

# What factors explain the north south divide in the united kingdom



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The North/South divide is arguably one of the most important features in this country's development. In recent years politicians, academics and many other members of society have outlined the country's huge inequalities between the 'rich and prosperous' South and the 'socially and economically depressed' North. This essay will attempt to discover how this massive segregation of the two areas has occurred.

What must be made clear however is that there is not one solitary issue, but a combination of many different factors all contributing to this great divide.

The major factors that will be discussed will be: \* Deindustrialization of the heavy and manufacturing industries of the north, incorporating the effects of the international economy and changes in division of labour due to effects of international competition \* Increased hi-technology industries located in the south \* Increased in service sector employment in the south \* Regional policies (or lack of) particularly under the Thatcher administration Since the 1930's there has been thought to be a divide in prosperity between the North and the South, however not to the same extent as there is today. The time when the gap widened is known to be in the 1980's, for reasons that will be explained. It is for this reason that this essay mainly concentrates on the factors that occurred during this period of time.

How is the North and South defined? There are always problems with absolutely defining the two areas, as often some parts in one will correspond more closely with the other, in certain areas of measurement. The town and country planning association (TCPA) suggest a line from the Bristol Channel to the Wash as approximately the division. This will be the same in this essay although it is good to keep in mind another suggestion from the TCPA that '  
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North-South is not so much a geographical concept as a state of mind, brought about by a rapid and catastrophic polarization of the British economy'. i. The first major factor of the formation of the North/South divide is the Deindustrialization of the North. Deindustrialization is defined as ' the cumulative weakening of the contribution of industrial activity to a national economy, whether measured in terms of output, exports, investment or employment.

' iiMany people feel that the regional inequality between the north and south began in the 1930s with the decline in the traditional Victorian ' heavy' industries of iron and steel, coal, shipbuilding and textiles, much of which was based in the north. Coal exports slumped due to increased productivity of foreign mines e. g. Germany and the Netherlands.

Coalmines were becoming increasingly exhausted and therefore productivity was significantly lower than it was in the pre-war period. Smith 1989 iii reports that more than 500, 000 jobs were lost in the coalmines between 1920 and 1938 from 1. 2million to 700, 000. World demand for iron and steel also slumped, in the early 1930s, decreasing employment by 48% in the steel sector and 44% in the pig iron sector (Smith 1989 iii). This hit the Northern areas very hard, particularly in the areas that specialised in these industries such as Sheffield and Doncaster.

Shipbuilding declined after the war- time period. This was due to the cutting off of the export market during the war period to concentrate on replenishing home supplies due to vast numbers of ships lost in the war. As the British market had cut off her exports, the countries that formerly relied on British

shipbuilding were forced to make their own, which some countries managed very successfully e. g. the U.

S. A. and were then able to compete with the British exports, when the war was over. As a result, employment in the shipbuilding sector had fallen by 60% by the mid-late 1930s. The cotton industry was predominant in the Northwest particularly in Lancashire in the pre-war period.

This industry helped place this area as a world leader in the textiles industry. However this sector also sharply declined due to two major factors. One was the materialization of man-made fibres, which was a cheaper and more convenient method than the traditional cotton textile production. The second problem faced was that of international competition, particularly from East Asia, which had much greater levels of productivity than those of Lancashire and the Northwest.

By the early 1940s, employment in the textile industries had been reduced by over 50%. Many academics do agree that the loss of heavy industry on a wide scale was a major contributing factor in the north south divide. Many feel however, it was really only the beginning of a long downward spiral in terms of economic and social problems to be experienced in the north. In the 1930s the manufacturing industries situated in the North and Midlands were still experiencing relatively high outputs and productivity, so some of the heavy industry 'blow' was 'softened' by a number of jobs that were still available in this sector. This deterioration was brought on by a number of factors. In the late 1970s, early 1980's the economy was in deep recession,

demand for manufactured goods in this country was vastly reduced in this period and never recovered.

Relocation of manufacturing firms out of depressed inner cities occurred on a large scale. This was due to the limited resources made available in these areas. Inner city sites had no room for expansion as well as increasingly high rents, poor infrastructure and the limited scope for new technological resources. This signalled the beginning of the end for many inner city areas, particularly with regards to increasing economic and social problems. As the main areas of the manufacturing industries, it was the large cities of the North and West Midlands that suffered the most. The cities of the south also suffered a decline in manufacturing industries, but to a lesser extent, (apart from Greater London).

Compensation in employment was found in the ever-increasing service industry of the south, but for the north compensation was little or nothing, as detailed later in this essay. International competition began to be very evident in the 1970s/1980s. This situation was worsened when 1979 government eliminated certain exchange controls. The competition from overseas, particularly with regards to manufacturing industry, was one of the fundamental detrimental factors to the northern economy.

