

Chapter 3

Employment problems in inner cities

The riots in Toxteth and Brixton in the summer of 1981 brought into sharp focus the plight of Britain's inner cities. Just what the problem is and how it can best be tackled are, however, difficult questions to answer. In our view the problem is not one of the decline of inner cities *per se*. Increasing numbers of people have chosen to live in smaller towns and more rural communities, and heavily built-up areas are no longer attractive locations for many types of industries. Rather, the problem is the consequences of decline for those inner city residents who remain. Left behind in the inner city are growing concentrations of people who for a variety of reasons are more prone to unemployment than average. These concentrations of unemployed intensify the social malaise and hopelessness characteristic of many inner city areas. At the same time the inner cities have lagged behind in the general improvement in housing standards and infrastructure as an increasing proportion of any new facilities provided has gone to the expanding populations outside the inner cities. These problems have existed for many decades but have been compounded in recent years by the recession of the national economy, and differences between inner city unemployment and national unemployment have widened sharply in recent years.

This chapter addresses the central issues lying behind this complex problem, namely, how the social structure of inner urban areas came to be unbalanced and why the urban unemployed are now concentrated in such relatively small geographical areas.

The analysis concentrates on the problems of inner areas of the six main conurbations of Great Britain, although it is recognised that many other large cities face similar problems albeit on a somewhat smaller scale. It is based on a set of specific demographic and employment accounts developed with the aim of putting the problem into historical and spatial perspective*. We show, firstly, that there is a severe labour market imbalance in all the inner areas of the major conurbations in both prosperous and depressed regions of the country. The unemployment problem is not of recent origin but has become significantly worse in recent years. Secondly, we examine the decline of population

and employment in the large cities in the post-war period and relate these to changing patterns of commuting. We show that the higher-skilled groups of the inner areas have tended to move out along with the dispersal of jobs to areas of owner-occupied housing in environmentally attractive areas. This leaves gradually growing concentrations of lower-skilled groups which are less mobile and housed increasingly in public sector accommodation in the socially and environmentally less attractive parts of the inner cities.

Finally, we consider whether the forces which have created the inner city problem in the post-war period are likely to continue to operate in the 1980s. We conclude that, while the decline of the conurbations may well slow down if the recession persists, the inner city problem is likely, in the absence of new policy initiatives, to become worse rather than better. The kinds of policies needed to prevent the situation deteriorating further are discussed in Chapter 4.

Unemployment in the inner city

Official unemployment figures for inner city areas are not readily available. The monthly unemployment figures include commuters in the employment base and normally relate to local labour market areas which are much broader than inner cities. It is not possible from these figures alone to determine unemployment rates among inner city residents. However, data on those 'out of employment' are collected, usually at ten-yearly intervals, in the *Census of Population*.

Table 3.1 shows estimates of unemployment rates among inner city residents of each of the six largest conurbations from 1951 to 1981. Only in Birmingham, in 1971 and before, has inner city

* These cover a twenty-five year period and include details of employment, labour supply, commuting and unemployment as well as information on other variables such as occupation and housing tenure, broken down into five geographical groupings: Great Britain, inner and outer areas of the six main conurbations, the next eighteen largest free standing cities and a residual group consisting of smaller towns and rural communities. For each spatial grouping employment change is further broken down into twenty-seven industrial sectors.

Table 3.1 Percentage unemployment rates in the inner areas of the six major conurbations of the UK, 1951-81^a

	1951	1961	1971	1981 ^a
Inner area of:				
London	2.5	3.1	5.9	11.8
West Midlands	1.2	1.4	4.8	15.2
Manchester	2.0	3.8	8.2	15.8
Merseyside	4.5	5.8	9.8	19.8
Tyneside	4.0	4.6	9.4	14.1 ^b
Clydeside	4.5	6.0	9.0	19.2
Great Britain	2.1	2.8	5.2	10.9

Sources: *Census of Population* and *Department of Employment Gazette*.

^a Unemployment is defined as in the *Censuses of Population* and includes usually-resident population seeking work or temporarily sick. Figures are provisional census results.

