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48 The effectiveness of current policies in alleviating the problems of upland areas in Wales

D LAW & N PERDIKIS

INTRODUCTION

According to the definitions adopted by the EC, most of Wales seems to consist of rural uplands. Council Directive 75/276/EEC of 28 April, 1975, includes in the list of less favoured farming areas in the UK no less than 144 parishes, and parts of another 398 parishes, scattered in all eight (new) counties of Wales.

However this upland area, defined according to a mixture of agricultural, economic and demographic criteria is an agglomeration for which no published statistics are available. In this paper, perforce, we take as representative of the wider area the considerably smaller section of rural Wales which has become known, at least since the time of the Beacham report (HMSO, 1964), as Mid-Wales. This area, consisting of the old counties of Cardigan, Merioneth, Montgomery and Radnor together with the northern, rural part of Breconshire, has been the focus of attention in discussions of Welsh rural problems in recent years and statistics have been relatively easy to gather. Though smaller than the area defined by the EC, it nevertheless forms 40% of the area of Wales but contains only 6.4% of the Welsh population.

THE PROBLEMS OF RURAL WALES

In rural Wales, just as in other depressed areas of Britain, there is a long history of inadequate economic opportunities: incomes and economic activity have been lower, and unemployment higher than the average for the country as a whole, and there has been substantial emigration. But in rural Wales, the lack of economic opportunity has been both more acute and more prolonged than in most other

depressed areas, and the resulting economic and social problems have been correspondingly more intractable.

The growth of industrial activity in 19th-century Britain did not percolate through to rural Wales, and there was no tendency for population to nucleate in industrial centres in the area. Instead, people moved to industrial areas elsewhere. That process of emigration has been continual, and as a result the population of rural Wales has at no time since the first Census of Population in 1801 kept pace with the growth of population in Britain as a whole. It seems, indeed, that the cumulative effects of emigration have become increasingly severe. From 1801 the population of the five (old) Mid-Wales counties increased from 172 106 to 272 993 in 1871 in spite of the emigration. Since then, presumably because of the worsening age-structure of the remainder, natural increase has not been enough to compensate for the continuing emigration, and the five-county population fell to 204 897 in 1971. A third stage of this process began in 1965, since when the relatively elderly population has been unable to generate enough births to replace itself. Future changes in the population will depend largely on the flows of migrants into and out of the area, since natural increase will no longer cushion the impact of emigration.

This, then, is one aspect in which the problems of rural Wales are more intractable than those in depressed industrial areas: emigration of the young has continued much longer on a large scale, and it has had a much more severe effect on the structure of the remaining population. The very early beginnings of decline have exacerbated local problems in another important way. Since industry did not take root in the area, there was no significant clustering of population such as occurred in industrial areas. The population of rural Wales therefore remains, in the 20th century, in a pre-industrial settlement pattern, thinly spread in hamlets, villages and small towns. In the area we describe as Mid-Wales, the largest town, Aberystwyth, had a population of only 10 688 according to the 1971 Census of Population.

This thin scatter of population makes many public services expensive, and others, such as public transport, both expensive and of poor quality. Substantial finance is required from the central exchequer to subsidise public transport, and to enable local authority services to be provided at a reasonable standard. The range of choice open to local residents is restricted in many aspects of life, for example, commercial, shopping and organised leisure facilities are limited because it is not economic to provide a wide range. Similarly, choice is restricted in terms of employment, education and medical care. The sparsity of population is also a severe constraint on the capacity of the area to absorb industrial development. Since there is no substantial pool of labour at any one place, individual projects need to be on a relatively small scale.

In their analysis of the problems of Mid-Wales, the Beacham committee proposed two lines of attack (HMSO, 1964). First, efforts should be made to nucleate the thinly spread population into larger settlements, so that improved amenities and services could be provided at lower cost. Second, a wider variety of jobs should be provided, especially by the introduction of manufacturing industry. Twelve local towns were selected, which had reasonable prospects of being attractive to industrialists, and where growth of industry and population would make a significant contribution to the well-being of the area. The committee, however, was doubtful that the mere introduction of industry would be enough to solve the problems of the area, and considered that some large-scale initiative, such as the building of a new town, or the more modest development of some of the existing towns, might be needed to stimulate the sort of investment required to prevent further depopulation.

