	5.88	67.94	2.10	70.04	29.96	100
1938	Men	31.04	18.60	6.39	1.16	2.91	4.37	64.46	2.52	66.98	33.02	100
	Women	32.08	9.97	7.03	1.48	3.18	13.00	67.76	1.13	68.89	33.02	100
	Total	31.26	16.73	6.53	1.23	3.35	6.24	65.18	2.18	67.35	32.65	100
1946	Men	16.58	12.53	7.56	1.17	3.81	5.16	46.81	2.07	48.88	51.12	100
	Women	38.33	12.12	8.37	2.80	4.63	4.48	78.10	1.96	80.06	19.94	100
	Total	22.96	15.05	7.80	1.65	4.05	4.35	55.99	2.04	58.03	41.97	100
1947	Men	37.69	15.67	7.07	0.94	3.27	4.29	68.95	0.69	69.80	30.20	100
	Women	36.68	26.98	7.66	2.69	1.87	3.10	78.98	1.48	81.24	18.76	100
	Total	37.41	18.85	7.24	1.43	2.88	3.96	71.77	0.91	73.65	26.35	100
1948	Men	38.16	15.00	7.39	1.16	2.55	5.04	69.30	1.56	70.86	29.14	100
	Women	38.53	28.36	7.72	1.44	1.56	2.99	80.60	1.74	82.34	17.66	100
	Total	38.25	18.07	7.47	1.22	2.33	4.56	71.90	1.61	73.51	26.49	100
1949	Men	39.52	12.48	7.71	1.49	2.01	5.46	68.67	1.29	69.96	30.04	100
	Women	30.76	18.64	10.04	2.32	2.21	10.76	74.73	2.41	77.14	22.86	100
	Total	37.48	13.91	8.25	1.68	2.06	6.69	70.07	1.56	71.63	28.37	100
1950	Men	36.83	12.22	6.98	1.37	1.70	4.40	63.49	1.46	64.95	35.05	100
	Women	29.04	16.86	12.03	2.45	2.00	4.62	66.99	2.50	69.49	30.51	100
	Total	34.82	13.42	8.28	1.65	1.77	4.45	64.39	1.73	66.12	33.88	100
1951	Men	35.62	13.24	8.91	1.35	1.50	3.51	64.13	1.47	65.60	34.40	100
	Women	23.82	17.30	14.71	2.92	2.85	3.77	65.38	2.85	68.22	31.78	100
	Total	32.10	14.45	10.64	1.82	1.60	3.58	64.50	1.88	66.38	33.62	100
1952	Men	32.94	9.61	8.20	1.02	1.83	11.72	65.32	1.77	67.09	32.91	100
	Women	23.52	14.17	11.57	2.13	3.71	15.60	70.70	2.09	72.79	27.21	100
	Total	28.77	11.65	9.69	1.51	2.66	13.44	67.70	1.91	69.61	30.39	100

Source: Ministry of Labour (unpublished).