^b Figures for 1981 unemployment rates for inner Tyneside are not comparable with those for earlier years because of significant boundary changes.

unemployment ever been significantly below the national average. Unemployment is highest in inner city areas of traditionally depressed regions, particularly in Clydeside and Merseyside, where the rate in 1981 was a full nine percentage points above the national average. However Birmingham has experienced the most rapid rise in unemployment. Even in inner London unemployment rates in the past decade have been persistently above the national average for at least three decades although the difference is relatively small. The position of some individual areas within inner

London is, however, more serious. In 1981, Hackney and Tower Hamlets had unemployment rates of around 5% above the national average (Table 3.2) and it should not be forgotten that, in terms of numbers, there are more unemployed in five typical inner London Boroughs than in the whole of Liverpool.

The decline of the inner city

A common feature of all conurbations in the post-war period is a loss of both population and employment. Within conurbations, the most rapid decline has occurred in the centre. In the six inner conurbation areas on aggregate the population of working age declined by nearly 30 per cent and employment by about 20 per cent between 1951 and 1976 (Table 3.3). Employment of inner city residents (i.e. excluding net commuting) declined by about a third. The decline of inner cities is neither cyclical nor a symptom of the present recession. It has persisted through periods of relatively fast and relatively slow growth.

These changes in inner city areas are in sharp contrast to changes occurring elsewhere. In the outer cities, though the population of working age declined between 1951 and 1976, total employment rose, and employment of outer city residents remained virtually unchanged over the period. There is little evidence then of inner city employment decline spreading to outer cities. A similar pattern prevailed in the free-standing cities although the population decline was negligible compared with the inner and outer areas of the conurbations. In the smaller towns and rural areas, in which most people live and work, there was a continuous and significant rise in both population and employment.

The decline of population and employment in the inner cities has gone on at the same time as the

Table 3.2 Resident unemployment rates for inner London boroughs, 1971 and 1981

	1971	1981
Camden	5.9	11.2
Hackney	6.4	15.3
Hammersmith and Fulham	6.1	11.1
Haringey	5.3	10.7
Islington	6.1	12.9
Kensington and Chelsea	6.5	10.4
Lambeth	6.3	12.7
Lewisham	5.2	10.2
Newham	6.1	12.7
Southwark	6.2	12.5
Tower Hamlets	7.3	15.5
Wandsworth	5.1	10.0
Westminster	5.6	10.2
Great Britain	5.2	10.9

Source: *Census of Population*, 1971 and 1981.

Table 3.3 Population, employment and commuting in inner cities, outer cities, free-standing cities and smaller towns, 1951-1976^a

	Inner cities					Outer cities				
	1951 base 000s	1951	1961	1971	1976	1951 base 000s	1951	1961	1971	1976
		Indices, 1951 = 100					Indices, 1951 = 100			
Population of working age ^b	4,982	100	95	79	72	6,511	100	94	90	68
Employment	4,826	100	101	86	79	3,597	100	107	109	108
Net inward commuting	997	100	123	126	128	-765	100	97	82	71
Employment <i>minus</i> net commuting	3,829	100	96	76	67	4,362	100	105	107	101
		Free-standing cities					Small towns and rural areas			
		Indices, 1951 = 100					Indices, 1951 = 100			
Population of working age ^b	3,198	100	98	97	98	16,555	100	108	117	120
Employment	2,536	100	106	103	109	11,176	100	111	116	122
Net inward commuting	189	100	173	206	224	-421	100	181	243	274
Employment <i>minus</i> net commuting	2,347	100	100	97	100	11,597	100	118	120	128

Sources: *Census of Population* 1951, 1961, 1971; Dept. of Employment unpublished figures for 1971-76.

^a Figures other than the base year figures are indices based on 1951 = 100.

^b Males aged 15-64, Females aged 15-59.

share of inner city employment taken by commuters has risen sharply (Table 3.4). In 1976 commuters took one third of inner city jobs compared with only a fifth 25 years earlier.

Each of the inner cities has had a broadly similar experience. All, with the exception of Birmingham, suffered significant loss of working age population over the period, on more or less the same scale, which suggests common underlying causes (Table 3.5). All experienced a decline in employment, of a similar size in five of the cities, though in inner Tyneside, the decline was only 7% (which may be due in part to the close proximity of the Team Valley Government Factory Estates). The employment of residents fell sharply everywhere, particularly in Liverpool and Manchester. Changes in commuting have shown the greatest

variability, increasing by a mere 4% in London but by 125% in Birmingham and Tyneside and by as much as 350% in inner Clydeside. This is reflected in variations in the proportion of inner city jobs taken by inner city residents (Table 3.6).