Due to the materialization of international competition, there was a mass movement of many manufacturing companies and a new international division of labour, to the first world countries due to the much higher productivity that could be found there. This widespread manufacturing movement occurred predominantly due to the much lower wages, the lack of

unionisation, longer hours, cheaper rents and proximity to new and upcoming markets e. g. East Asia. For the first time in Britain's economic history since the industrial revolution there was a manufacturing trade deficit (where imports exceeded exports) recorded at £2100 million in 1983.

The world share of manufacturing trade receded from over 12.5% to 9% in volume, between 1973-83, Balchin 1990iv. The reduction of manufacturing created very large-scale unemployment, particularly north of the line running from the Bristol Channel to the Wash. This was associated with a reduction in standard of living and socio-economic standards, creating a further huge inequality between North and South that had begun with the de-industrialization of the heavy industries. The late 1970s early 1980s saw an increase in mergers and takeovers of bigger companies. The results of these saw a reduced control of the industries, particularly manufacturing, in the periphery areas and an increased control in the core areas, in this case in the South.

Many of the companies were restructured so the head offices were in the South, close to the capital with its business and finance links. This resulted in reduced employment in the 'white collared' sector in the periphery areas, in this case the North. Watts 1992vi exemplified the case of Unilever's decision to centralise the running of all its acquired companies to Croydon, South London. This resulted in the closing of Bachelor's Headquarters in Sheffield resulting in 300 job losses, mainly the in the skilled sector. Another detrimental type of corporate reorganization was of sub-contracting.

Firms saw 'buying in' of services cheaper than doing certain jobs internally, as the jobs are then carried out by the lower waged, smaller firms, at a cheaper cost, the large firm then makes a greater profit. If these 'buying in' jobs are performed out of the local area (increasingly from international, highly productive, cheap companies) then there is a net job loss. Many people found themselves unemployed due to this type of restructuring process. Watts 1992 exemplified the occurrence of this at the Lancashire based firm, Leyland who shifted the upholstery, petrol tank supply, pattern making and cleaning areas from internal to external, cheaper sources. The growth in the hi-technology industries and the increase in research and development have helped to polarize the north and south further. These industries, which mainly comprise of electronics (particularly information technology), medical, pharmaceutical and biotechnological industries, have located themselves in the prosperous south and have spurned the depressed north and in doing so have further increased the gap between the two.

Read aboutThe southeast region contained 57% of all research and development jobs in 1976, Balchin 1994iv. Keeble, 1987vii found that 21/23 counties in Britain with above average levels in hi-technology industries were situated in the 'south'. Rothwell 1982viii found that the southeast alone contained 77% of research and development units from the private sector, 54% of government R; D departments, 43% of corporate R; D units and 53% of the total electronics employment in Britain. Begg and Cameron 1988ix found that location quotients for hi-technology industries were significantly greater in the south than in the north. /5 of the highest LQs were in the south and the 5 lowest LQs were in the north.

The reasons that these high technology and R; D industries are found in the south are due to a number of factors. The need of close geographical proximity to the capital with its concentration of financial institutes, government departments and links with other R; D and hi-technology industries, as well as the relatively good infrastructure, particularly the M4 and M11 corridor. Hall et al. 1987<sup>x</sup> found that many of these industries wanted close proximity to the capital due to the high proportion of corporate headquarters that demanded computing, I. T.

equipment. Proximity to the international airports of Heathrow, Gatwick, Luton and Stanstead, is also important in furthering international links. The increasing influence of Europe is also likely to attract many of these companies to the southern area. A major factor may be that of the new hi-speed rail links from London to important and influential parts of Europe, particularly the ‘Golden Triangle’ of Paris, Brussels and Munich, with regards to business links and contacts as well as the influence of the Single European Market.

Many of these advanced industries are located along the M4 and M11, from Bristol to Cambridge. The demand for high skilled labour of these industries was met, as there was links with the universities along these ‘corridors’. For example the Cambridge business park was a planned venture between a number of hi-technology industries and Trinity College, of the University of Cambridge<sup>xi</sup>. Many of these advanced industries have specific requirements that the depressed north is unable to offer. The huge amounts of capital associated with these industries are injected into the southern economy, with the effect of increased divergence of the two regions. Martin 1988<sup>xii</sup>  
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stated that ' there was a clear, inverse relationship between Deindustrialization and tertiarization'.

Industrial decline was compensated for by an increase in service sector employment, but not in the North. The southeast region alone contains 50% of the national total of producer services, which includes banking, finance insurance and business services, Department of Employment 1987. xiii The growth in service industry in this area may be explained in part by using Myrdal's 1957 ' cumulative causation' model. I. e.

n area that attracts the growth of new and expanding industries will promote further growth of that area in terms of capital investment and movement of labour to it. xiv The capital city, London, contains the financial and business institutions of the country. Many companies will require to be located near to this ' heart' of the country as many business links and contacts are formulated due to geographical proximity. There is also a reported level of lending bias of the financial institutions to companies wanting to set up in the south.