THE EVOLUTION OF POLICY IN MID-WALES

In the last twenty years there has been a gradual, but progressive strengthening of public policy in rural Wales. First, in an effort to break out of the vicious circle of depopulation and economic decline the county councils of Cardigan, Merioneth, Montgomery, Radnor and Brecon established the Mid-Wales Industrial Development Association in 1957. The aims of the Association were to attract new industry to the area and to act as a channel through which negotiations could take place between industrialists, local authorities and other public bodies. Next, in 1958 the Development Commission was persuaded to finance the construction of factories and extensions for specific companies on an experimental basis. These factories were then let to the tenants at rentals well below those prevailing in most industrial areas of the country. In 1963 the Development Commission extended its support by agreeing to finance the building of factories in advance of specific requirements, originally allowing only one, but later, two, to lie vacant before building another.

Next, in 1966 Mid-Wales became part of the enlarged Welsh Development Area, eligible for all the normal range of financial assistance provided by the Board of Trade, as it then was. The role of the Development Commission changed to the provision of advance factories only, although two later extensions of policy have been noteworthy. First, groups of 'nursery' factories have been financed to cater for first-time entrepreneurs or small-firm expansions. Second, the Development Commission agreed to guarantee for a period the rentals of public housing which might be built to accommodate incoming workers.

From the mid-1960's onwards policy was more explicitly based on the strategy of selecting growth points in the area where development could be concentrated. In 1966 the government commissioned a team of consultants to report on the possibility and desirability of building a large new town in the area. The proposal,

to build the town of some 70 000 population, centred on the existing village of Caersws, and stretching fourteen miles along the Severn Valley from Llanidloes to Newtown, Montgomery, was turned down for a mixture of economic and social reasons (Economic Consultants Ltd, 1966). However in 1967 the Secretary of State for Wales established, under the 1965 New Town Acts, the Mid-Wales New Town Corporation charged with the task of doubling the size of Newtown, Montgomery, to 11 000 in ten years — obviously a much more limited strategy, but nevertheless representing a substantial injection of capital and momentum into the drive towards development in Mid-Wales. It was envisaged that the powers of the New Town Corporation might be transferred to develop other towns in the future. In the meantime, it was announced in 1969 that the government accepted the need to channel development into other growth towns in the area, and six were identified: Aberystwyth, Bala, Brecon, Llandrindod Wells, Rhayader and Welshpool. The Welsh Council (1971 & 1973) has since endorsed this policy in two recent reports.

Finally, in 1976 came the latest initiative in the evolution of development strategy in Mid-Wales. It was announced that a Development Board for Rural Wales was to be established, with powers similar to those of the HIDB in Scotland. The Board, which formally came into being on 1 April, 1977, is to be the main instrument for economic and social development in the area, taking over and widening the powers of the Mid-Wales New Town Corporation, acting as agent for the Welsh Development Agency, with powers of investment in industry and supervision of the work done by COSIRA. The Board will take over responsibility for all government-financed factories in the area from the Development Commission. It is expected that policy in Mid-Wales will therefore gain further momentum both as a result of organisational streamlining and the additional powers to be exercised over the whole area.

POLICY OBJECTIVES AND ASSESSMENT CRITERIA

In discussions of regional economic policy it is usual to focus on the level of unemployment as the basic measure of the extent of the problem, and the main criterion for assessment of the effectiveness of policy. However, although in Mid-Wales unemployment has been an important problem, the lack of economic opportunities has resulted mainly in continued emigration, which since 1871 has caused a decline in population. Since the analysis of the Beacham committee (HMSO, 1964), therefore, the most important objective has been the need to arrest the process of depopulation. The effectiveness of policy must therefore be judged largely in terms of its success in slowing down this process. However, the matter does not rest there. It would be relatively easy to induce a large number of retirement pensioners to move to rural Wales (eg by offering a £10 a week supplement to

their pensions) and so bolster numbers. This would not, however, be regarded as an on-going solution, since the age-structure would have worsened further, natural decrease would be accelerated and decline would set in faster than ever. It would also be necessary to secure a reasonable age-distribution, with natural increase characteristics sufficient to ensure a potential long-term stability. Further, even the achievement of what might be called a normal, stable population would not be enough if economic and social opportunities were insufficient to curtail large-scale emigration of the young — this, after all, is the basic cause of the problem. It could be argued that a policy which replaces emigrants would suffice, but on the other hand there are cultural difficulties in absorbing large numbers of people from other areas, and in any case this type of policy would be likely to be considerably more expensive than normal regional policy, which aims only at moving jobs. The extent to which the range of job opportunities have been widened both to retain the indigenous young people, and to provide a more stable structure of employment, must therefore be considered in assessing the effectiveness of policy. (Complete retention of young people may not be possible since a limited population cannot be expected to generate a range of employment wide enough to satisfy the aspirations of all its youth. In any case, youth may be attracted away by a natural adventurous instinct, or a desire for 'bright lights', as much as by job opportunities.)