Although little significance can be attached to the absolute share of inner city jobs going to inner city residents, because it depends crucially on how the boundaries are drawn, changes in the share are meaningful. Liverpool and Tyneside stand out as two cities to have suffered a very substantial decline in the share of inner city jobs going to local residents. By contrast inner city jobs are providing a growing proportion of employment for outer city residents.

Table 3.4 Estimated net commuting into the inner and outer areas of the conurbations, 1951-76

	1951	1961	1971	1976
<i>Inner city areas</i>				
Net inward commuting (000s)	997	1,223	1,259	1,276
Net commuting as a share of employment (%)	20.6	25.0	30.2	33.3

Sources: *Census of Population*, Dept. of Employment unpublished figures, GLC surveys of commuting.

Table 3.5 Changes in employment, population and commuting in the inner areas of each of the six main conurbations of Great Britain, 1951-76

(%)

	London	Birmingham	Manchester	Liverpool	Tyneside	Clydeside
Population of working age	-28	-19	-32	-30	-33	-30
Employment	-20	-16	-26	-25	-7	-21
Net inward commuting	4	125	50	85	125	351
Employment <i>minus</i> commuting	-32	-29	-38	-40	-35	-34

Sources: *Census of Population* and Dept. of Employment unpublished figures.

Table 3.6 The share of inner city jobs taken by inner city residents, 1951-76

(%)

	1951	1976
London	70	60
Birmingham	92	78
Manchester	87	73
Liverpool	88	58
Clydeside	97	81

Sources: *Census of Population* 1951, 1971 and Dept. of Employment unpublished figures.

Employment decline by sector

About one million jobs were lost in the inner areas of Britain's six major conurbations between 1951 and 1976. The loss of jobs has been significant in all sectors of economic activity except public services but even here inner cities suffered a relative decline compared with other areas.

Employment in manufacturing declined by nearly 50% over the period, a loss of 850 thousand

jobs. In private services, employment increased up to 1961 but thereafter fell by just over 20%, a loss of 400 thousand jobs. Though employment in public services rose, the 80 thousand additional jobs created did not begin to compensate for the losses in other sectors.

The decline of employment in the inner cities appears even more pronounced when compared with the experience of the UK as a whole. In private services the number of jobs fell by a third relative to the national average and in public services by a fifth.

Table 3.8 gives a more detailed breakdown of job losses. It shows that in all manufacturing industries without exception employment in inner cities fell substantially, though by far the greatest decline was in clothing where 166 thousand jobs were lost between 1951 and 1976.

Outside manufacturing, there was substantial employment growth in Insurance, banking and finance, and in Professional services, but employment declined in most other sectors including Construction, Public utilities, Transport and Distributive trades.

Table 3.9 shows that although there are differences in the magnitude of employment changes as between cities, the trends (with one or two notable exceptions) are similar. Manufactur-

Table 3.7 Employment decline in the inner cities by sector, 1951-76

Index 1951 = 100^a

Sector	1951 (000s)	1951	1961	1966	1971	1976
Primary	13	100	91 (98)	78 (101)	58 (96)	50 (93)
Manufacturing	1,785	100	92 (88)	80 (77)	68 (67)	52 (57)
Private services	1,749	100	111 (97)	108 (86)	94 (79)	88 (67)
Public services	1,280	100	101 (96)	102 (91)	103 (85)	106 (80)
Total	4,287	100	101 (94)	96 (87)	86 (79)	79 (72)

^a Figures in parentheses are indices relative to the UK average.

Sources: *Census of Population* and Dept. of Employment unpublished figures.