They perceive success of a company (and therefore financial return) is much more likely if located in the south, where the majority of the spending power is found and therefore more likely utilization of the potential borrower's company. Most service industries are in much greater demand in the South than in the North. As the disposable income is on average much greater in the south due to much higher wage levels in the skilled, professional sector than in the high unemployment/ low wage levels of the north, that is where the consumer goods and services will be utilized. For example, the leisure

and entertainment sector are going to set up in areas where they are going to be made use of. In areas where low-income households are predominant, companies are not going to think location in these areas will be economically viable as less people are able to take advantage of the service offered. This explains why the inverse relationship occurs between deindustrialization and tertiarization.

This situation only serves to polarize the country further as less investment in the Northern areas particularly by the ever expanding service industry will result in less jobs and continued low incomes which will result in less investment. The north is trapped in a vicious decline, which without intervention, will result in a downward spiral, virtually impossible to recover from. Out migration, particularly of the potential entrepreneurs to the South has reduced further the likelihood of capital investment to the damaged north and therefore lack of spending power of the northern population. Regional policy and its decline in the years of the conservative government of the 1980s are perceived by many to be a major contributing factor to the decline. Before this period regional policies had been in the form of a ' carrot' and ' stick' approach.

The carrot side was incentives such as tax reductions, grants and subsidies for industries wishing to set up in government defined, assisted development areas i. e. the northern, periphery areas. The stick side was formulated deterrents, for example, higher taxes and rents, permission seeking via certifications and high tariffs in areas of existing high development e. .

the prosperous South. After the deep recession of the early 1980s, the government redefined the regional policy strategy. They argued that any deterrent to set up industry in one area might be a complete deterrent and result in a loss of much greatly needed potential capital gain. They therefore abolished the 'stick' side of the regional development strategy. Another one of the conservative governments aims was to cut government expenditure to enable a more of a free-market approach to development. Armstrong and Taylor 1985<sup>xv</sup> found that in 1970 regional policy expenditure was over one half of one percent of GDP, by the time of the conservative government it had fallen to one-eighth of one percent in 1984.

Balchin 1990 IV also observed that planned regional aid was reduced from £842 million to £400 million (1982 monetary levels) during the period 1979-1987/8. The regional development grant (part of the 'carrot' side) was also cut from 20% to 15% of company's expenditure and then completely abolished in 1988. By 1987 the government were even refusing to believe that there was in fact an inequality boundary between the north and south. They set up an enterprise initiative, which had relatively little success in altering the north south divide as most companies were still unwilling to set up in the deprived areas and many potential entrepreneurs had already been lost from the north due to north-south migration. Funding had also been reduced from the European Regional Development Fund who found it necessary to cut the budget from £300million to £100million due to the incorporation of Spain and Portugal into the EU. With large regional inequalities themselves, they required a high proportion of this funding.

Put simply, if applied to the Myrdal 1957 cumulative causation model, backwash effects (e. g. lack of investment and loss of job opportunities) to periphery areas are allowed to manifest if there is no intervention. This appears to be what has been allowed to happen under the conservative government of the 1980s. North and south. Is there really the great divide as many have suggested or is it much more of an inter-regional disparity? Not the entire south is 'rich and prosperous'.

There are many pockets of this region which experiences extremely high depravity and poverty. Greater London is one example where the loss of manufacturing industry has hit very hard, even as high as three times the national rate of decline (Dennis 1978xvi). Employment in this sector was reduced from 1.45million to 0.68million, with most of the unemployed not gaining employment from the service industry or gaining very low paid, low grade employment in the cleaning, catering and clerical sectors, often working considerably long shifts. These people along with the high levels of unemployed arguably experienced higher levels of poverty than those in the north as they also had the much higher cost of living in the south.

Welfare benefits were similar nationally, yet the cost of living wasn't. The poor in the south have become poorer in recent times and the wealthy have increased this gap due to high demand for skilled labour resulting in disproportionately high wage levels. It may be argued that there is not a socio-economic gap between the north and the south, but between those high skilled, high waged people and the rest of the nation. It is not perhaps a geographical spatial inequality that occurs, but a much more of a 'people' polarization, which needs to be addressed.

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The North and South divide has been a recognised phenomenon for many years. It is difficult to define the beginnings and it is virtually impossible to tell what future trends may occur, although the beginning of a possible southern self-destruction is becoming increasingly evident. Using socio-economic data from recent decades, it appears that the gap has widened significantly. The contributing factors outlined in this essay are not independent of each other. They comprise an internal dynamic together contributing to the polarization of the nation.

The concept of economic and social divergence however should not be applied to as merely as spatial concept, but as a split of the populace. It is only when this idea is conceived, that the origins can be determined and comprehended and the solutions ascertained