Even if all these objectives had been achieved, matters would scarcely be considered fully satisfactory unless general economic conditions were as good as elsewhere in the country; the levels of incomes earned, and the rate of unemployment, for example, should ideally be no worse than average. Finally, and partly in consequence of achieving the national level of economic conditions, partly as a result of a more compact settlement pattern, one would expect Mid-Wales to be more financially independent, requiring much less support from the central exchequer than in the past.

Two points are worth making at this stage. First there must be very few government policies in any field which have been completely successful, and it would obviously be unrealistic to expect policy in Mid-Wales to have achieved all the objectives outlined above. The intention is merely to outline some of the features which might characterise that state of grace in which Mid-Wales might be deemed not to have problems, so that progress towards them can be assessed.

Second, government policy is only one of many forces making for change in the area, and there are great difficulties in estimating how much of the overall changes in Mid-Wales during the last twenty years are properly due to the industrial development programme. The important question is "What difference would it have made to Mid-Wales if there had been no industrial development policy?" To answer this question one needs to compare the changes which have

occurred during the period with the hypothetical changes which would have occurred if there had been no development policy. Unfortunately hypothetical changes can only be estimated on the basis of assumptions which cannot be proved or disproved. In this case the major assumption made is that none of the new jobs created would have materialised in the absence of development policy. This enables us to take the jobs provided as the net effect of the policy, and by merely subtracting them from overall employment changes in the area we estimate what would have happened in the absence of policy.

In the next section we discuss the number of new jobs provided, and the characteristics of the population sustained by them. Finally, in the last section we estimate the effectiveness of policy by subtraction from the overall changes.

POLICY ACHIEVEMENTS

Since 1957, 113 government financed factories have either been built or have been planned for completion by the end of 1977, 44 of them in Newtown. Just over a million square feet ($92\ 900\ m^2$) of accommodation have been provided, of which 380 000 square feet ($35\ 302\ m^2$) are in Newtown, and another 440 000 square feet ($40\ 876\ m^2$) are in the other growth towns. There are also 25 firms who have financed their own factory building, and another fifteen who took over existing premises. In addition, by the end of March 1977, 786 houses had been built at Newtown, 422 others were under construction, and 48 000 square feet ($4\ 459\ m^2$) of office space had been provided.

Approximately 5 000 new jobs, 55% of them for men, have been created by this policy of industrial development, in a wide range of light manufacturing industries. However, additional employment has been generated both by the original establishment, and the continuing operation of these factories, in three main ways. First, some local labour and materials would have been used, and are still being used, in the construction of houses, offices, factories, etc. Second, once the factories are in production they require some local supplies and services on a continuing basis. Third, the workers in all these categories above will generate further employment by their normal requirements for local household goods and services.

If we assume that secondary employment is generated in the same proportion as that estimated for Development Commission factories we arrive at a figure of 1 817 additional jobs, of which 1 000 are for men. The total employment created in Mid-Wales by the policy of industrial employment is therefore estimated to be 6 817 including 3 750 men. This is likely to be a low estimate, since it excludes jobs arising from house-building and office construction.

In order to assess the impact of industrial development on the local population we need to know the size and demographic characteristics of the population sustained by these jobs. Unfortunately no such statistics exist, so we follow the

indirect method of Howes & Law (1972) and assume that female workers neither had dependants nor were dependants themselves and that male workers maintained dependants according to the Mid-Wales ratio of economically active males to the rest of the population (less the female workers). If we make the additional strong assumption that the age-structure of this population is similar to that of the population dependent on Development Commission factories, the resulting estimate is as shown in Table 1.

Table 1
SIZE AND AGE-STRUCTURE OF THE POPULATION SUSTAINED BY NEW JOBS IN MID-WALES, 1957-1975

	Total number	Number in age-group as a % of total				Total
		0-14	15-45	45-64	65+	
Male	6 466	22.8	52.8	12.6	11.8	100
Female	8 327	16.9	46.9	21.3	14.9	100
Total	14 793	19.5	49.5	17.5	13.5	100

As can be seen in the table about half of this population is aged between 15 and 45, which is not surprising since half of them are at work and at least some of their dependants must also be in this age-group. But this population is significantly younger than the population in Mid-Wales as a whole, where only 36.2% were between the ages of 15 and 45 in 1966.