Table 3.8 Inner city employment decline by industry, 1951-1976

Industry	Employment in 1951 000s	Change in employment 1951 to 1976 000s	% change in employment 1951-1976
Agriculture	5	-4	-83
Mining	8	-2	-30
Food and drink	189	-79	-42
Coal and petroleum	15	-8	-56
Chemicals	77	-36	-47
Metal manufacturing	66	-30	-46
Mechanical engineering	169	-66	-39
Instrument engineering	35	-20	-57
Electrical engineering	136	-38	-28
Shipbuilding	53	-33	-62
Vehicles	139	-66	-48
Metal goods n.e.s.	168	-80	-48
Textiles	72	-51	-71
Leather	25	-15	-62
Clothing	243	-166	-68
Bricks and pottery	29	-14	-49
Timber	92	-58	-63
Paper	154	-57	-42
Other manufacturing	82	-39	-47
Construction	270	-60	-22
Distribution	734	238	-32
Insurance, banking and finance	215	+182	+85
Miscellaneous services	530	-93	-18
Gas, electricity and water	74	-30	-41
Transport	520	-160	-31
Professional services	394	+233	+59
Public administration	293	+36	+12

Sources: *Census of Population* and Dept. of Employment unpublished figures.

ing employment in each inner city area registered a persistent and generally accelerating decline throughout the period. The greatest loss of manufacturing jobs was in inner London where more than half disappeared in the post-war period, a bigger reduction than in the other five inner areas put together. Employment in private services also declined particularly sharply between 1966 and 1971 when the Selective Employment Tax was in operation, though there was some fall in earlier and later years. Public service employment rose in five out of the six inner city areas but in Liverpool 20 thousand public service jobs were lost between

1951 and 1976. In London the increase was negligible at just over 2 thousand. In the other four inner city areas the increase was only 80 thousand in total over the entire 25-year period.

In the outer conurbation areas manufacturing employment increased at about the national rate in the 1950s, as shown in Table 3.10. Although manufacturing employment declined rather more rapidly than nationally after then, there was not the same collapse as in the inner areas. Moreover they enjoyed a relative gain in public and private service jobs, as did the free-standing cities.

The areas in which manufacturing employment

Table 3.9 Employment change by sector in each of the six major inner areas, 1951-1976

Sector	London		Birmingham		Manchester		Liverpool		Tyneside		Clydeside	
	000s	%	000s	%	000s	%	000s	%	000s	%	000s	%
<i>Manufacturing</i>												
1951-61	-69	-9	-3	-1	-35	-16	-1	-1	-3	-3	-32	-15
1961-66	-115	-17	-28	-8	-28	-15	-9	-6	-3	-4	-26	-14
1966-71	-98	-17	-43	-13	-33	-20	-24	-18	-7	-9	-21	-14
1971-76	-142	-30	-66	-22	-22	-17	-21	-19	-9	-12	-23	-17
<i>Private services</i>												
1951-61	+107	+10	+23	+15	+24	+14	+14	+9	+10	+13	+15	+9
1961-66	-45	-4	+10	+5	-14	-7	-3	-2	+4	+5	-3	-2
1966-71	-117	-11	-28	-15	-34	-19	-30	-19	-15	-18	-25	-14
1971-76	-66	-7	-2	-1	-10	-7	-12	-9	+1	+2	-10	-6
<i>Public services</i>												
1951-61	-2	0	+8	+8	+3	+3	-4	-3	0	0	+5	+4
1961-66	+1	0	+11	+11	+4	+3	-5	-3	0	0	+1	+1
1966-71	+5	+1	+8	+7	+5	+5	-6	-4	+1	+1	+1	+1
1971-76	+14	+2	+6	+5	+9	+7	-5	-4	+6	+10	+14	+10
<i>Total</i>												
1951-61	+37	+2	+28	+5	-8	-2	+8	+2	+7	+3	-13	-2
1961-66	-159	-6	-7	-1	-39	-8	-17	-4	0	0	-28	-6
1966-71	-210	-9	-63	-10	-63	-14	-60	-14	-21	-9	-48	-10
1971-76	-194	-9	-62	-11	-23	-6	-38	-10	-1	0	-19	-5

Sources: *Census of Population* and Dept. of Employment unpublished figures.

grew were the smaller towns and rural communities. Nearly a million additional jobs were created in these areas in the 1950s and 1960s, and between 1951 and 1976 their share of total manufacturing employment increased from 42% to 55%. At the same time, however, the growth of service employment was also significantly above average.

What emerges most strongly from the figures is a very sharp contrast between the most densely populated inner areas of the major conurbations and the smaller towns and rural communities. Inner city areas have suffered a prolonged loss of jobs, not only in manufacturing but also, to an increasing extent, in private services – precisely the reverse of the experience of smaller towns and rural areas. In the free-standing cities and outer cities, employment change is not markedly different from changes occurring nationally, although there is some evidence of a relative loss of jobs in manufacturing in outer cities in recent years.

Causes of inner city decline

Inner areas, unlike the traditionally depressed regions, have not lost jobs because they happened

to have a high concentration of declining industries. As Table 3.11 shows, the effect of industrial mix on employment in each of the inner areas has been quite small and in general favourable rather than unfavourable to employment growth. The reasons for the strong decline in employment lie elsewhere.

The relative fall in manufacturing employment is partly explained by the fact that whereas over 1,000 firms moved into the six main conurbations between 1948 and 1975, over 3,000 firms moved out. If these firms were of average size, this would mean a loss of 300,000 to 400,000 jobs from this source, equivalent to between a quarter and a third of the total manufacturing job losses from the main conurbations. This evidence suggests that for the conurbations as a whole net outward movement was a significant but not a dominant source of job losses.

Evidence on movement into and out of the inner city areas is less readily available but there is some information for the period 1966-71.

Table 3.12 shows that, of the 298 firms moving into the conurbations only one in five moved into the inner city areas in which over half the population live. By contrast of the 837 firms moving out of the conurbations two-thirds were from the inner

Table 3.10 Employment change by sector in outer cities, free-standing cities, and small towns and rural areas 1951-1976

Sector	Outer cities		Free-standing cities		Small towns and rural areas		Great Britain	
	000s	%	000s	%	000s	%	000s	%
<i>Primary</i>								
1951-61	-17	-25	-5	-12	-107	-7	-130	-8
1961-66	-15	-29	-9	-24	-229	-16	-255	-16
1966-71	-11	-30	-7	-26	-276	-22	-296	-22
1971-76	-1	-3	0	-1	-105	-11	-107	-10
<i>Manufacturing</i>								
1951-61	+84	+5	-21	-2	+453	+14	+374	+5
1961-66	-63	-3	-30	-2	+235	+6	-66	-1
1966-71	-154	-9	-63	-6	+254	+6	-189	-2
1971-76	-212	-13	-81	-8	-238	-6	-813	-10
<i>Private services</i>								
1951-61	+110	+11	+128	+17	+514	+16	+944	+14
1961-66	+125	+11	+51	+6	+629	+17	+753	+10
1966-71	-33	-3	-58	-6	-94	-2	-435	-5
1971-76	+135	+11	+92	+10	+622	+15	+751	+9
<i>Public services</i>								
1951-61	+54	+7	+38	+6	+200	+8	+302	+6
1961-66	+63	+8	+56	+9	+203	+7	+334	+6
1966-71	+107	+13	+54	+8	+299	+10	+473	+8
1971-76	+98	+10	+76	+10	+402	+12	+621	+10
<i>Total</i>								
1951-61	+231	+6	+140	+6	+1060	+10	+1490	+7
1961-66	+110	+3	+68	+3	+839	+7	+767	+3
1966-71	-91	-2	-14	-3	+183	+1	-447	-2
1971-76	+21	-1	+87	+3	+681	+5	+452	+2

Sources: *Census of Population* and Dept. of Employment unpublished figures.

city areas. The conurbations as a whole therefore suffered a net loss of 539 firms while the net loss to the inner areas was 502 firms. Many firms moved short distances from the inner to the outer areas.

Assuming that the net loss of one plant or firm on average took 150 jobs away, industrial movement would then have been responsible for the loss of almost one third of the total loss of manufacturing employment from the inner cities, slightly more than for the conurbations as a whole.

The inner London Boroughs lost as much as 45% of their manufacturing employment from net outward industrial movement between 1966 and 1971. The exodus of industry from the inner cities was undoubtedly encouraged by government policies. One of these was the government dis-

persal policy, the object of which was to move both people and jobs out into New Towns and Overspill Areas, in order to relieve pressure on space, provide better housing and amenities and reduce congestion. Government regional policy also caused some diversion of jobs from London and Birmingham. But many of these jobs would have shifted anyway even if there had been no regional policy, if not to the Assisted Areas then to outer city areas or other nearby places. Regional policy and urban dispersal policies perhaps accounted for between 10% and 15% of the manufacturing jobs lost in the inner cities. The other factors behind the flight of manufacturing industry from inner city areas are discussed in Chapter 2.