Given the difference in age-structure one would expect significant differences in the incidence of births and deaths, and so it turns out. If the number of births per thousand women aged 15 - 44 were the same for the factory-dependent population as for the population of Mid-Wales as a whole, 269 births would be expected every year. Similarly, if the probability of death was the same in each age-group as for the population of England and Wales, 115 deaths would be expected every year. If we subtract deaths from births we arrive at the estimate that the natural increase of the population dependent on the new jobs is 154 a year.

We now have estimates of the employment created, and the population sustained, by industrial development policy in Mid-Wales. In the following section this information is used to assess the extent to which policy has been successful in modifying the fundamental trends in the area.

THE EFFECTIVENESS OF POLICY

Some of the significance of the 5 000 jobs created by development policy can be understood immediately once it is realised that total manufacturing employment in Mid-Wales increased from 4 309 in 1961 to 6 978 in 1975, the latest year for which statistics are available. On our assumption that the 5 000 jobs are net additions to the local economy, this means that the increase of 2 669 manufacturing jobs actually experienced would have been a fall of 2 331 if there had been no development policy.

The total number of employees in employment in the area increased from 47 207 in 1961 by 12.1% to 52 919 in 1975. During this period the estimated employment, both direct and indirect, generated by development policy was 6 817. In the absence of policy there would therefore have been a fall in employment of 1 101, or 2.3%.

It is not simply a question of the total number of jobs available. Development policy has also broadened the range of employment opportunities, thus providing a better long-term basis for future improvement and making it more likely that young people would not have to leave the area for the particular types of employment they require. It is especially important for Mid-Wales that 55% of policy-created jobs have been for men, since it is male employment which normally determines the location of the family. Despite the 3 750 jobs for men which have been generated, male employment in the area fell from 32 364 in 1961 to 32 194 in 1975. In the absence of development policy this marginal fall of 0.5% would have accelerated to 12.1%.

The policy-created jobs will have reduced local unemployment, raised activity rates, reduced the net outflow of migrants and hence the rate of depopulation in Mid-Wales. In an assessment of how the impact has diffused between these alternatives the crucial question is "What would the people presently in policy-created jobs be doing now, and where would they be if there had been no develop-

Table 2
THE EFFECTS OF DEVELOPMENT POLICY IN MID-WALES, 1957-1975

Impact of 6 817 jobs	Male	Female	Total
Reduction of unemployment	430	27	457
Increased activity rates	0	1 971	1 971
Reduction of emigration	3 320	1 069	4 389
Total impact	3 750	3 067	6 817

ment policy?" In attempting to answer this question we follow the indirect method adopted in Howes & Law (1972), in using regression analysis to estimate overall relationships between employment, activity rates, unemployment and emigration in Mid-Wales, and in assuming that the employees concerned would have reacted similarly. On that basis we estimate that the effects of development policy in Mid-Wales have been as shown in Table 2. Perhaps the most important conclusion is that 4 389 workers would have left Mid-Wales, and taken their families with them if there had been no industrial development policy — a total loss to Mid-Wales population of 1 170 or 0.7%, between 1961 and 1975 would have accelerated to a disastrous 7.2%, the age-structure of the population would have been further unbalanced, and the rate of natural decrease would have doubled.

In conclusion, two major points are worth making. First, Mid-Wales is still in a critical condition. The population has apparently stabilised at about 175 000, but it is not clear how far this is due to transitory changes in the numbers of students, construction workers and defence personnel. In the 1970's deaths have exceeded births by 140 a year, and the net migration flows, outwards of young people and inwards of those over-45 have further worsened the age-distribution of the population. Despite the depressed national background, the 1970's have been kind to Mid-Wales in some respects: there is a continuing inflow of older people, and the historical decline of employees in extractive industries has apparently ceased. According to the Department of Employment the number of men in extractive industries fell from 6 755 in 1961 to 6 658 in 1975, and the number of females increased from 482 to 1 972. It is a measure of the critical state of the area that despite these favourable trends the decline of population would have accelerated to 7.2% between 1961 and 1975 if there had been no development policy.

Second, on the basic test of arresting this process of depopulation the evolving policy of industrial development must be judged very successful in reducing the potential decline of 7.2% practically to zero. However, the loss of population through net emigration of the under-45's continues (though at the reduced rate of 6 742 between 1961 and 1971), and deaths exceed births by 140 a year despite the creation of about 400 jobs a year since 1961. Long-term stability is unlikely if these trends continue. It has been estimated that in order to regain the 1951 level of population by the turn of the century about 1 450 jobs a year would need to be created for men in the area (Law & Perdikis, 1976). It is to be hoped that the extensive powers of the new Development Board can be used in the context of national economic recovery to bring that level of achievement nearer reality.

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