Although job losses in manufacturing lie at the

Table 3.11 The contribution of industrial mix to employment change in inner cities, 1951-76
 % of 1951 labour force

	National		Structural		Differential		Actual	
	All industry	Manu- facturing	All industry	Manu- facturing	All industry	Manu- facturing	All industry	Manu- facturing
Inner Tyneside	+10.4	-8.9	+3.5	+6.8	-20.9	-23.7	-7.0	-25.8
Inner Merseyside	+10.4	-8.9	+2.1	+6.7	-37.1	-36.0	-24.7	-37.9
Inner Manchester	+10.4	-8.9	+1.8	+3.9	-41.8	-46.8	-29.5	-51.7
Inner Glasgow	+10.4	-8.9	+0.7	-0.4	-27.8	-38.6	-16.7	-47.8
Inner Birmingham	+10.4	-8.9	+2.3	+8.5	-29.5	-37.4	-16.8	-37.8
Inner London	+10.4	-8.9	+7.5	+3.7	-38.7	-51.3	-20.8	-56.4

Note: The national component is that part of the actual employment change which can be ascribed to overall national growth performance, the structural component arises from the industrial mix of the area, and the differential component is a local residual employment change unaccounted for by the other two factors.

Sources: Census of Population and Dept. of Employment unpublished figures.

Table 3.12 Number of moves into and out of the conurbations and inner city areas, 1966-71

	Conurbation		Inner area	
	In	Out	In	Out
Glasgow	64	27	24	37
Newcastle	129	20	16	49
Liverpool	78	28	5	34
Manchester	14	71	1	57
Birmingham	6	151	2	89
London	7	540	17	301
Total	298	837	65	567

Source: Dept. of Industry records of industrial movement.

heart of the inner city decline there has also been a significant loss of jobs in private services: 600 thousand between 1961 and 1976 (Table 3.9 above). In part these have been directly caused by the decline of manufacturing but they are also a consequence of falling population, a fall which also accounts to a large extent for the relatively slow growth of employment in public services. We estimate that around 250 thousand public service jobs were located elsewhere on this account. This loss of population is partly the result of industrial decentralisation and workers following industry out of the city. But it was also encouraged by improvements in communications and rising real incomes, which led to more people wanting to live in smaller towns and more rural communities.

Table 3.13 Net loss of manufacturing jobs through industrial movement compared with the total net loss of manufacturing jobs in inner cities, 1966-71

(000s)

Inner area of:	Estimated net job lost through movement	Total net jobs lost		% of total jobs lost through movement	
		Actual	Differential	Actual	Differential
Clydeside	2	21	17	9.5	11.8
Tyneside	5	7	7	71.4	71.4
Merseyside	4	24	25	16.7	16.0
Manchester	8	33	30	24.2	26.7
Birmingham	13	43	43	30.2	30.2
London	42	98	90	42.9	46.7
Total	74	226	212	32.7	35

Sources: Census of Population and Department of Industry records of industrial movement.

Table 3.14 Proportion of the resident male work force in occupational and skill categories: inner cities, outer cities and Great Britain, 1961 and 1971

	Inner cities			Outer cities			Great Britain		
	%		change in share	%		change in share	%		change in share
	1961	1971	1961-71	1961	1971	1961-71	1961	1971	1961-71
Managers, employers, professional and self-employed	10.9	13.2	+21.1	16.8	19.5	+16.1	15.1	18.1	+19.9
Non-manual and personal service	20.2	21.0	+10.4	21.2	21.3	0.5	17.3	18.5	+6.9
Skilled manual	36.1	32.7	-9.4	35.4	33.0	-6.8	35.3	33.6	-4.8
Semi-skilled manual	15.3	14.6	-4.6	13.5	12.4	-8.1	14.7	12.8	-12.9
Unskilled manual	11.5	10.7	-7.0	7.7	7.1	-7.8	8.5	7.7	-9.4
Other	6.1	7.8	+27.9	5.4	6.7	+24.1	9.2	9.2	0.0
Total	100	100		100	100		100	100	

Why inner city decline matters

Does this outward shift of industry and population make the economic and social problems worse for those people still living in inner city areas? If so there is a case for some form of policy intervention.

Surprisingly perhaps, Metcalf and Richardson (1976) in their study of differences in unemployment rates across London boroughs found no direct relationship between employment loss and unemployment, an important finding which is consistent with inner London (and indeed other inner areas) being part of a wider but integrated labour market, where commuting occurs from one part to another. On this view, the effect of a loss of jobs in one area would, sooner or later, be diffused across the whole labour market as redundant workers compete for jobs in other areas. The main consequence is therefore a change in commuting patterns, with some residential shift away from areas of job decline.

Although in the short to medium term a persistent loss of jobs from an area may have only a limited impact on the relative level of local unemployment, it may nevertheless push up unemployment in the long run through its effect on the character of the local labour force. If job dispersal from inner cities and the relative attraction of living elsewhere were to mean the more skilled or generally more employable people leaving, this would gradually increase the proportion of the less skilled and less employable in the population which remained.

Table 3.14 provides some evidence that this has happened. In 1961 the share of unskilled and semi-skilled manual workers was significantly higher in inner cities than in the outer cities or nationally. This in itself would have been sufficient to generate above-average increases in unemployment in some inner areas as the national pressure

of demand fell in the later 1960s and 1970s. In the event, Table 3.14 shows that the concentration of less-skilled groups in the inner cities increased in the 1960s relative to other areas, thus increasing the skill imbalance and thereby further worsening the unemployment prospects of these areas.

Personal and family characteristics other than skill also play a part in contributing to the unemployment problems of inner cities. For whatever reason, above-average unemployment rates seem to be associated with a high proportion of unmarried men, racial minorities and large families living in the area.

Table 3.15 shows that inner cities also have a relatively high concentration of New Commonwealth immigrants. Moreover the concentration of this group in inner cities has increased relative to other areas.

The question then is why and how particular socio-economic groups become concentrated in inner city areas as population and jobs decline. The operation of the housing market is an important part of the explanation. The unskilled and those living mainly in unfurnished rented accommodation appear to be very limited in mobility. Migration from London over distances of more than 15 miles seems to be more or less confined to those with access to owner-occupied housing. This group is largely composed of people with high and stable incomes, with a below-average vulnerability to unemployment (see Gordon and Lamont, 1982).

Table 3.16 shows that the growth of owner occupation in the period 1961 to 1971 was mainly located outside the inner city areas. Over this period, the proportion of owner-occupied houses in inner cities increased by 3.9 percentage points as against 7.7 percentage points for the country as a whole. At the same time the share of public sector houses increased by 10.8 percentage points as compared with a national figure of 4.9 percentage

Table 3.15 New Commonwealth immigrants per 100 population

	1951	1961	1966	1971
Great Britain	0.4	1.1	1.7	2.1
Six large inner cities	0.7	2.8	4.4	5.4
Six outer cities	0.4	1.0	1.9	3.1
Free-standing cities	0.3	1.1	1.9	2.6
Small towns and rural areas	0.4	0.6	0.9	1.1

Source: *Census of Population*.

points. This feature was common to each inner city area. Preliminary returns from the *1981 Census of Population* show that for inner London the proportion of public rented housing had risen further from 30.4% in 1971 to 43% by 1981. Inner Merseyside and inner Manchester also experienced a further increase.

Much of the increased municipalisation of housing has been carried out by inner city local authorities keen to pursue urban renewal policies and meet the challenge of providing better housing for local residents in need. However, this trend has meant that those most vulnerable to unemployment have increasingly been housed in local authority accommodation, with restricted mobility to other areas. The proportion of households headed both by unskilled manual workers earning low incomes, and by recipients of supplementary benefit, has risen much more in local authority housing than in owner-occupied housing. Poorer households in inner cities have been unable to benefit from new owner-occupied house building, most of which has occurred outside the inner city. In this way the operation of the housing market contributes to a segregation of social and income groups in such a way that those most vulnerable to unemployment become increasingly concentrated in inner city areas.

Table 3.17 illustrates the outcome of this segregation process. Some individual inner London boroughs, such as Hackney and Tower Hamlets, have very high proportions of their total housing stock in the public sector, and these boroughs also display high unemployment rates compared with inner London as a whole.

Another reason why unemployment rates are relatively high in inner city areas is the concentration there of economic activities such as catering and hotels, which everywhere have high rates of labour turnover. Such activities provide intermittent employment for low-skilled people but the high labour turnover rates also raise unemployment rates as people register as unemployed between periods of work.

Will inner city problems worsen in the 1980s?

To speculate on the likely medium or long term future economic and social development of the major conurbations and their inner areas is hazardous. In the 1950s and 1960s the general consensus was that in the absence of specific dispersal policies cities would continue to grow both in terms of population and employment. In retrospect, it can be seen that this view was

Table 3.16 Housing tenure in inner cities

(%)

	Owner-occupied		Privately rented		Public rented	
	1961	1971	1961	1971	1961	1971
Great Britain	40.6	48.3	33.9	21.3	25.5	30.4
Inner cities	21.4	25.3	52.3	37.5	26.4	37.2
Outer cities	47.0	50.3	29.0	20.4	24.0	29.3
Free-standing cities	39.1	44.1	33.6	21.5	27.5	34.4
Inner area of:						
London	15.6	18.4	64.7	51.2	19.7	30.4
Birmingham	34.1	42.2	29.5	19.6	36.4	38.2
Manchester	28.9	32.8	47.4	32.0	23.7	35.2
Merseyside	23.8	30.9	47.3	31.6	28.9	37.5
Tyneside	26.7	28.0	47.4	30.8	25.9	41.2
Clydeside	24.9	28.3	20.2	6.7	54.9	65.0

Source: *Census of Population* 1961, 1971.

Table 3.17 Resident unemployment and proportions in public sector housing: London, 1981

	Proportion of housing stock in public sector	Resident unemployment
Tower Hamlets	82.0	15.5
Hackney	57.5	15.3
Islington	55.6	12.9
Lambeth	43.2	12.7
Newham	39.0	12.7
Southwark	65.0	12.5
Camden	38.9	11.2
Hammersmith and Fulham	28.0	11.1
Haringey	28.5	10.7
Kensington and Chelsea	14.0	10.4
Lewisham	43.6	10.2
Westminster	29.2	10.2
Wandsworth	35.3	10.0
Inner London	42.8	11.8
Outer London	23.2	6.8
Greater London	30.7	8.7

Source: *Census of Population*, 1981.

grossly misconceived for, even as early as the mid 1950s, the relative decline of big cities had started and in the next decade they started to decline absolutely. Although active dispersal policies undoubtedly contributed to the decline, other powerful forces were also at work, as we have seen. The question is whether these forces will continue to operate now that the Overspill and New Town programmes have been significantly

diminished.

From the evidence of the past it is difficult to envisage market forces bringing out an automatic solution of the inner city problem. There is some evidence of gentrification in parts of London but generally it is difficult to see how concentrations of disadvantaged groups could automatically be dispersed by any self-balancing mechanisms.

To what extent is the problem likely to deteriorate as the processes bringing it about continue to operate in the 1980s? It is reasonable to suppose that the tendency for larger manufacturing firms to require more factory floor space per worker will continue along with cost differentials which place the cities at a disadvantage as manufacturing locations. But the active New Town and other dispersal policies of the government have been reversed and the recession will reduce investment in new floor space, thereby diminishing the need for manufacturers to expand outside the cities. In the 1980s, therefore, the cities are likely to continue to lose manufacturing jobs but at a slower rate than in the 1960s and 1970s.

The movement of population from the cities is also likely to continue but at a reduced rate. The slowdown in national population growth, the rise in energy prices, the slower growth of incomes, the reversal of dispersal policies and the new emphasis placed on the renovation of the older housing stock should all play a part in reducing the flow of population from the conurbations in the 1980s. It is also likely that the very strong trend towards higher proportions of public sector housing will become less pronounced in the 1980s. The private rented sector is now quite small and should provide fewer prospective public sector tenants. There has been a persistent financial squeeze on the large public sector housing programmes which may continue for much of the 1980s.

These factors when taken together suggest that the concentrations of disadvantaged groups which constitute the basis of the inner city problem are likely to become larger through the 1980s but at a slower rate than in previous decades. This may ease the containment of a problem which is already serious and which is likely to persist.